

Common Stock Code: 9908



# General Meeting of Shareholders, 2022

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## The Great Taipei Gas Corporation

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### Agenda Handbook

June 23, 2022

1F., No. 33, Ln. 11, Guangfu N. Rd., Songshan Dist., Taipei City

The shareholders' meeting will be held by physical meeting

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# **The Great Taipei Gas Corporation**

## **Meeting Agenda of Regular Meeting of Shareholders, 2022**

Time: 9:00 a.m. on Thursday, June 23, 2022

Place: 1F., No. 33, Ln. 11, Guangfu N. Rd., Songshan Dist., Taipei City

1. Call the Meeting to Order
2. Chairperson Takes Chair
3. Chairperson Remarks
4. Company Reports
5. Proposals
6. Discussions and Elections
7. Extraordinary Motions
8. Adjournment

# Company Reports

## 1. 2021 Business Report

### (1) Statistics of Business:

The Company's business performances in 2021 and 2020 are listed below:

Year / Number of Households Items	2021	2020
New applications	8,955	9,653
Payment of equipment	7,936	8,355
Completion of project	6,612	5,099
Gas ventilation	7,452	7,493
Accumulated households	398,980	396,467

### (2) Statistics of Supply Equipments:

The statistics of the pipelines and supply equipments added in 2021:

Type of Pipelines	Pipelines Added	Total
High-pressure pipelines	3.52 m	19,294.36 m
Medium-pressure pipelines A	0 m	24,460.01 m
Medium-pressure pipelines B	23.79 m	110,075.23 m
Low-pressure pipelines	924.48 m	576,633.69 m
Low-pressure branches	-184.51 m	292,926.18 m
Total	767.28 m	1,023,389.47 m

<b>Accessory Equipments</b>		<b>Increas/Decreases</b>	<b>Total</b>
Spherical Gas Tanks		0	6
Gas Terminals		0	2
High-Pressure Regulator Station		0	5
Medium-Pressure Regulator Station A		0	2
Medium-Pressure Regulator Station B	Overhead	0	12
	Underground	0	9
Medium Water Dispenser B		0	56
Low-Pressure Water Dispenser		-62	5,357
Low Pressure Water Dispenser Branch		-22	1,940
Lowest Point of the Pipeline		274	6,394
High-Pressure Valve		0	19
Medium-Pressure Valve		7	154
Low-Pressure Valve		2	404
Low-Pressure Block Intercepting Valve		0	61
Dazhi Pad Gate Valve (Main)		2	49
Dazhi Pad Gate Valve (Branch)		0	192
Dazhi Pad Gate Valve (Used)		2	309
Branch Cork		8	4,757
Service Pipe Corks		50	14,077
Electric Terminals		2	325
Cathodic Protection		0	6
Optical Cable Receiving Ends		2	598
Optical Cable Trunks		-24 m	97,047 m

(3) Operation status:

1. Operation status for 2021

(1) The Company's operating revenue for fiscal 2021 was NT\$3,165,873 thousand, a decrease of 10.63% or NT\$376,751 thousand from fiscal 2020. The decrease was mainly due to the decrease in the average unit price of Chinese Petroleum Corporation (CPC) by NT\$0.99 per unit in fiscal 2021 and the decrease in usage of 14,582 thousand units due to the Level 3 Alert of the Covid-19 Epidemic, resulting in a decrease of NT\$318,226 thousand in gas revenue, a decrease of NT\$51,814 thousand in installation project revenue and a decrease of NT\$6,711 thousand in other revenues such as rental income. In fiscal 2021, operating costs decreased by NT\$326,090 thousand, mainly due to a decrease of NT\$302,848 thousand in the unit price of CPC gas and lower usage, a decrease of NT\$17,660 thousand in installation costs due to a decrease in installation revenue, and a decrease of NT\$5,582 thousand in other costs such as rental costs, resulting in a gross profit of NT\$827,691 thousand, a decrease of NT\$50,661 thousand from fiscal 2020.

(2) Operating expenses decreased by NT\$3,501 thousand to NT\$258,015 thousand in fiscal 2021 compared to fiscal 2020, mainly due to a decrease in operating expenses of NT\$5,052 thousand, an increase in administrative expenses of NT\$612 thousand and an increase in expected credit impairment loss of NT\$939 thousand.

Other net expenses decreased by NT\$3,680 thousand to NT\$6,793 thousand. Operating income for the period was NT\$562,883 thousand, a decrease of NT\$43,480 thousand or 7.17% from fiscal 2020.

(3) Non-operating income and expenses for fiscal 2021 were NT\$495,661 thousand, a net increase of NT\$94,969 thousand over the same period last year. This increase was mainly due to an increase of NT\$86,366 thousand in gain or loss on financial assets carried at fair value through profit or loss and a net increase of NT\$8,603 thousand in other income recognized under the equity method.

(4) The Company's net income before tax for fiscal 2021 was NT\$1,058,544 thousand, and after setting aside income tax expense of NT\$132,502 thousand, the net income after tax was NT\$926,042 thousand, an increase of NT\$58,760 thousand, or 6.78%, from NT\$867,282 thousand for fiscal 2020.

Net income per share for the period was NT\$1.75 after tax.

2. Endorsement and guarantee

The Company's endorsement and guarantee balance at the end of 2021 was 0.

The balance of endorsement and guarantee of each subsidiary at the end of 2021 was 0.

Mutual endorsements and guarantees between the Company and its subsidiaries: The accumulated balance of the Company's endorsement and guarantee to its subsidiaries as of the end of 2021 was 0, and the accumulated balance of the subsidiaries' endorsement and guarantee to the Company was 0.

Endorsements and guarantees to Mainland China: None.

Note: The Company's endorsement and guarantee amount approved by the shareholders' meeting was NT\$6,045,146 thousand.

The Company's endorsement and guarantee for a single company is limited to NT\$2,418,058 thousand.

The total amount of endorsement and guarantee for each subsidiary is NT\$5,560,471 thousand.

3. The financial statements of the Company for the year 2021 are shown in the accompanying schedules:

- (1) Consolidated Balance Sheet
- (2) Consolidated Statement of Comprehensive Income
- (3) Consolidated Statement of Changes in Equity
- (4) Consolidated Statement of Cash Flows
- (5) Parent Company Only Balance Sheet
- (6) Parent Company Only Statement of Comprehensive Income
- (7) Parent Company Only Statement of Changes in Equity
- (8) Parent Company Only Statement of Cash Flows

Chairperson: HSIEH, JUNG FU      Manager: CHEN, ZHEN DONG      Accounting Manager: WU, CHI HAO

# Financial Statements

The Great Taipei Gas Corporation and Its Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: NT\$1,000

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (Note IV, VI and XXXII)	\$ 3,795,278	20	\$ 3,107,407	18
1110	Financial assets at FVTPL – current (Note IV, VII and XXXII)	525,286	3	738,763	4
1120	Financial assets at FVTOCI – current (Note IV, VIII, XXXII and XXXIV)	1,643,159	9	1,453,902	8
1136	Financial assets at amortized cost – current (Note IV, IX and XXXII)	-	-	220,000	1
1150	Notes receivable (Note IV, X and XXXII)	1,327	-	22	-
1160	Notes receivable - related parties (Note IV, X, XXXII and XXXIII)	-	-	3	-
1170	Accounts receivable (Note IV, V, X and XXXII)	353,933	2	328,780	2
1180	Accounts receivable - related parties (Note IV, X, XXXII and XXXIII)	8,621	-	8,044	-
1200	Other receivables (Note IV, XXXII and XXXIII)	110	-	5	-
1220	Current tax assets (Note IV and XXIX)	180	-	328	-
130X	Inventories (Note IV and XI)	169,160	1	177,667	1
1410	Prepayment (Note XXXIII)	41,050	-	39,190	-
1479	Other current assets (Note IV and XIX)	88	-	205	-
11XX	Total current assets	<u>6,538,192</u>	<u>35</u>	<u>6,074,316</u>	<u>34</u>
Non-current assets					
1517	Financial assets at FVTOCI - non-current (Note IV, V, VIII and XXXII)	3,836,844	21	3,615,159	20
1550	Investment accounted for using equity method (Note IV and XIII)	1,078,453	6	988,230	6
1600	Property, plant and equipment (Note IV, XIV and XXXIV)	4,906,382	26	4,719,552	27
1755	Right-of-use assets (Note IV and XV)	4,797	-	9,572	-
1760	Investment property (Note IV, XVI and XXXIV)	2,014,487	11	2,049,594	12
1780	Other intangible assets (Note IV and XVII)	520	-	499	-
1840	Deferred income tax assets (Note IV and XXIX)	44,824	-	45,404	-
1915	Prepayment for equipment	3,816	-	2,300	-
1920	Refundable deposits (Note XXXIII)	6,407	-	7,545	-
1980	Other financial assets - non-current (Note IV, XVIII and XXXII)	101,609	1	101,344	1
1990	Other non-current assets (Note IV, X and XIX)	2,320	-	2,320	-
15XX	Total non-current assets	<u>12,000,459</u>	<u>65</u>	<u>11,541,519</u>	<u>66</u>
1XXX	Total assets	<u>\$ 18,538,651</u>	<u>100</u>	<u>\$ 17,615,835</u>	<u>100</u>
Code	Liability and equity				



Current liabilities					
2130	Contract liabilities - current (Note IV and XXXVI)	\$ 1,025,759	6	\$ 975,131	6
2150	Notes payable (Note XXXII)	183	-	183	-
2170	Accounts payable (Note XXXII)	238,298	1	225,373	1
2180	Accounts payable - related parties (Note XXXII and XXXIII)	2,685	-	5,249	-
2219	Other payables (Note XX, XXXII and XXXIII)	652,761	4	655,995	4
2230	Current tax liabilities (Note IV and XXIX)	66,935	-	73,696	-
2280	Lease liabilities - current (Note IV and XV)	4,351	-	5,330	-
2310	Advance receipts (Note XXI and XXXIII)	4,055	-	3,500	-
2399	Other current liabilities - others	9,249	-	10,152	-
21XX	Total current liabilities	<u>2,004,276</u>	<u>11</u>	<u>1,954,609</u>	<u>11</u>
Non-current liabilities					
2550	Provisions - non-current (Note IV and XXIII)	5,966	-	7,173	-
2570	Deferred income tax liabilities (Note IV and XXIX)	969,965	5	969,965	6
2580	Lease liabilities - non-current (Note IV and XV)	400	-	4,194	-
2630	Long-term deferred income (Note IV and XXII)	1,555,843	9	1,436,209	8
2640	Net defined benefit liabilities - non-current (Note IV and XXIV)	210,624	1	213,784	1
2645	Deposits received (Note XVI and XXXIII)	381,228	2	381,267	2
2670	Other non-current liabilities	59,734	-	56,284	1
25XX	Total non-current liabilities	<u>3,183,760</u>	<u>17</u>	<u>3,068,876</u>	<u>18</u>
2XXX	Total liabilities	<u>5,188,036</u>	<u>28</u>	<u>5,023,485</u>	<u>29</u>
Equity attributable to owners of parent company (Note XXV and XXIX)					
Common stock					
3110	Common stock	<u>5,163,580</u>	<u>28</u>	<u>5,163,580</u>	<u>29</u>
3200	Capital surplus	<u>100,029</u>	<u>-</u>	<u>90,760</u>	<u>-</u>
Retained earnings					
3310	Legal reserve	1,595,703	9	1,514,109	9
3320	Special reserve	1,242,349	7	1,234,190	7
3350	Undistributed earnings	<u>1,735,622</u>	<u>9</u>	<u>1,511,173</u>	<u>8</u>
3300	Total retained earnings	<u>4,573,674</u>	<u>25</u>	<u>4,259,472</u>	<u>24</u>
3400	Other equity interests	<u>2,270,953</u>	<u>12</u>	<u>1,890,254</u>	<u>11</u>
3500	Treasury stock	( <u>17,944</u> )	<u>-</u>	( <u>17,944</u> )	<u>-</u>
31XX	Total owners' equity of the Company	12,090,292	65	11,386,122	64
36XX	Non-controlling interests (Note XXV)	<u>1,260,323</u>	<u>7</u>	<u>1,206,228</u>	<u>7</u>
3XXX	Total equity	<u>13,350,615</u>	<u>72</u>	<u>12,592,350</u>	<u>71</u>
Total liabilities and equity		<u>\$ 18,538,651</u>	<u>100</u>	<u>\$ 17,615,835</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: HSIEH, JUNG-FU

Manager: CHEN, ZHEN-DONG

Chief Accounting Officer: WU, QI-HAO

The Great Taipei Gas Corporation and Its Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

(Except the unit of earnings per share is NT\$)

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note IV, V, XXVI and XXXIII)	\$ 3,165,873	100	\$ 3,542,624	100
5000	Operating costs (Note XI, XXIV, XXVII, XXVIII and XXXIII)	( 2,338,182)	( 74)	( 2,664,272)	( 75)
5900	Gross profit	<u>827,691</u>	<u>26</u>	<u>878,352</u>	<u>25</u>
	Operating expenses (Note X, XXIII, XXIV, XXVIII and XXXIII)				
6100	Selling expenses	( 43,610)	( 1)	( 48,662)	( 2)
6200	Administrative expenses	( 214,185)	( 7)	( 213,573)	( 6)
6450	Expected credit gain on reversal of impairment loss	( 220)	-	719	-
6000	Total Operating expenses	( <u>258,015</u> )	( <u>8</u> )	( <u>261,516</u> )	( <u>8</u> )
6500	Net amount of other income and expenses (Note XXVIII)	( <u>6,793</u> )	-	( <u>10,473</u> )	-
6900	Net operating profit	<u>562,883</u>	<u>18</u>	<u>606,363</u>	<u>17</u>
	Non-operating income and expenses (Note IV, XIII, XXVIII and XXXIII)				
7050	Finance costs	( 673)	-	( 879)	-
7060	Share of profit (loss) of associates accounted for under equity method	132,264	4	124,600	4
7100	Interest income	8,654	-	13,245	-
7130	Dividend income	231,764	7	234,257	7
7190	Other income	17,228	1	12,166	-
7235	Profit from financial assets at FVTPL	106,450	3	20,084	1
7590	Miscellaneous expenses	( <u>26</u> )	-	( <u>2,781</u> )	-
7000	Total non-operating income and expenses	<u>495,661</u>	<u>15</u>	<u>400,692</u>	<u>12</u>
7900	Profit before tax	\$ 1,058,544	33	\$ 1,007,055	29
7950	Income tax expenses (Note IV and XXIX)	( <u>132,502</u> )	( <u>4</u> )	( <u>139,773</u> )	( <u>4</u> )
8200	Net profit for the period	<u>926,042</u>	<u>29</u>	<u>867,282</u>	<u>25</u>

	Other comprehensive income (Note IV, XXV and XXIX)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	( 6,322 )	-	( 14,051 )	( 1 )
8316	Unrealized profit or loss from investments in equity instruments measured at FVTOCI	370,472	12	216,570	6
8330	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	54,558	2	23,026	1
8349	Income tax expenses related to items that will not be reclassified subsequently to profit and loss	<u>1,265</u>	<u>-</u>	<u>2,810</u>	<u>-</u>
8300	Other comprehensive income for the period (net value after tax)	<u>419,973</u>	<u>14</u>	<u>228,355</u>	<u>6</u>
8500	Total comprehensive income for the period	<u>\$ 1,346,015</u>	<u>43</u>	<u>\$ 1,095,637</u>	<u>31</u>
	The net profit belongs to:				
8610	Owners of the parent company	\$ 875,296	28	\$ 823,646	24
8620	Non-controlling interests	<u>50,746</u>	<u>1</u>	<u>43,636</u>	<u>1</u>
8600		<u>\$ 926,042</u>	<u>29</u>	<u>\$ 867,282</u>	<u>25</u>
	The total comprehensive income belongs to:				
8710	Owners of the parent company	\$ 1,262,895	40	\$ 1,024,785	29
8720	Non-controlling interests	<u>83,120</u>	<u>3</u>	<u>70,852</u>	<u>2</u>
8700		<u>\$ 1,346,015</u>	<u>43</u>	<u>\$ 1,095,637</u>	<u>31</u>
	Earnings per share (Note XXX)				
9750	Basic earnings per share	<u>\$ 1.75</u>		<u>\$ 1.64</u>	
9850	Diluted earnings per share	<u>\$ 1.75</u>		<u>\$ 1.64</u>	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: HSIEH, JUNG-FU      Manager: CHEN, ZHEN-DONG      Chief Accounting Officer: WU, QI-HAO

The Great Taipei Gas Corporation and Its Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

		Equity attributable to owners of parent company										
		Share capital		Retained earnings			Other equity interests					
Code		Shares (1,000 shares)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Unrealized gains or losses on financial assets at FVTOCI	Treasury stock	Total	Non-controlling interests	Total equity
A1	Balance on January 1, 2020	516,358	\$ 5,163,580	\$ 83,791	\$ 1,429,941	\$ 1,225,773	\$ 1,355,815	\$ 1,681,406	(\$ 17,944)	\$ 10,922,362	\$ 1,153,101	\$ 12,075,463
	Appropriation and distribution of 2019 earnings											
B1	Legal reserve	-	-	-	84,168	-	( 84,168)	-	-	-	-	-
B3	Special reserve	-	-	-	-	8,417	( 8,417)	-	-	-	-	-
B5	Cash dividends for the shareholders of the parent company	-	-	-	-	-	( 567,994)	-	-	( 567,994)	-	( 567,994)
B5	Cash dividends for the shareholders of the subsidiaries	-	-	-	-	-	-	-	-	-	( 17,725)	( 17,725)
M1	Capital surplus distributed to the subsidiaries for the adjustment of dividends	-	-	6,969	-	-	-	-	-	6,969	-	6,969
D1	Net profit in 2020	-	-	-	-	-	823,646	-	-	823,646	43,636	867,282
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	( 11,373)	212,512	-	201,139	27,216	228,355
D5	Total comprehensive income in 2020	-	-	-	-	-	812,273	212,512	-	1,024,785	70,852	1,095,637
Q1	=Disposal of equity instruments measured at FVTOCI / Disposal of equity instruments measured at FVTOCI by the associates	-	-	-	-	-	3,664	( 3,664)	-	-	-	-
Z1	Balance on December 31, 2020	516,358	5,163,580	90,760	1,514,109	1,234,190	1,511,173	1,890,254	( 17,944)	11,386,122	1,206,228	12,592,350
	Appropriation and distribution of 2020 earnings											
B1	Legal reserve	-	-	-	81,594	-	( 81,594)	-	-	-	-	-
B3	Special reserve	-	-	-	-	8,159	( 8,159)	-	-	-	-	-
B5	Cash dividends for the shareholders of the parent company	-	-	-	-	-	( 567,994)	-	-	( 567,994)	-	( 567,994)
B5	Cash dividends for the shareholders of the subsidiaries	-	-	-	-	-	-	-	-	-	( 17,725)	( 17,725)
M1	Capital surplus distributed to the subsidiaries for the adjustment of dividends	-	-	6,969	-	-	-	-	-	6,969	-	6,969
M7	Changes in ownership interest in subsidiaries	-	-	2,300	-	-	-	-	-	2,300	( 11,300)	( 9,000)
D1	Net profit in 2021	-	-	-	-	-	875,296	-	-	875,296	50,746	926,042
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	( 5,227)	392,826	-	387,599	32,374	419,973
D5	Total comprehensive income in 2021	-	-	-	-	-	870,069	392,826	-	1,262,895	83,120	1,346,015
Q1	Disposal of equity instruments measured at FVTOCI / Disposal of equity instruments measured at FVTOCI by the associates	-	-	-	-	-	12,127	( 12,127)	-	-	-	-
Z1	Balance on December 31, 2021	<u>516,358</u>	<u>\$ 5,163,580</u>	<u>\$ 100,029</u>	<u>\$ 1,595,703</u>	<u>\$ 1,242,349</u>	<u>\$ 1,735,622</u>	<u>\$ 2,270,953</u>	<u>( \$ 17,944)</u>	<u>\$ 12,090,292</u>	<u>\$ 1,260,323</u>	<u>\$ 13,350,615</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: HSIEH, JUNG-FU

Manager: CHEN, ZHEN-DONG

Chief Accounting Officer: WU, QI-HAO

The Great Taipei Gas Corporation and Its Subsidiaries  
Consolidated Statement of Cash Flows  
January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

Code		2021	2020
	Cash flow from operating activities		
A10000	Profit before tax for the period	\$ 1,058,544	\$ 1,007,055
A20010	Income and expenses		
A20100	Depreciation expenses	353,307	333,460
A20200	Amortization expenses	264	232
A20300	Expected credit loss (gain on reversal)	220	( 719 )
A20400	Net gain on financial assets at FVTPL	( 106,450 )	( 20,084 )
A20900	Interest expenses	673	879
A21200	Interest income	( 8,654 )	( 13,245 )
A21300	Dividend income	( 231,764 )	( 234,257 )
A22300	Share of profit or loss of associates accounted for using the equity method	( 132,264 )	( 124,600 )
A22500	Loss on disposal of property, plant and equipment	6,793	10,473
A22600	Property, plant and equipment transferred to cost	1,799	-
A23700	Loss from market price decline and obsolete and slow-moving inventories	1,427	3,350
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at FVTPL	319,927	103,117
A31130	Notes receivable	( 1,310 )	159
A31150	Accounts receivable	( 25,768 )	97,707
A31180	Other receivables	( 105 )	25
A31200	Inventories	7,080	1,026
A31230	Prepayment	( 1,860 )	( 3,525 )
A31240	Other current assets	117	( 117 )
A31990	Overdue receivables	( 174 )	( 188 )
A32125	Contract liabilities - current	50,628	( 52,670 )
A32150	Accounts payable	10,361	( 50,070 )
A32180	Other payables	( 3,234 )	( 9,679 )
A32200	Provisions	( 1,207 )	1,290
A32210	Advance receipts	555	117
A32230	Other current liabilities	( 903 )	( 313 )
A32240	Net defined benefit liabilities - non-current	( 8,217 )	( 18,947 )
A32990	Long-term deferred income	119,634	159,719
A32990	Other non-current liabilities	3,450	( 14,425 )
A33000	Cash from operating activities	1,412,869	1,175,770
A33100	Interests received	\$ 8,654	\$ 13,245
A33300	Interests paid	( 673 )	( 879 )

A33500	Income tax paid	( <u>138,535</u> )	( <u>133,794</u> )
AAAA	Net cash inflow from operating activities	<u>1,282,315</u>	<u>1,054,342</u>
	Cash flow from investing activities		
B00010	Acquisition of financial assets at FVTOCI	( 63,729 )	( 475,111 )
B00020	Disposal of financial assets at FVTOCI	21,634	26,855
B00030	Redemption of shares due to the reduction in financial assets at FVTOCI	1,625	33,588
B00040	Financial assets at amortized cost – current	220,000	390,000
B02000	Prepayment for investment	-	2,000
B02700	Acquisition of property, plant and equipment	( 506,421 )	( 458,814 )
B02800	Proceeds from the disposal of property, plant and equipment	329	34
B03700	Decrease in refundable deposits	1,138	1,064
B06500	Increase in other financial assets - non-current	( 265 )	( 380 )
B04500	Acquisition of intangible assets	( 285 )	-
B05400	Acquisition of investment property	-	( 2,678 )
B07100	Increase in prepayment for equipment	( 3,356 )	( 1,755 )
B07600	Other dividends received	<u>328,363</u>	<u>325,747</u>
BBBB	Net cash flows from (used in) investing activities	( <u>967</u> )	( <u>159,450</u> )
	Cash flow from financing activities		
C03000	Deposits received	-	30
C03100	Repayment of deposits received	( 39 )	-
C04020	Payments of lease liabilities	( 5,688 )	( 4,495 )
C04500	Payment of dividends for the owners of the parent company	( 561,025 )	( 561,025 )
C05400	Acquisition of equity in subsidiaries	( 9,000 )	-
C05800	Payment of cash dividends for non-controlling interests	( <u>17,725</u> )	( <u>17,725</u> )
CCCC	Net cash flows from (used in) financing activities	( <u>593,477</u> )	( <u>583,215</u> )
EEEE	Net increase in cash and cash equivalents	687,871	311,677
E00100	Cash and cash equivalents at beginning of period	<u>3,107,407</u>	<u>2,795,730</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 3,795,278</u>	<u>\$ 3,107,407</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: HSIEH, JUNG-FU      Manager: CHEN, ZHEN-DONG      Chief Accounting Officer: WU, QI-HAO

The Great Taipei Gas Corporation  
Parent Company Only Balance Sheet  
December 31, 2021 and December 31, 2020

Unit: NT\$1,000

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents (Note IV, VI and XXX)	\$ 1,488,748	9	\$ 1,388,029	8
1120	Financial assets at FVTOCI – current (Note IV, VII and XXX)	537,486	3	489,423	3
1136	Financial assets at amortized cost – current (Note IV, VIII and XXX)	-	-	100,000	1
1150	Notes receivable (Note IV, IX and XXX)	1,228	-	18	-
1170	Accounts receivable (Note IV, V, IX and XXX)	351,407	2	324,907	2
1180	Accounts receivable - related parties (Note IV, IX, XXX and XXXI)	2,092	-	1,479	-
1200	Other receivables (Note IV and XXX)	110	-	6	-
130X	Inventories (Note IV and X)	169,160	1	177,667	1
1410	Prepayment (Note XXXI)	16,755	-	14,057	-
1479	Other current assets (Note XVII)	88	-	205	-
11XX	Total current assets	<u>2,567,074</u>	<u>15</u>	<u>2,495,791</u>	<u>15</u>
<b>Non-current assets</b>					
1517	Financial assets at FVTOCI - non-current (Note IV, V, VII and XXX)	1,301,195	8	1,143,648	7
1550	Investment accounted for using equity method (Note IV and XI)	6,355,066	37	5,864,733	36
1600	Property, plant and equipment (Note IV, XII, XXXI and XXXII)	4,903,805	28	4,712,922	29
1755	Right-of-use assets (Note IV and XIII)	4,639	-	9,178	-
1760	Investment property (Note IV, XIV and XXXII)	1,955,809	11	1,989,777	12
1780	Other intangible assets (Note IV and XV)	520	-	499	-
1840	Deferred income tax assets (Note IV and XXVII)	44,467	-	45,047	-
1915	Prepayment for equipment	3,816	-	2,300	-
1920	Refundable deposits (Note XXXI)	5,390	-	6,528	-
1980	Other financial assets - non-current (Note IV, XVI and XXX)	101,609	1	101,344	1
1990	Other non-current assets (Note IV, IX and XVII)	1,740	-	1,740	-
15XX	Total non-current assets	<u>14,678,056</u>	<u>85</u>	<u>13,877,716</u>	<u>85</u>
1XXX	Total assets	<u>\$ 17,245,130</u>	<u>100</u>	<u>\$ 16,373,507</u>	<u>100</u>
<b>Liability and Equity</b>					
<b>Current liabilities</b>					
2130	Contract liabilities - current (Note IV and XXIV)	\$ 1,025,675	6	\$ 975,105	6
2150	Notes payable (Note XXX)	183	-	183	-
2170	Accounts payable (Note XXX)	233,676	1	220,546	1
2180	Accounts payable - related parties (Note XXX and XXXI)	2,680	-	5,244	-
2219	Other payables (Note XVIII, XXX and XXXI)	638,399	4	640,820	4
2230	Current income tax liabilities (Note IV and XXVII)	55,052	-	60,158	-
2280	Lease liabilities - current (Note IV and XIII)	4,215	-	5,092	-
2310	Advance receipts (Note XIX and XXXI)	3,955	-	3,345	-
2399	Other current liabilities - others	9,210	-	10,119	-
21XX	Total current liabilities	<u>1,973,045</u>	<u>11</u>	<u>1,920,612</u>	<u>11</u>
<b>Non-current liabilities</b>					
2550	Provisions - non-current (Note IV, V and XXI)	5,966	-	7,173	-
2570	Deferred income tax liabilities (Note IV and XXVII)	969,965	6	969,965	6
2580	Lease liabilities - non-current (Note IV and XIII)	400	-	4,058	-
2630	Long-term deferred income (Note IV and XX)	1,555,843	9	1,436,209	9
2640	Net defined benefit liabilities - non-current (Note IV, V and XXII)	210,624	1	213,784	1
2645	Deposits received (Note XIV and XXXI)	379,261	2	379,300	2
2670	Other non-current liabilities	59,734	1	56,284	1
25XX	Total non-current liabilities	<u>3,181,793</u>	<u>19</u>	<u>3,066,773</u>	<u>19</u>
2XXX	Total liabilities	<u>5,154,838</u>	<u>30</u>	<u>4,987,385</u>	<u>30</u>
<b>Equity (Note XXIII and XXVIII)</b>					
<b>Share capital</b>					
3110	Common stock	<u>5,163,580</u>	<u>30</u>	<u>5,163,580</u>	<u>31</u>
3200	Capital surplus	<u>100,029</u>	<u>1</u>	<u>90,760</u>	<u>1</u>
<b>Retained earnings</b>					
3310	Legal reserve	1,595,703	9	1,514,109	9
3320	Special reserve	1,242,349	7	1,234,190	8
3350	Undistributed earnings	<u>1,735,622</u>	<u>10</u>	<u>1,511,173</u>	<u>9</u>
3300	Total retained earnings	<u>4,573,674</u>	<u>26</u>	<u>4,259,472</u>	<u>26</u>
3400	Other equity interests	<u>2,270,953</u>	<u>13</u>	<u>1,890,254</u>	<u>12</u>
3500	Treasury stock	( 17,944 )	-	( 17,944 )	-
3XXX	Total equity	<u>12,090,292</u>	<u>70</u>	<u>11,386,122</u>	<u>70</u>
Total liabilities and equity		<u>\$ 17,245,130</u>	<u>100</u>	<u>\$ 16,373,507</u>	<u>100</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: HSIEH, JUNG-FU

Manager: CHEN, ZHEN-DONG

Chief Accounting Officer: WU, QI-HAO

The Great Taipei Gas Corporation  
Parent Company Only Statement of Comprehensive Income  
From January 1 to December 31, 2021 and 2020

Unit: NT\$1,000  
Except the unit of earnings per share is NT\$

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note IV, V, XX, XXIV and XXXI)	\$ 3,100,106	100	\$ 3,475,334	100
5000	Operating costs (Note X, XXV, XXVI and XXXI)	( 2,286,257)	( 74)	( 2,613,068)	( 75)
5900	Gross profit	<u>813,849</u>	<u>26</u>	<u>862,266</u>	<u>25</u>
	Operating expenses (Note XXVI and XXXI)				
6100	Selling expenses	( 43,636)	( 2)	( 48,689)	( 1)
6200	Administrative expenses	( 196,895)	( 6)	( 196,645)	( 6)
6450	Expected credit gain on reversal of impairment loss	( 220)	-	719	-
6000	Total Operating expenses	( <u>240,751</u> )	( <u>8</u> )	( <u>244,615</u> )	( <u>7</u> )
6500	Net amount of other income and expenses (Note XXVI)	( 6,793)	-	( 10,473)	( 1)
6900	Net operating profit	<u>566,305</u>	<u>18</u>	<u>607,178</u>	<u>17</u>
	Non-operating income and expenses (Note IV, XXVI and XXXI)				
7050	Finance costs	( 653)	-	( 854)	-
7070	Share of the profit or loss of subsidiaries and associates accounted for using the equity method	348,178	11	266,558	8
7100	Interest income	4,370	-	6,251	-
7130	Dividend income	59,287	2	62,347	2
7190	Other income	15,850	1	9,270	-
7590	Miscellaneous expenses	( 26)	-	( 2,781)	-
7000	Total non-operating income and expenses	<u>427,006</u>	<u>14</u>	<u>340,791</u>	<u>10</u>
7900	Profit before tax	\$ <u>993,311</u>	<u>32</u>	\$ <u>947,969</u>	<u>27</u>
7950	Income tax expenses (Note IV and XXVII)	( <u>118,015</u> )	( <u>4</u> )	( <u>124,323</u> )	( <u>4</u> )
8200	Net profit in the fiscal year	<u>875,296</u>	<u>28</u>	<u>823,646</u>	<u>23</u>



	Other comprehensive income (Note IV, XXIII and XXVII)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	( 6,322)	-	( 14,051)	-
8316	Unrealized profit or loss from investments in equity instruments measured at FVTOCI	216,701	7	35,279	1
8330	Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	175,955	6	177,101	5
8349	Income tax expenses related to items that will not be reclassified subsequently to profit and loss	<u>1,265</u>	<u>-</u>	<u>2,810</u>	<u>-</u>
		<u>387,599</u>	<u>13</u>	<u>201,139</u>	<u>6</u>
8300	Other comprehensive income in the fiscal year (net value after tax)	<u>387,599</u>	<u>13</u>	<u>201,139</u>	<u>6</u>
8500	Total comprehensive income in the fiscal year	<u>\$ 1,262,895</u>	<u>41</u>	<u>\$ 1,024,785</u>	<u>29</u>
	Earnings per share (Note XXVIII)				
9750	Basic earnings per share	<u>\$ 1.75</u>		<u>\$ 1.64</u>	
9850	Diluted earnings per share	<u>\$ 1.75</u>		<u>\$ 1.64</u>	

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: HSIEH, JUNG-FU      Manager: CHEN, ZHEN-DONG      Chief Accounting Officer: WU, QI-HAO

The Great Taipei Gas Corporation  
Parent Company Only Statement of Changes in Equity  
From January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

Code		Share capital		Capital surplus	Retained earnings			Other equity interests	Treasury stock	Total equity
		Share (1,000 shares)	Amount		Legal reserve	Special reserve	Undistributed earnings	Unrealized profit or loss on financial assets at FVTOCI		
A1	Balance at January 1, 2020	516,358	\$ 5,163,580	\$ 83,791	\$ 1,429,941	\$ 1,225,773	\$ 1,355,815	\$ 1,681,406	( \$ 17,944 )	\$ 10,922,362
	Appropriation and distribution of 2019 earnings									
B1	Legal reserve	-	-	-	84,168	-	( 84,168 )	-	-	-
B3	Special reserve	-	-	-	-	8,417	( 8,417 )	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	( 567,994 )	-	-	( 567,994 )
M1	Dividend distribution to subsidiaries to adjust capital surplus	-	-	6,969	-	-	-	-	-	6,969
D1	Net profit in 2020	-	-	-	-	-	823,646	-	-	823,646
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	( 11,373 )	212,512	-	201,139
D5	Total comprehensive income in 2020	-	-	-	-	-	812,273	212,512	-	1,024,785
Q1	Disposal of equity instruments measured at FVTOCI/ disposal of equity instruments measured at FVTOCI by the associates	-	-	-	-	-	3,664	( 3,664 )	-	-
Z1	Balance at December 31, 2020	516,358	5,163,580	90,760	1,514,109	1,234,190	1,511,173	1,890,254	( 17,944 )	11,386,122
	Appropriation and distribution of 2020 earnings									
B1	Legal reserve	-	-	-	81,594	-	( 81,594 )	-	-	-
B3	Special reserve	-	-	-	-	8,159	( 8,159 )	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	( 567,994 )	-	-	( 567,994 )
M1	Dividend distribution to subsidiaries to adjust capital surplus	-	-	6,969	-	-	-	-	-	6,969
M7	Changes in ownership interest in subsidiaries	-	-	2,300	-	-	-	-	-	2,300
D1	Net profit in 2021	-	-	-	-	-	875,296	-	-	875,296
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	( 5,227 )	392,826	-	387,599
D5	Total comprehensive income in 2021	-	-	-	-	-	870,069	392,826	-	1,262,895
Q1	Disposal of equity instruments measured at FVTOCI/ disposal of equity instruments measured at FVTOCI by the associates	-	-	-	-	-	12,127	( 12,127 )	-	-
Z1	Balance at December 31, 2021	516,358	\$ 5,163,580	\$ 100,029	\$ 1,595,703	\$ 1,242,349	\$ 1,735,622	\$ 2,270,953	( \$ 17,944 )	\$ 12,090,292

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: HSIEH, JUNG-FU

Manager: CHEN, ZHEN-DONG

Chief Accounting Officer: WU, QI-HAO

The Great Taipei Gas Corporation  
Parent Company Only Statement of Cash Flows  
From January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

Code		2021	2020
	Cash flow from operating activities		
A10000	Profit before tax in the fiscal year	\$ 993,311	\$ 947,969
A20010	Income and expenses		
A20100	Depreciation expenses	347,877	327,976
A20200	Amortization expenses	264	232
A20300	Expected credit loss (gain on reversal)	220	( 719 )
A20900	Interest expenses	653	854
A21200	Interest income	( 4,370 )	( 6,251 )
A21300	Dividend income	( 59,287 )	( 62,347 )
A22400	Share of the profit or loss of the subsidiaries, associates and joint ventures accounted for using the equity method	( 348,178 )	( 266,558 )
A22500	Loss on disposal of property, plant and equipment	6,793	10,473
A23700	Loss from market price decline and obsolete and slow-moving inventories	1,427	3,350
A29900	Property, plant and equipment transferred to cost	1,799	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 1,218 )	75
A31150	Accounts receivable	( 27,151 )	101,042
A31180	Other receivables	( 104 )	23
A31200	Inventories	7,080	1,026
A31230	Prepayment	( 2,698 )	( 4,489 )
A31240	Other current assets	117	( 117 )
A31990	Overdue receivables	( 174 )	( 188 )
A32125	Contract liabilities - current	50,570	( 52,586 )
A32150	Accounts payable	10,566	( 50,021 )
A32180	Other payables	( 2,418 )	( 11,114 )
A32200	Provisions	( 1,207 )	1,290
A32210	Advance receipts	610	227
A32230	Other current liabilities	( 909 )	( 314 )
A32240	Net defined benefit liabilities	( 9,482 )	( 18,947 )
A32990	Long-term deferred income	119,634	159,719
A32990	Other non-current liabilities	3,450	( 14,425 )
A33000	Cash from operating activities	1,087,175	1,066,180
A33100	Interests received	4,370	6,251

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Code		2021	2020
A33300	Interests paid	(\$ 653)	(\$ 854)
A33500	Income tax paid	( 121,276)	( 125,498)
AAAA	Net cash inflow from operating activities	<u>969,616</u>	<u>946,079</u>
	Cash flow from investing activities		
B00010	Acquisition of financial assets at FVTOCI	( 12,168)	( 65,513)
B00020	Disposal of financial assets at FVTOCI	21,634	26,855
B00030	Redemption of shares due to the reduction in financial assets at FVTOCI	1,625	13,542
B00040	Financial assets at amortized cost - current	100,000	390,000
B02000	Prepayment for investment	-	2,000
B02700	Acquisition of property, plant and equipment	( 506,421)	( 458,814)
B02800	Proceeds from the disposal of property, plant and equipment	329	34
B04500	Acquisition of intangible assets	( 285)	-
B03700	Decrease in refundable deposits	1,138	1,064
B05400	Acquisition of investment property	-	( 1,717)
B06500	Increase in other financial assets - non-current	( 265)	( 380)
B07200	Increase in prepayment for equipment	( 3,356)	( 1,754)
B07600	Dividends received from subsidiaries and associates	43,069	41,377
B07600	Other dividends received	<u>59,287</u>	<u>62,347</u>
BBBB	Net cash flows from (used in) investing activities	<u>( 295,413)</u>	<u>9,041</u>
	Cash flow from financing activities		
C03000	Deposits received	-	31
C03100	Repayment of deposits received	( 39)	-
C04020	Payments of lease liabilities	( 5,451)	( 4,262)
C04500	Cash dividends paid	( 567,994)	( 567,994)
CCCC	Net cash flows from (used in) financing activities	<u>( 573,484)</u>	<u>( 572,225)</u>
EEEE	Net increase in cash and cash equivalents	100,719	382,895
E00100	Cash and cash equivalents at beginning of period	<u>1,388,029</u>	<u>1,005,134</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 1,488,748</u>	<u>\$ 1,388,029</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: HSIEH, JUNG-FU      Manager: CHEN, ZHEN-DONG      Chief Accounting Officer: WU, QI-HAO

# Independent Auditors' Report

To The Great Taipei Gas Corporation:

## **Audit opinion**

I have audited the financial statements of The Great Taipei Gas Corporation and Its Subsidiaries, which comprise the Balance Sheet as at December 31, 2021 and December 31, 2020, the Consolidated Statements of Comprehensive Income from January 1 to December 31, 2021 and from January 1 to December 31, 2020, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Consolidated Financial Statement Notes (including a summary of significant accounting policies).

In my opinion, the accompanying Consolidated Financial Statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Accounting Standards for Natural Gas Utilities, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by the Financial Supervisory Commission (hereinafter referred to as FSC), so as to give a true and fair view of the consolidated financial position as of December 2021 and 2020 and of the financial performance, changes in equity and cash flows of The Great Taipei Gas Corporation and Its Subsidiaries from January 1 to December 31, 2021 and 2020.

## **Basis for audit opinion**

I conducted my audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. My responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. I am independent of The Great Taipei Gas Corporation and Its Subsidiaries in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Key audit matter**

The key auditing matter is which that, in my professional judgment, is most significant to my review of the Consolidated Financial Statements of The Great Taipei Gas Corporation and Its Subsidiaries for 2021. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and I do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of The Great Taipei Gas Corporation and Its Subsidiaries for 2021:

### Key audit matter: gas revenue estimates

The gas revenue of The Great Taipei Gas Corporation and Its Subsidiaries for 2021 is \$2,224,785 thousand, of which \$264,061 thousand is estimated to be unbilled revenue from customers, accounting for approximately 12% of gas revenue, please refer to Notes IV(XIII), V, X and XXVI to the Consolidated Financial Statement.

The management of The Great Taipei Gas Corporation and Its Subsidiaries estimates the unbilled gas revenues from customers as of the balance sheet date, i.e., the gas fee revenues and base fee revenues receivable from the date of the last meter reading at the end of the year to the balance sheet date. Because the estimation methods and assumptions involve significant management judgment, they are included as the key audit matters in the Consolidated Financial Statements for the year.

In connection with the above key matter, I conducted the following principal audit procedures:

1. to understand management's internal control practices related to gas revenue meter reading, charging and billing and how they are performed;
2. to understand the information and estimation methods used by management to estimate the gas fee revenue and base fee revenue receivable that have been used and not yet billed by customers between the last meter reading date at the end of the year and the balance sheet date;
3. to spot check the correctness of the information on which the estimates are based; and
4. to evaluate the estimation methods and the reasonableness of the assumptions, including obtaining relevant data such as the volume of gas purchased, the volume of meter readings, the volume of billing and the amount of billing, and to verify and compare the reasonableness of the results.

## **Other matters**

The Great Taipei Gas Corporation has prepared its Parent Company Only Financial Statements for the years ended December 31, 2021 and 2020, and I have provided my unqualified opinion on those statements for reference.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Accounting Standards for Natural Gas Utilities and IFRSs recognized and announced effectiveness by the FSC, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

In preparing the Consolidated Financial Statements, management is responsible for assessing the ability of The Great Taipei Gas Corporation and Its Subsidiaries to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management either intends to liquidate The Great Taipei Gas Corporation and Its Subsidiaries or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the governing body include overseeing the financial reporting process of The Great Taipei Gas Corporation and Its Subsidiaries.

## **Auditors' responsibilities for the audit of the consolidated financial statements**

My 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 auditors' report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.

2. Obtain an understanding of internal controls 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 internal control effectiveness of The Great Taipei Gas Corporation and Its Subsidiaries.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of The Great Taipei Gas Corporation and Its Subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Great Taipei Gas Corporation and Its Subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. I have obtained sufficient and appropriate evidence to audit the consolidated financial information of The Great Taipei Gas Corporation and Its Subsidiaries to express an opinion on the Consolidated Financial Statements. I am responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on The Great Taipei Gas Corporation and Its Subsidiaries.

I communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

I have also provided the governing body with a statement that the independence-regulated personnel of the firm to which I am affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the



governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

I have determined the key audit matter for the audit of the Consolidated Financial Statements of The Great Taipei Gas Corporation and Its Subsidiaries for the year ended December 31, 2021 from the communications I have had with the governing body. I identified such matter in my auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, I decided not to communicate those matters in my auditor's report because I reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

Accountant: LU, YU-ZHEN

Accountant: WENG, BO-REN

FSC Approval Number:  
Jin-Guan-Zheng-Shen-Zi No. 1080321204

FSC Approval Number:  
Jin-Guan-Zheng-Shen-Zi No. 1010028123

March 17, 2022

# **Independent Auditors' Report**

To The Great Taipei Gas Corporation:

## **Audit opinion**

I have audited the financial statements of The Great Taipei Gas Corporation, which comprise the Parent Company Only Balance Sheet as at Dec. 31, 2021 and Dec. 31, 2020, the Parent Company Only Statement of Comprehensive Income from Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020, Parent Company Only Statement of Change in Equity, Parent Company Only Statement of Cash Flows, and Parent Company Only Financial Statement Notes (including a summary of significant accounting policies).

In my opinion, the accompanying Parent Company Only Financial Statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and Accounting Standards for Natural Gas Utilities so as to give a true and fair view of the parent company only financial position as of December 2021 and 2020 and of the financial performance, changes in equity and cash flows of The Great Taipei Gas Corporation from January 1 to December 31, 2021 and 2020.

## **Basic for audit opinion**

I conducted my audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. My responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. I am independent of The Great Taipei Gas Corporation in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and I have fulfilled my other ethical responsibilities in

accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key audit matter**

The key auditing matter is which that, in my professional judgment, is most significant to my review of the Parent Company Only Financial Statements of The Great Taipei Gas Corporation for 2021. Such matter has been considered in the process of examining the Parent Company Only Financial Statements taken as a whole and forming an opinion thereon, and I do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Parent Company Only Financial Statements of The Great Taipei Gas Corporation for 2021:

#### Key audit matter: Gas revenue estimates

The gas revenue of The Great Taipei Gas Corporation for 2021 is \$2,224,785 thousands, of which \$264,061 thousands is estimated to be unbilled revenue from customers, accounting for approximately 12% of gas revenue, please refer to Notes IV (XII), V, IX and XXV to the Parent Company Only Financial Statement Notes.

The management of The Great Taipei Gas Corporation estimates the unbilled gas revenues from customers as of the balance sheet date, i.e., the gas fee revenues and base fee revenues receivable from the date of the last meter reading at the end of the year to the balance sheet date. Because the estimation methods and assumptions involve significant management judgment, they are included as the key audit matter in the Parent Company Only Financial Statements for the year.

In connection with the above key matter, I conducted the following principal audit procedures:

1. to understand management's internal control practices related to gas revenue meter reading, charging and billing and how they are performed;

2. to understand the information and estimation methods used by management to estimate the gas fee revenue and base fee revenue receivable that have been used and not yet billed by customers between the last meter reading date at the end of the year and the balance sheet date;
3. to spot check the correctness of the information on which the estimates are based; and
4. to evaluate the estimation methods and the reasonableness of the assumptions, including obtaining relevant data such as the volume of gas purchased, the volume of meter readings, the volume of billing and the amount of billing, and to verify and compare the reasonableness of the results.

### **Responsibilities of management and directors for the Parent Company Only Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and Accounting Standards for Natural Gas Utilities, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the ability of The Great Taipei Gas Corporation to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management either intends to liquidate The Great Taipei Gas Corporation or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body include overseeing the financial reporting process of The Great Taipei Gas Corporation.

## **Auditors' responsibilities for the audit of the Parent Company Only Financial Statements**

My 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 auditors' report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these Parent Company Only Financial Statements.

As part of an audit in accordance with GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of The Great Taipei Gas Corporation.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.

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 ability of The Great Taipei Gas Corporation 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 auditors' report. However, future events or conditions may cause The Great Taipei Gas Corporation 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 relevant notes), and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. I have obtained sufficient and appropriate evidence to audit the parent company only financial information of The Great Taipei Gas Corporation to express an opinion on the Parent Company Only Financial Statements. I am responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on The Great Taipei Gas Corporation.

I communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including significant deficiencies in internal control identified during the audit).

I have also provided the governing body with a statement that the independence-regulated personnel of the firm to which I am affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the

governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

I have determined the key audit matter for the audit of the Parent Company Only Financial Statements of The Great Taipei Gas Corporation for the year ended December 31, 2021 from the communications I have had with the governing body. I identified such matter in my auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, I decided not to communicate those matters in my auditor's report because I reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

Accountant: Lu, Yi-Zhen

Accountant: Weng, Bo-Ren

FSC Approval Number:

Jin-Guan-Zheng-Shen-Zi No. 1080321204

FSC Approval Number:

Jin-Guan-Zheng-Shen-Zi No. 1010028123

March 17, 2022

## 2. Audit Committee's Review Report

### Audit Committee's Review Report

The Board of Directors had prepared and submitted the business reports, financial statements (including consolidated financial statements), and the distribution of earnings. The financial statements (including consolidated financial statements) were completed by LU, YI JEN and WENG, BO REN of Deloitte Taiwan. The business reports, financial statements (including consolidated financial statements) and the distribution of earnings has been checked by the audit committee and no inconsistency was found. The audit report was issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

The Great Taipei Gas Corporation

Convener: CHANG, CHENG KOU

March 17, 2022



### 3. Compensation to Directors and Employees for the Year 2021

#### Explanation:

- (1) The distribution of compensation to directors and supervisors for 2021 is proposed to be NT\$39,000 thousand, representing approximately 3.71% of the pre-tax profit.
- (2) The distribution of compensation to directors and supervisors for 2021 is proposed to be NT\$19,500 thousand, representing approximately 1.85% of the pre-tax profit.
- (3) This proposal was approved by the 4th compensation committee in the 8th meeting and the 19th board of directors in the 14th meeting.

## Proposals

1

Proposed by the Board

### **Proposal:**

Adoption of the Proposals for the Company's 2021 Business Report and Financial Statements.

### **Explanation:**

- (1) In accordance with the provisions of Article 228 of the Company Act.
- (2) The Company's 2021 business report, consolidated financial statements and parent company only financial statements have been approved by the 19th Board of Directors at the 14th Board of Directors' Meeting and the consolidated financial statements and parent company only financial statements have been audited by LU, YI JEN and WENG, BO REN of Deloitte Taiwan.
- (3) The financial statements mentioned above were submitted to the 1st Audit Committee of the 12th audit session for completion, please refer to pages 4 to 32 of this handbook.
- (4) Submit for acknowledgement.

### **Resolution:**

**Proposal:**

Adoption of the Proposal for the Company's 2021 Distribution of Earnings

**Explanation:**

- (1) The distribution of the Company's 2021 earnings was approved by the 19th Board of Directors at the 14th meeting and in accordance with Articles 228 and 230 of the Company Act and Articles 29 and 30 of the Company's Articles of Incorporation.
- (2) The shares issued by the Company amounted to 516,358,000 shares and the proposed distribution of cash dividends was NT\$1.1 per share.
- (3) The distribution is approved at the shareholders' meeting and the board of directors is authorized to set a record date for the distribution.
- (4) The earning distribution report of 2021 is listed as the attachment below

**Resolution:**

The Great Taipei Gas Corporation  
Distribution of Earnings for 2021

Unit: NT\$

Item	Subtotal	Total
Undistributed earnings at the beginning of the period	853,426,098.22	853,426,098.22
Net income for the period	875,296,111.9	
Actuarial gains and losses included in undistributed earnings	(5,227,453.00)	
Gains or losses on disposal of financial assets transferred to retained	12,127,439.00	
Adjusted net income for the period	882,196,097.90	
Legal reserve set aside (10%)	(88,219,610.00)	
Special reserve set aside	(8,821,961.00)	785,154,526.90
Distributable earnings for the period		1,638,580,625.12
Distribution items		
Dividends to shareholders (NT\$1.1 per share)	(567,993,800.00)	(567,993,800.00)
Undistributed earnings at the end of the period		1,070,586,825.12

Note: The total amount of cash dividends that are less than one dollar shall be distributed to shareholders in descending order of decimal value until 0.

Chairperson: HSIEH, JUNG FU

Manager: CHEN, ZHEN DONG

Accounting Manager: WU, CHI HAO

# Discussions and Elections

1

Proposed by the Board

**Proposal:**

Amendments to the Company’s “Articles of Incorporation”. Please proceed to discussion.

**Explanation:**

In accordance with the Ministry of Economic Affairs’ Jing-Shou-Shang-Zi letter No. 11001136400 dated August 19, 2021, the Company’s business needs to be in line with the “Certificate of Approval for Applications for Reservation of Corporate Names and Business Scopes” number 110047772, therefore the Company’s Articles of Incorporation should be amended as follows (please refer to Appendix I for the full text)

**Resolution:**

Comparison Table of “Articles of Incorporation” before and after Amendments

After	Before	Explanation
Chapter I General	Chapter I General	In accordance with the Ministry of Economic Affairs’ Jing-Shou-Shang-Zi letter No. 11001136400 dated August 19, 2021, the Company’s business needs to be in line with the “Certificate of Approval for Applications for
Article 1 The Company is organized under the Company Act and is named “The Great Taipei Gas Corporation”.	Article 1 The Company is organized under the Company Act and is named “The Great Taipei Gas Corporation”.	
Article 2 The Company’s scope of business is as follow:	Article 2 The Company’s scope of business is as follow:	
1. D201011 Natural Gas Utility Enterprise	1. D201011 Natural Gas Utility Enterprise	
2. E502010 Fuel Catheter Installation Engineering	2. E502010 Fuel Catheter Installation Engineering	
3. CR01010 Fuel Gas Equipments, Materials and Parts Manufacturing	3. CR01010 Fuel Gas Equipments, Materials and Parts Manufacturing	
4. F113030 Wholesale of Precision	4. F113030 Wholesale of Precision	

Instruments	Instruments	Reservation of
5. F213040 Retail Sale of Precision Instruments	5. F213040 Retail Sale of Precision Instruments	Corporate
6. JE01010 Rental and Leasing	6. JE01010 Rental and Leasing	Names and
7. F113060 Wholesale of Measuring Instruments	7. F113060 Wholesale of Measuring Instruments	Business
8. F213050 Retail Sale of Metrological Instruments	8. F213050 Retail Sale of Metrological Instruments	Scopes” number
9. JA02051 Weights and Measuring Instruments Repair	9. JA02051 Weights and Measuring Instruments Repair	110047772,
10. G903010 Telecommunications Enterprises <del>Telecommunications Enterprises: Registered to provide telecommunications services in accordance with the Telecommunications Management Act</del>	10. G903010 Telecommunications Enterprises: Registered to provide telecommunications services in accordance with the Telecommunications Management Act	therefore, Item
11. H703100 Real Estate Leasing	11. H703100 Real Estate Leasing	10 and 21 of
12. I301010 Software Design Services	12. I301010 Software Design Services	Article 2 of the
13. I301020 Data Processing Services	13. I301020 Data Processing Services	Company’s
14. I301030 Electronic Information Supply Services	14. I301030 Electronic Information Supply Services	scope of
15. E603130 Gas Water Heater Contractors	15. E603130 Gas Water Heater Contractors	business is
16. F113990 Wholesale of Other Machinery and Tools	16. F113990 Wholesale of Other Machinery and Tools	amended to
17. F213990 Retail Sale of Other Machinery and Equipment	17. F213990 Retail Sale of Other Machinery and Equipment	G903010
18. E801070 Kitchen and Bath Facilities Construction	18. E801070 Kitchen and Bath Facilities Construction	Telecommunicat
19. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures	19. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures	ions Enterprises
20. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and	20. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures	and E602011
	21. E602011 Refrigeration and Air Conditioning	Refrigeration
	22. E599010 Pipe Lines Construction	and Air
		Conditioning
		Engineering.

<p>Fixtures</p> <p>21. E602011 Refrigeration and Air Conditioning Engineering</p> <p>22. E599010 Pipe Lines Construction</p> <p>23. JA02990 Other Repair</p> <p>24. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>23. JA02990 Other Repair</p> <p>24. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
<p>Chapter VII Supplementary Provision</p> <p>Article 34 (omitted)</p> <p><u>The 40th amendment was made on June 23, 2022.</u></p>	<p>Chapter VII Supplementary Provision</p> <p>Article 34</p> <p>These Articles of Incorporation were established on July 1, 1964 and shall be effective from the date of adoption by the shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.</p> <p>(omitted)</p>	<p>Added the date of the latest amendment.</p>

**Proposal:**

Amendments to the Company’s “Acquisition and Disposal of Assets”. Please proceed to discussion.

**Explanation:**

In accordance with the amendment to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, pursuant to the Financial Supervisory Commission’s Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022 and the Taiwan Stock Exchange Corporation’s Tai-Zheng-Shang-Yi-Zi No. 1110002112 dated February 7, 2022, the amended provisions of the “Procedures for the Acquisition or Disposal of Assets” are listed below (please refer to Appendix IV for the full text).

**Resolution:**

**Comparison Table of “Procedures for the Acquisition or Disposal of Assets” before and after Amendments**

After	Before	Explanation
<p>Article 7 Evaluation and Handling Process of Acquisition or Disposal of Marketable Securities</p> <p>The purchase and sale of the Company’s securities are conducted in accordance with the investment cycle of the Company’s internal control system.</p> <p>When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for</p>	<p>Article 7 Evaluation and Handling Process of Acquisition or Disposal of Marketable Securities</p> <p>The purchase and sale of the Company’s securities are conducted in accordance with the investment cycle of the Company’s internal control system.</p> <p>When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for</p>	<p>Amended in accordance with Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>



After	Before	Explanation
<p>reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <del>If the CPA needs to use an expert report, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use an expert report, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	
<p>Article 8 Evaluation and Handling Process of Acquisition or Disposal of Real Property, Equipment, or Right-of-use Assets thereof</p> <p>The Company acquires or disposes of property, equipment or right-to-use assets thereof in accordance with the Company's internal control system property, plant and equipment procedures.</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless</p>	<p>Article 8 Evaluation and Handling Process of Acquisition or Disposal of Real Property, Equipment, or Right-of-use Assets thereof</p> <p>The Company acquires or disposes of property, equipment or right-to-use assets thereof in accordance with the Company's internal control system property, plant and equipment procedures.</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless</p>	<p>Amended in accordance with Article 9 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After	Before	Explanation
<p>transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the audit committee and then by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</li> <li>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</li> <li>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified</li> </ol>	<p>transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the audit committee and then by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</li> <li>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</li> <li>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified</li> </ol>	

After	Before	Explanation
<p>public accountant shall be engaged to <del>perform the audit in accordance with Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation</del> (hereinafter referred to as “ARDF”) and to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>public accountant shall be engaged to perform the audit in accordance with Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation (hereinafter referred to as “ARDF”) and to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 9 Evaluation and Handling Process of Acquisition or Disposal of</p>	<p>Article 9 Evaluation and Handling Process of Acquisition or Disposal of</p>	<p>Amended in accordance with</p>

After	Before	Explanation
<p>Intangible Assets or Right-of-use Assets thereof or Memberships</p> <p>Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price <del>and to perform the audit in accordance with Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation (hereinafter referred to as “ARDF”).</del></p>	<p>Intangible Assets or Right-of-use Assets thereof or Memberships</p> <p>Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price and to perform the audit in accordance with Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation (hereinafter referred to as “ARDF”).</p>	<p>Article 11 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>
<p>Article 10</p> <p>(omitted)</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds</p>	<p>Article 10</p> <p>(omitted)</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds</p>	<p>Amended in accordance with Article 15 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After	Before	Explanation
<p>issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved and recognized by the audit committee and the board of directors. <u>However, transactions between a public company and its parent company or subsidiary, or between its subsidiaries, are not subject to this limitation. The calculation of the transaction amount shall be in accordance with the provisions of Article 13, paragraph 2, and the reference to within one year is based on the date of occurrence of the transaction and extrapolated back one year, and the portion of the transaction that has been submitted to the shareholders' meeting, the board of directors for approval and the audit committee for acknowledgement in accordance with Article 15 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall be exempted from further calculation.</u></p> <p>(omitted)</p>	<p>issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved and recognized by the audit committee and the board of directors.</p> <p>(omitted)</p>	
<p>Article 13 Announcement and Report Procedures</p> <p>Under any of the following circumstances, when the Company acquires or disposes of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate</p>	<p>Article 13 Announcement and Report Procedures</p> <p>Under any of the following circumstances, when the Company acquires or disposes of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate</p>	<p>Amended in accordance with Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After	Before	Explanation
<p>format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(omitted)</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p style="padding-left: 40px;">A. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than the sovereign rating of our country.</u></p> <p style="padding-left: 40px;">B. Where done by professional investors— securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds or</u> ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption</p>	<p>format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(omitted)</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p style="padding-left: 40px;">A. Trading of domestic government bonds.</p> <p style="padding-left: 40px;">B. Where done by professional investors— securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated</p>	

After	Before	Explanation
<p>of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(omitted)</p>	<p>by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(omitted)</p>	
<p>Article 18 Additional Provisions</p> <p>The Company's Procedures for the Acquisition or Disposal of Assets shall be established or amended with the approval of at least one-half of all members of the audit committee, and then be submitted to the board of directors for resolution and approval at the shareholders' meeting; if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's</p>	<p>Article 18 Additional Provisions</p> <p>The Company's Procedures for the Acquisition or Disposal of Assets shall be established or amended with the approval of at least one-half of all members of the audit committee, and then be submitted to the board of directors for resolution and approval at the shareholders' meeting; if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's</p>	<p>Added the date of the latest amendment.</p>

After	Before	Explanation
<p>dissenting opinion to the shareholders' meeting for discussion.</p> <p>(omitted)</p> <p><u>The 11th amendment was approved by the shareholders' meeting on June 23, 2022.</u></p>	<p>dissenting opinion to the shareholders' meeting for discussion.</p> <p>(omitted)</p>	



**Proposal:**

The Company's 20th Election of Directors. Please proceed to discussion.

**Explanation:**

- (1) In accordance with Article 15 and Article 16 of the Company's Articles of Incorporation, the 20th board of directors will have 11 directors, including 3 independent directors, with a term of office of 3 years.
- (2) The term of office of the 19th board of directors of the Company shall commence on June 13, 2019 and shall take office immediately upon the re-election at the general meeting of shareholders and shall expire on June 12, 2022. To coincide with the re-election of directors at the general meeting of shareholders in 2022, the 19th board of directors shall serve until the completion of the election of the 20th board of directors.
- (3) The term of office of the 20th directors shall begin on June 23, 2022 and end on June 22, 2025.
- (4) The Company adopts the nomination system for the election of directors under Article 192 of the Company Act, and shareholders should elect the directors from the list of candidates. Please refer to the following table for the list of candidates and their academic and experience information:

## Roster of Director Candidates

	Account	Name	Shares held	Representative	Education background	Past work experience
1	790	Shin Kong Medical Club	28,590,761	HSIEH, JUNG FU	National Open University, Department of Business	Chairperson of Shin Hai Gas Corp.
2	73605	Xin Miao Investment Co., Ltd.	617,000	LIN, BO FENG	NTU College of Law	Chairperson of Taiwan Shin Kong Security Co., Ltd.
3	56573	Shin Po Investment Co., Ltd.	3,322,726	WU, HSIN TUNG	The New School for General Studies	Vice Chairperson of Taiwan Shin Kong Security Co., Ltd
4	23074	Shinkong Synthetic Fibers Corp.	20,213,826	WU, TUNG SHENG	Harvard University, PhD in Law.	Chairperson Of Shinkong Synthetic Fibers Corp.
5	80798	Tai Hsing Investment Co. Ltd.	9,815,851	HSUEH, HSIA LIANG	National Taichung University of Science and Technology, Department of Computer Science and Information Engineering	Director of The Great Taipei Gas Corp.
6	97867	Dar Rong Industrial Co., Ltd.	5,000	HUNG, SHAO FU	Providence University, EMBA	Chairperson of Darong Industrial Co., Ltd.
7	97865	Yizhou International Co., Ltd.	118,000	KUO, JUI HUI	Santa Clara University in California, MBA	Director of The Great Taipei Gas Corp.
8	85220	HOU, SHIH CHIN	2,668,000		National Cheng Kung University, College of Medicine.	Doctor of Hou ENT Clinic

## Roster of Independent Director Candidates

	Name	Education background	Past work experience	Current position	Shares held
1	ZHANG, JIAN GUO	<ol style="list-style-type: none"> <li>1. Feng Chia University, Department of Accounting</li> <li>2. Certified Public Accountant (CPA)</li> </ol>	<ol style="list-style-type: none"> <li>1. CPA of Deloitte &amp; Touche</li> <li>2. Member of the Disciplinary Committee of the Taipei CPA Association</li> <li>3. Lecturer, Judicial Officer Training Institute, Ministry of Justice</li> </ol>	<ol style="list-style-type: none"> <li>1. Independent Director of Shin Hai Gas Corp.</li> <li>2. Independent Director of The Great Taipei Gas Corporation</li> </ol>	0
2	WANG, YU YUAN	Institute of Political Science, Chinese Culture University	Ambassador Extraordinary and Plenipotentiary of the Republic of China to the Holy See, Ministry of Foreign Affairs	<ol style="list-style-type: none"> <li>1. Director of SKBank</li> <li>2. Chairperson of SKBank Cultural and Educational Foundation</li> <li>3. Director of Taiwan Institute for Sustainable Energy</li> <li>4. Director of MasterLink Securities Corporation</li> <li>5. Independent Director of The Great Taipei Gas Corporation</li> </ol>	0
3	LI, ZHENG MING	<ol style="list-style-type: none"> <li>1. University of Texas at Austin, Master of Science</li> <li>2. NCCU MBA Program</li> </ol>	<ol style="list-style-type: none"> <li>1. Chief Executive Officer, Natural Gas Division, CPC, Taiwan</li> <li>2. Senior Advisor, CPC, Taiwan</li> <li>3. Researcher, Taiwan Institute of Economic Research</li> </ol>	<ol style="list-style-type: none"> <li>1. Consultant for Taiwan Power Company (natural gas power generation)</li> <li>2. Director of the TESD Foundation</li> <li>3. Independent Director of The Great Taipei Gas Corporation</li> </ol>	0

### **Election result:**

**Proposal:**

Proposal for Release the Prohibition on Directors and Their Representatives from Participation in Competitive Business. Please proceed to discuss.

**Explanation:**

- (1) In accordance with Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) The Company's directors and their representatives may invest in or operate other companies with the same or similar scope of business as the Company and serve as directors. The Board hereby propose to seek the consent of the shareholders' meeting to release the prohibition on directors from participation in competitive business if the Company's directors (including natural persons, juristic persons and their representatives) are involved in the aforementioned circumstances, provided that the interests of the Company are not jeopardized.
- (3) Please refer to the following table for the details of the proposal to release the prohibition on directors from participation in competitive business:
- (4) Please proceed to discuss.

## Details on Duties of Directors Involved in Release of Prohibition on Participation in Competitive Business

	Director of the Company (including natural persons, juristic persons and their representatives)	Having duties in companies with the same business scope as the Company
1	Shin Kong Medical Club	Director of Shin Shin Natural Gas Co., Ltd.
2	Representative of Shin Kong Medical Club: HSIEH, JUNG FU	Rrepresentative of juristic person director of Shin Hai Gas Corp. and Shin Shin Natural Gas Co., Ltd.
3	Representative of Xin Miao Investment Co., Ltd.: LIN, BO FENG	Rrepresentative of juristic person director of Shin Shin Natural Gas Co., Ltd.
4	Representative of Shin Po Investment Co., Ltd.: WU, XIN DONG	Rrepresentative of juristic person director of Shin Hai Gas Corp. and Shin Shin Natural Gas Co., Ltd.
5	ZHANG, JIAN GUO	Independent director of Shin Hai Gas Corp.

### **Resolution:**

### **Extraordinary Motions**

### **Adjournment**

# Appendix I

## The Great Taipei Gas Corporation Articles of Incorporation

### Chapter I General

- Article 1 The Company is organized under the Company Act and is named “The Great Taipei Gas Corporation”.
- Article 2 The Company’s scope of business is as follow:
1. D201011 Natural Gas Utility Enterprise
  2. E502010 Fuel Catheter Installation Engineering
  3. CR01010 Fuel Gas Equipments, Materials and Parts Manufacturing
  4. F113030 Wholesale of Precision Instruments
  5. F213040 Retail Sale of Precision Instruments
  6. JE01010 Rental and Leasing
  7. F113060 Wholesale of Measuring Instruments
  8. F213050 Retail Sale of Metrological Instruments
  9. JA02051 Weights and Measuring Instruments Repair
  10. G903010 Telecommunications Enterprises
  11. H703100 Real Estate Leasing
  12. I301010 Software Design Services
  13. I301020 Data Processing Services
  14. I301030 Electronic Information Supply Services
  15. E603130 Gas Water Heater Contractors
  16. F113990 Wholesale of Other Machinery and Tools
  17. F213990 Retail Sale of Other Machinery and Equipment
  18. E801070 Kitchen and Bath Facilities Construction
  19. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
  20. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
  21. E602011 Refrigeration and Air Conditioning Engineering
  22. E599010 Pipe Lines Construction
  23. JA02990 Other Repair
  24. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company may make endorsements and guarantees in accordance with the Management of Endorsement and Guarantees.  
When the Company becomes a shareholder of limited liability in other

companies, the total amount of its investments in such other companies shall not exceed forty percent of the amount of its own paid-up capital unless it is otherwise provided for in the law.

Article 3 The Company operates in Taipei City and neighboring areas.

Article 4 The Company has its headquarters in Taipei City and may establish branch offices in appropriate areas if necessary by resolution of the board of directors.

Article 5 (Deleted)

## Chapter II Shares

Article 6 The capital of the Company is set at NT\$5.56 billion, divided into 556 million shares, all of which are common shares of NT\$10 per share, to be issued in installments.

Article 7 The shares of the Company shall be issued under the signature or seal of the director representing the Company, with the Company's seal and serial number, and shall be certificated in accordance with the law.

Article 8 The shares issued by the Company may be issued without the printing of share certificates, but shall be registered with the centralized securities depository.

Article 9 The Company's share affairs are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and relevant laws and regulations prescribed by competent authority in charge of securities affairs.

Article 10 The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders meeting, or within 30 days prior to the convening date of a special shareholders meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

## Chapter III Shareholders Meeting

Article 11 The Company's shareholders meetings are as the following two types:

1. Ordinary meetings shall be convened once a year by the board of directors, within six months after the end of each fiscal year.
2. Interim meetings shall be convened as required by law.

Unless otherwise provided in the Company Act and other relevant laws and regulations, the aforementioned shareholders meetings shall be convened by the board of directors.

The shareholders shall be notified 30 days in advance of the convening of the ordinary meeting and 15 days in advance of the convening of the interim

meeting.

For shareholders holding less than 1,000 registered shares, the notice of shareholders meeting may be given 30 days prior to the meeting and the notice of interim meeting may be given 15 days prior to the meeting by public announcement.

The notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.

Article 12 Resolutions at a shareholders meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. Each shareholder shall have one voting right per share, except for those who are restricted or have no voting rights under the Company Act.

Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting. The preparation of the minutes of shareholders meeting may be effected by means of electronic transmission. The distribution of the minutes of shareholders meeting may be effected by means of a public notice.

Article 13 A shareholder may appoint a proxy to attend a shareholders meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.

In addition to the provisions of Article 177 of the Company Act, the method of shareholders' proxy attendance shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" prescribed by the competent authority.

Article 14 A corporate shareholder may have more than one representative, but the exercise of voting rights shall be calculated on the basis of the shares held by the corporate shareholder. If there are more than two representatives, the representatives shall exercise their voting rights jointly.

## Chapter IV Directors

Article 15 The board of directors of the Company shall have eleven directors who shall be elected by the shareholders meeting from among the persons with disposing capacity. The total shareholdings of all directors shall meet the requirement as separately specified by the competent authority in charge of securities affairs, if any.

The number of independent directors shall not be less than two and shall not be



less than one-fifth of the number of directorships. The election of all directors (including independent directors) is based on a candidates nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other matters for compliance with respect to independent directors shall be in accordance with laws and regulations.

In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting and shall be given to the directors seven days in advance. In the case of emergency, a meeting of the board of directors may be convened at any time. Notice of a meeting of the board of directors may be given in writing, by e-mail, or by facsimile.

In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

The Company has established an audit committee which shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The duties, organizational rules, exercise of authority and other matters to be followed by the audit committee shall be in accordance with the regulations of the competent authority.

Article 16 The term of office of a director shall not exceed three years; but he/she may be eligible for re-election.

Article 17 The directors shall organize a board of directors' meeting and elect one among themselves as the chairperson and one as the vice chairperson by the presence of at least two-thirds of the directors and the consent of a majority of the directors present.

Article 18 The chairperson of the board of directors shall internally preside the shareholders meeting and the meeting of the board of directors; and shall externally represent the Company. In case the chairperson of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairperson shall act on his behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or unable to exercise his power and authority for any cause, the chairperson of the board of directors shall designate one of the directors. In the absence of such a designation, the directors shall elect from among themselves an acting chairperson of the board of directors.

- Article 19     The meeting of board of directors shall be convened by the chairperson. Unless otherwise provided in the Company Act, the resolution shall be made by the presence of a majority of the directors and the consent of a majority of the directors present.  
                   The directors shall attend the meeting of board of directors in person. If a director is unable to attend a meeting of the board of directors, he or she may issue a proxy form and appoint another director to attend the meeting by proxy, provided that the proxy is limited to be appointed by one director.  
                   A majority of the board of directors may request the chairperson to call a meeting of the board of directors by stating in writing the subject matter of and the reasons for the proposal.  
                   If the aforementioned request of the meeting is not convened by the chairperson of the board within fifteen (15) days, it can then be convened by a majority of the directors.
- Article 20     Business operations of the Company shall be executed pursuant to the resolutions to be adopted by the board of directors, except for the matters the execution of which shall be effected pursuant the resolutions of the shareholders meeting as required by the law.
- Article 21     During the board’s adjournment, the chairperson of the board shall fulfill the duties of the board. The board’s rules of organization shall be determined otherwise.
- Article 22     (Deleted)
- Article 23     (Deleted)
- Article 24     (Deleted)
- Article 25     The compensation to the chairperson and directors is authorized to be determined by the board of directors based on their participation in the Company’s operations and the value of their contributions, taking into account the usual industry standards, and approved by the compensation committee.  
                   The compensation to independent directors shall be fixed monthly compensation as determined by the board of directors.
- Article 26     A director of the Company shall not transfer more than one half of the company’s shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be discharged from the office of director.

**Chapter V Managerial Officers**

- Article 27     The Company has one (1) general manager, one (1) to three (3) deputy general manager(s), and several associate managers and managers for further assistance.
- Article 28     The chairperson of the board shall nominate the general manager and such

nomination shall be approved by more than half of the directors present in the board meeting with the attendance of more than half of the directors; the same is applied for the dismissal of the general manager. The chairperson of the board, together with the general manager, shall elect the deputy general manager(s), associate manager(s), and manager(s). It shall be approved by more than half of the directors present in the board meeting with the attendance of more than half of the directors; the same is applied for the dismissal.

## Chapter VI Accounting

Article 29 The Company's fiscal year shall begin on January 1 and end on December 31 of each year.

The board of directors shall, at the end of each fiscal year, submit to the shareholders meeting for ratification:

1. the annual business report;
2. the financial statements; or
3. the surplus earnings distribution or loss make-up proposal.

Article 30 If the Company is profitable at the end of the year, it shall allocate one to two percent as compensation to employees. The board meeting shall decide whether in stock or cash. Regarding the aforementioned profits, the Board Meeting shall decide the allocation of no more than four percent of it as compensation to directors. The compensation for the independent directors shall be handled in accordance with Article 25 of the Company's Articles of Incorporation, which means that they are not included in the aforementioned compensation for directors. The compensation to employees and directors shall be reported in the shareholders meeting.

However, if the Company has accumulated deficits, it shall retain the amount to make up the deficits in advance, and then allocate the compensation to employees and directors in proportion to the aforementioned amount.

Article 31 After the accounting year is closed, the profits shall first pay the taxes in accordance with the relevant laws. After making up the accumulated losses, 10% shall be listed as the statutory surplus reserve until it reaches the Company's paid-in capital. The remaining shall be listed or converted as special surplus reserve. If there is still surplus after allocating as special surplus reserve, it shall be listed as accumulated undistributed surplus. The Board Meeting shall draft a motion for the distribution of the surplus. A resolution shall be reached in the Shareholders' Meeting to distribute the shareholders' interest and bonus.

The Company consists of the public gas business. In order to achieve

sustainable business operation, the directions and considerations of the Company's dividend policy shall focus on the pursuit of future growth and protection of the shareholders' rights and benefits. Founded for the capital needed for the operations and the stable distribution of dividends, fixed and residual dividend policies shall be adopted.

## Chapter VII Supplementary Provision

- Article 32 The organization rules and operational regulations of the Company shall be determined separately.
- Article 33 Any matters not covered by these Articles of Incorporation shall be governed by the provisions of the Company Act.
- Article 34 These Articles of Incorporation were established on July 1, 1964 and shall be effective from the date of adoption by the shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
- The 1st amendment was made on March 30, 1965.
- The 2nd amendment was made on May 26, 1967.
- The 3rd amendment was made on June 28, 1969.
- The 4th amendment was made on June 12, 1972.
- The 5th amendment was made on June 23, 1973.
- The 6th amendment was made on June 25, 1975.
- The 7th amendment was made on October 28, 1975.
- The 8th amendment was made on June 30, 1977.
- The 9th amendment was made on May 5, 1978.
- The 10th amendment was made on April 25, 1979.
- The 11th amendment was made on May 29, 1980.
- The 12th amendment was made on April 29, 1981.
- The 13th amendment was made on May 29, 1982.
- The 14th amendment was made on April 16, 1983.
- The 15th amendment was made on May 24, 1984.
- The 16th amendment was made on June 20, 1985.
- The 17th amendment was made on May 15, 1986.
- The 18th amendment was made on June 21, 1989.
- The 19th amendment was made on April 19, 1990.
- The 20th amendment was made on June 29, 1991.
- The 21st amendment was made on May 2, 1992.
- The 22nd amendment was made on September 26, 1992.
- The 23rd amendment was made on May 20, 1995.
- The 24th amendment was made on May 29, 1998.

The 25th amendment was made on May 7, 1999.  
The 26th amendment was made on April 21, 2000  
The 27th amendment was made on May 18, 2001.  
The 28th amendment was made on June 14, 2002.  
The 29th amendment was made on May 14, 2004.  
The 30th amendment was made on June 2, 2006.  
The 31st amendment was made on June 22, 2007.  
The 32nd amendment was made on June 4, 2010.  
The 33rd amendment was made on May 31, 2012.  
The 34th amendment was made on June 11, 2015.  
The 35th amendment was made on June 16, 2016.  
The 36th amendment was made on June 7, 2018.  
The 37th amendment was made on June 13, 2019.  
The 38th amendment was made on June 9, 2020.  
The 39th amendment was made on June 10, 2021.  
The 40th amendment was made on June 23, 2022.

## Appendix II

### **The Great Taipei Gas Corporation Rules of Procedure for Shareholders Meetings**

Article 1 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

Article 2 For the purpose of these Rules, a shareholder present means a shareholder present in person or by proxy (hereinafter referred to as shareholders).

Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

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, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting.

In addition, before 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 the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

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

Election or dismissal of directors, amendments to 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, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one 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. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors.. 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 its acceptance of shareholder proposals in writing or electronically, 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 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 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

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

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

Article 5 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. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.



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

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

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

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair. It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance

registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

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

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

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a

resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

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

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

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

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

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 chair may respond in person or direct relevant personnel to respond.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

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

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

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

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 three 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 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a 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. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but 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.

A shareholder intending to exercise voting rights by correspondence or

electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after

vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

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

Article 15 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 be produced and distributed in electronic form.

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

The meeting minutes shall accurately record the year, month, day, 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 voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed

time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The 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 bearing the word "Proctor."

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

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

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

Article 19 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

These Rules were first established on May 24, 1988.

The 1st amendment was made on May 29, 1998.

The 2nd amendment was made on June 14, 2002.

The 3rd amendment was made on May 14, 2004.

The 4th amendment was made on June 11, 2013.

The 5th amendment was made on June 12, 2014.

The 6th amendment was made on June 11, 2015.

The 7th amendment was made on June 13, 2019.

The 8th amendment was made on June 9, 2020.



## **Appendix III**

### **The Great Taipei Gas Corporation Procedures for Election of Directors**

- Article 1 Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 2 Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act, and the cumulative voting method shall be adopted for election of the directors. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 3 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 4 The directors of the Company shall be elected in accordance with the quotas set forth in the Company's Articles of Incorporation by the persons who have received the votes representing the highest voting rights (based on voting rights). The voting rights of independent director(s) and non-independent director(s) are counted separately. If more than two representatives obtain the same number of votes and the number of directors has already been exceeded, the candidates with the same number of votes shall draw lots to decide. The Chairman shall draw the lot on behalf of the candidate who is not present. Regarding the voting rights, the number of voting rights voted at the shareholders' meeting shall be summed up with the voting rights at the electronic voting.
- Article 5 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. No ballots will be distributed to those who exercise their voting rights by electronic means.

Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

For the election of directors of the Company, shareholders may exercise their voting rights by electronic means, and the method of exercise is set forth in the notice of shareholders meeting.

Article 6 (Deleted)

Article 7 A ballot is invalid under any of the following circumstances:

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

Article 8 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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

Article 9 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 10 (Deleted)

Article 11 These Procedures shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

These Procedures were first established on June 21, 1989.

The 1st amendment was made on June 14, 2002.

The 2nd amendment was made on June 11, 2015.

The 3rd amendment was made on June 13, 2019.

The 4th amendment was made on July 15, 2021.

## Appendix IV

### The Great Taipei Gas Corporation Procedures for the Acquisition or Disposal of Assets

#### Article 1 Purpose

This procedure is designed to ensure all relevant information on assets are disclosed publicly. Any matters not covered by these procedures will be handled in accordance with the provisions of the relevant laws and regulations.

#### Article 2 Applicable Laws and Regulations

These procedures are established in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by the FSC and the “Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities”.

#### Article 3 Scope of Assets

“Assets” used herein means:

1. investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;
2. real estate (including lands, houses and buildings, investment property, rights to use lands, and construction enterprise inventories) and equipment;
3. memberships;
4. patents, copyrights, trademarks, franchise rights as intangible assets;
5. right-of-use assets;
6. claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
7. derivatives;
8. assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law;
9. other major assets.

#### Article 4 Definition

Terms used in these regulations are defined as follows

1. Derivatives: Forward contracts, options contracts, futures contracts,

leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter “transfer of shares”) under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the FSC is required, the earlier of the above date or the date of receipt of approval by the FSC shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures

commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

8. Securities exchange: “Domestic securities exchange” refers to the Taiwan Stock Exchange Corporation; “foreign securities exchange” refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue (“OTC venue”, “OTC”): “Domestic OTC venue” refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; “foreign OTC venue” refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Hierarchy of Delegation

The acquisition or disposal of the Company’s assets is delegated at all levels in accordance with the Company’s internal control procedures. Any transaction amounting to 5% of the Company’s paid-in capital shall be approved by the audit committee and then submitted to the board of directors for resolution.

Article 6 Units Responsible for Implementation

The acquisition or disposal of the Company’s assets is carried out in accordance with the Company’s internal control procedures by means of inquiries, negotiations, comparisons and open tendering procedures, and shall be executed by the responsible unit.

Article 7 Evaluation and Handling Process of Acquisition or Disposal of Marketable Securities

The purchase and sale of the Company’s securities are conducted in accordance with the investment cycle of the Company’s internal control system.

When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company’s paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified

public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 8 Evaluation and Handling Process of Acquisition or Disposal of Real Property, Equipment, or Right-of-use Assets thereof

The Company acquires or disposes of property, equipment or right-to-use assets thereof in accordance with the Company's internal control system property, plant and equipment procedures.

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the audit committee and then by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 9 Evaluation and Handling Process of Acquisition or Disposal of Intangible Assets or Right-of-use Assets thereof or Memberships

Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 10 Evaluation and Handling Process of Related Party Transactions

When engaging in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Article 7, 8, 9, 10-1 and this Article.

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

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

audit committee and the board of directors. However, transactions between a public company and its parent company or subsidiary, or between its subsidiaries, are not subject to this limitation. The calculation of the transaction amount shall be in accordance with the provisions of Article 13, paragraph 2, and the reference to within one year is based on the date of occurrence of the transaction and extrapolated back one year, and the portion of the transaction that has been submitted to the shareholders' meeting, the board of directors for approval and the audit committee for acknowledgement in accordance with Article 15 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall be exempted from further calculation.

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraphs 4 and 5 of the Article.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with paragraph 1 of this Article.
7. Restrictive covenants and other important stipulations associated with the transaction

When acquiring real property or right-of-use assets thereof from a related party, the reasonableness of the transaction costs shall be evaluated by the following means, and a CPA shall be engaged to check the appraisal and render a specific opinion:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it



may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
3. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the aforementioned means.
4. Where one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 3 of this Article, and the preceding three subparagraphs do not apply:
  - A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
  - D. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

When the results of the Company's appraisal conducted in accordance with subparagraphs 1, 2 and 3 of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 6 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been

obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - A. Where undeveloped land is appraised in accordance with the means in paragraph 2, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company is acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Where the results of appraisals conducted in accordance with paragraphs 4 and

5 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. The audit committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
4. After setting aside a special reserve under subparagraph 1 of this paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
5. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding subparagraphs 1 to 4 if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 10-1 The calculation of the transaction amount of the preceding four articles shall be in accordance with the provisions of Article 13, subparagraphs 2 and 3.

Article 11 Evaluation and Handling Process of Derivative Transactions

The Company does not intend to engage in derivative transactions at this time. If the Company wishes to engage in such transactions in the future, it will establish operating procedures in accordance with the relevant regulations.

Article 12 Evaluation and Handling Process of a Merger, Demerger, Acquisition, or Transfer of Shares

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

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

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants

consent.

When participating in a merger, demerger, acquisition, or transfer of shares, a company shall prepare a full written record of the following information and retain it for 5 years for reference, and shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the to the FSC for recordation:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraph.

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger,

acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

After public disclosure of the information, if any company participating in the

merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of paragraphs 4, 5, 6, 7, 8 and 11.

#### Article 13 Announcement and Report Procedures

Under any of the following circumstances, when the Company acquires or disposes of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount does not reach NT\$500

million.

5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
  - A. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of our country.
  - B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
  - C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or



right-of-use assets thereof within the same development project within the preceding year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with regulations, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 14

The Total Amount of Real Estate or Marketable Securities Acquired by the Company and its Subsidiaries for Non-operating Purpose and the Limit of

### Individual Marketable Securities

The Company and its subsidiaries may purchase real estate for non-operating purpose up to a limit of 100% of the Company's net worth, or invest short-term funds in marketable securities up to a limit of 50% of the Company's net worth, except that the limit for investing in individual marketable securities is 10% of the Company's net worth.

The net worth referred to in the preceding paragraph is calculated based on the net worth in the most recent parent company only or separate financial statements as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Article 15 Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries

The acquisition or disposal of assets by the Company's subsidiaries shall be carried out in accordance with the "Procedures for the Acquisition or Disposal of Assets" approved by the board of directors and submitted to the supervisors and approved by the shareholders' meeting, and the amount of assets acquired or disposed of in the previous month and the derivative transactions as of the end of the previous month shall be reported to the Company in writing by the fifth day of each month. The Company's auditing unit shall include the acquisition or disposal of assets by its subsidiaries as one of the items to be audited on a regular basis, and the audits shall be required to be reported to the board of directors and the audit committee.

Information required to be publicly announced and reported in accordance with Article 13 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 13, paragraph 1.

### Article 16 Other Requirements

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the requirements under Article 5 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies":

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

For the calculation of 10 percent of total assets under these regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 17 Penalty for Violation of the Procedures

Penalties for violations of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” or these Procedures by the relevant personnel: The Company shall submit regular reports for evaluation in accordance with the Company’s human resource management regulations and shall impose penalties according to the severity of the violations.

Article 18 Additional Provisions

The Company’s Procedures for the Acquisition or Disposal of Assets shall be established or amended with the approval of at least one-half of all members of the audit committee, and then be submitted to the board of directors for resolution and approval at the shareholders’ meeting; if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director’s dissenting opinion to the shareholders’ meeting for discussion.

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

Where the position of independent director has been created in accordance with the provisions, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to relevant regulations, the board of directors shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of

the board of directors meeting.

These Procedures were first established on June 21, 1989.

The 1st amendment was made on May 20, 1995.

The 2nd amendment was made on November 18, 1999.

The 3rd amendment was made on May 30, 2003.

The 4th amendment was made on June 2, 2006.

The 5th amendment was made on June 22, 2007.

The 6th amendment was made on March 29, 2012.

The 7th amendment was made on June 12, 2014.

The 8th amendment was made on November 13, 2014.

The 9th amendment was made on June 15, 2017.

Resolved by the 15th board of directors at the 18th meeting on March 21, 2019.

The 10th amendment was approved by the shareholders' meeting on June 13, 2019.

The 11th amendment was approved by the shareholders' meeting on June 23, 2022.

## Appendix V

### Shareholding Status of the Directors

Record date: April 25, 2022

Title	Name	Appointment date	Term of office	Number of shares held at the time of appointment		Number of shares held at the record date	
				Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Chairperson	Representative of Shin Kong Medical Club: HSIEH, JUNG FU	June 13, 2019	3 years	28,590,761	5.54	28,590,761	5.54
Director	Representative of Shin Kong Medical Club: LIN, BO FENG	June 13, 2019	3 years	(28,590,761)	(5.54)	(28,590,761)	(5.54)
Director	Representative of Shin Kong Medical Club: HOU, SHENG MAO	June 13, 2019	3 years	(28,590,761)	(5.54)	(28,590,761)	(5.54)
Director	Representative of Shinkong Synthetic Fibers Corporation: WU, DONG SHENG	June 13, 2019	3 years	20,213,826	3.91	20,213,826	3.91
Director	Representative of Sheng Mei Co., Ltd.: GUO, RUI HUI	June 13, 2019	3 years	643,310	0.12	643,310	0.12
Director	Representative of Swiss Grand Hotel Co., Ltd.: WU, XIN DA	June 13, 2019	3 years	2,619,489	0.51	2,619,489	0.51
Director	Representative of Shin Po Investment Co., Ltd.: WU, XIN DONG	June 13, 2019	3 years	3,322,726	0.64	3,322,726	0.64
Director	Representative of Yue Xing Hua Investment Co., Ltd.: XUE, MEI LIANG	June 13, 2019	3 years	26,768,266	5.18	26,768,266	5.18
Director	Representative of Tai Xing Investment Co., Ltd.: XUE, XIA LIANG	June 13, 2019	3 years	9,815,851	1.90	9,815,851	1.90
Director	HOU, SHI QIN	June 13, 2019	3 years	1,868,000	0.36	2,668,000	0.51
Director	HONG, SHAO FU	June 13, 2019	3 years	445,646	0.09	445,646	0.09
Director	WANG, ZI ZHAN	June 13, 2019	3 years	1,851	0	1,851	0
Independent Director	ZHANG, JIAN GUO	June 13, 2019	3 years	0	0	0	0
Independent Director	WANG, YU YUAN	June 13, 2019	3 years	0	0	0	0
Independent Director	LI, ZHENG MING	June 13, 2019	3 years	0	0	0	0
Total				94,289,726	18.25	95,089,726	18.4

1. Total number of shares of the Company in issue as of April 25, 2022: 516,358,000 shares
2. Minimum number of shares required to be held by all directors: 20,654,320 shares (4%)