

Ticker Symbol:
8908

Shinhsiung Natural Gas Inc.

Financial Statements for the Years Ended December 31, 2024 and 2023 and

Independent Auditor's Report

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR’S REPORT

The Board of Directors and Stockholder
SHINHSIUNG NATURAL GAS INC.

Opinion

We have audited the accompanying parent company only financial statements of Shingsiung Natural Gas Inc. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Accounting Standards for Public Natural Gas Utilities.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China as commissioned. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowance for accounts receivable

As of December 31, 2024, the accounts receivable and loss allowance of Shinhsiung Natural Gas Inc. are NT\$738,268 thousand and NT\$3,541 thousand, respectively. The net receivables accounts for 8% of the standalone total assets, which is significant for the Company. Since the loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses, the measurement must appropriately distinguish groups corresponding to the accounts receivable, and determine the application of assumptions, including the appropriate age ranges and their loss rates. Based on the fact that the measurement of expected credit loss involves judgment, analysis and estimation, and the results can affect the net receivable, the accountant identifies them as key audit items.

The accountant's audit procedures include, but are not limited to, understanding and testing whether the internal control established by the management for accounts receivable is effective; testing the correctness of loss allowance during the age of receivable and re-calculation; sampling to review post-term collection of receivable to assess the recoverability; analyzing changes in the age of receivable, and assessing the rationality of the management's assumptions for the recoverability of longer-term accounts receivable; analyzing the appropriateness of grouping of accounts receivable to confirm whether customer groups (to be put into groups with similar risks) that have significantly different loss patterns from one another are grouped appropriately; testing the matrix adopted by the Company to assess whether the definition of ages of accounts is appropriate, and checking the correctness of original vouchers against the basic information; and analyzing the long-term trends of loss allowance and turnover rate of accounts receivable.

The accountant also considers the appropriateness of disclosure of accounts receivable. Please refer to Note 5 and 6 of the financial report.

Estimated gas sales revenue

As of December 31, 2024, the revenue from gas sales of Shinhsiung Natural Gas Inc. is NT\$7,408,043 thousand, and it is estimated that NT\$57,803 thousand is the amount of which users have already used but meters have not been read. The sales income of natural gas is recognized based on the reading data of meters. Therefore, for the revenue that comes from the amount of which users have already used but meters have not been read, starting from the last meter reading date by the end of period to the balance sheet date, the management makes it an estimate. As the estimation and assumptions involve significant

management judgments, and the estimated amount of gas revenue is important to the standalone financial reports of the Company, the accountant considers them as key audit items.

The accountant's audit procedures include, but are not limited to, understanding and testing the implementation of internal control established by the management for gas revenue; understanding the data and estimation adopted by the management in calculating the receivable of which users have used but meters have not been read; sampling and verifying the correctness of information on which the estimation is based; and evaluating the rationality of methods and assumptions adopted for meter readings, actual number of days used to estimate units and billing amount.

The accountant also considers the appropriateness of disclosure of revenue. Please refer to Note 5 and 6 of the financial report.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young, Taiwan

The financial reports have been approved by
the competent authority for public release.

Approval No.: JIN-GUAN-ZHENG-LIU-ZI

No. 1130383731

JIN-GUAN-ZHENG-SHEN-ZI

No. 1010045851

Shih-Chieh Yao

CPA

Tzu-Jen Hu

March 13, 2025

SHINHSIUNG NATURAL GAS INC.
PARENT COMPANY ONLY BALANCE SHEETS
For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Assets			December 31, 2024		December 31, 2023	
Code	Item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6(1)	\$693,950	8	\$535,355	7
1136	Current financial assets at amortized cost	4, 6(4) and 8	110,981	1	85,491	1
1150	Notes receivable, net	4 and 6(5)	1,819	-	6,011	-
1170	Accounts receivable, net	4 and 6(6)	734,727	8	550,086	7
1200	Other receivables	4	22,709	-	-	-
1210	Other receivables - related parties	7	248,000	3	20,000	-
130x	Inventories	4 and 6(7)	284,579	3	302,495	4
1410	Prepayments	4 and 6(8)	136,511	2	96,099	1
1470	Other current assets		624	-	512	-
11xx	Total current assets		<u>2,233,900</u>	<u>25</u>	<u>1,596,049</u>	<u>20</u>
	Non-current assets					
1510	Non-current financial assets measured at fair value through profit or loss	4 and 6(2)	47,740	1	55,370	1
1517	Non-current financial assets measured at fair value through other comprehensive income	4 and 6(3)	193,960	2	209,192	3
1535	Non-current financial assets at amortized cost	4, 6(4) and 8	83,531	1	181,927	2
1550	Investments accounted for under the equity method	4 and 6(9)	1,044,419	12	1,092,582	13
1600	Property, plant, and equipment	4 and 6(10)	4,445,503	51	4,236,013	52
1755	Right-of-use assets	4, 6(20), and 7	237,817	3	247,668	3
1840	Deferred tax assets	4 and 6(24)	8,747	-	7,940	-
1900	Other non-current assets	4 and 6(11)	442,109	5	459,558	6
15xx	Total non-current assets		<u>6,503,826</u>	<u>75</u>	<u>6,490,250</u>	<u>80</u>
1xxx	Total assets		<u><u>\$8,737,726</u></u>	<u><u>100</u></u>	<u><u>\$8,086,299</u></u>	<u><u>100</u></u>

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

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC.
PARENT COMPANY ONLY BALANCE SHEETS (CONTINUED)
For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023	
Code	Item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term debt	4 and 6(12)	\$200,000	2	\$520,000	6
2110	Short-term notes and bills payable	4 and 6(13)	199,981	2	149,938	2
2130	Current contract liabilities	4 and 6(18)	1,179,604	14	1,006,026	12
2150	Notes payable		-	-	58,943	1
2170	Accounts payable	4	773,744	9	485,303	6
2200	Other payables	4	142,143	2	117,421	1
2230	Current income tax liabilities	4 and 6(24)	84,763	1	65,511	1
2280	Current lease liabilities	4 and 6(20)	16,140	-	16,397	-
2322	Current portion of long-term debt	4 and 6(14)	272,867	3	206,938	3
2399	Other current liabilities, others		10,846	-	9,172	-
21xx	Total current liabilities		<u>2,880,088</u>	<u>33</u>	<u>2,635,649</u>	<u>32</u>
	Non-current liabilities					
2540	Long-term debt payable	4, 6(14), and 8	652,465	8	538,477	7
2580	Non-current lease liabilities	4 and 6(20)	174,778	2	180,658	2
2630	Long-term deferred revenue	4 and 6(15)	592,366	7	599,597	7
2640	Non-current net defined benefit liability	4 and 6(16)	30,532	-	28,907	-
2670	Other non-current liabilities, others		194,451	2	183,759	2
25xx	Total non-current liabilities		<u>1,644,592</u>	<u>19</u>	<u>1,531,398</u>	<u>18</u>
2xxx	Total liabilities		<u>4,524,680</u>	<u>52</u>	<u>4,167,047</u>	<u>50</u>
	Equity attributable to parent stockholders					
31xx	Capital stock					
3100	Common stock	4 and 6(17)	3,061,483	35	2,834,706	35
3200	Capital reserve	4 and 6(17)	3,038	-	3,038	-
3300	Retained earnings					
3310	Legal capital reserve	4 and 6(17)	465,662	5	413,803	5
3350	Unappropriated Earnings	4 and 6(17)	690,828	8	623,898	9
	Total retained earnings		<u>1,156,490</u>	<u>13</u>	<u>1,037,701</u>	<u>14</u>
3400	Other equity					
3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	4 and 6(23)	(7,965)	-	43,807	1
3xxx	Total equity		<u>4,213,046</u>	<u>48</u>	<u>3,919,252</u>	<u>50</u>
	Total liabilities and equity		<u>\$8,737,726</u>	<u>100</u>	<u>\$8,086,299</u>	<u>100</u>

(Please refer to the Notes to the Parent Company's Financial Statements)

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Code	Item	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	4 and 6(18)	\$8,119,328	100	\$6,922,576	100
5000	Cost of revenue	4, 7(6) and 21	(7,191,391)	(89)	(6,074,422)	(88)
5900	Gross profit		927,937	11	848,154	12
6000	Operating expenses	6(20), 6(21) and 7				
6100	Sales and marketing expenses		(40,018)	-	(39,163)	(1)
6200	General and administrative expenses		(122,715)	(2)	(144,546)	(2)
6450	Expected credit losses	6(19)	(2,142)	-	(727)	-
	Total operating expenses		(164,875)	(2)	(184,436)	(3)
6900	Operating profits		763,062	9	663,718	9
7000	Non-operating income and expenses	4 and 6(22)				
7010	Other income		20,715	-	12,573	-
7020	Other gains and losses		(13,360)	-	(658)	-
7050	Finance costs		(18,025)	-	(16,152)	-
7070	Share of profit (losses) of subsidiaries, associates and joint ventures accounted for using equity method		(26,623)	-	(7,874)	-
	Total non-operating income and expenses		(37,293)	-	(12,111)	-
7900	Income before tax		725,769	9	651,607	9
7950	Income tax expense	4 and 6(24)	(152,402)	(2)	(131,965)	(2)
8200	Net income		573,367	7	519,642	7
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified into profit or loss					
8311	Remeasurements of defined benefit plans	4 and 6(23)	(1,280)	-	(1,314)	-
8316	Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	4 and 6(23)	(51,772)	(1)	15,255	-
8349	Income tax related to items that will not be reclassified	4 and 6(23)	256	-	263	-
	Other comprehensive income (loss) for the period, net of income tax		(52,796)	(1)	14,204	-
8500	Total comprehensive income (loss) for the period		\$520,571	6	\$533,846	7
	Earnings (loss) per share (NTD)	4 and 6(25)				
9750	Basic earnings per share		\$1.87		\$1.70	
9850	Diluted earnings per share		\$1.87		\$1.70	

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

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC.
PARENT COMPANY ONLY STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	Item	Capital Stock	Capital Reserve	Retained Earnings		Others	Total Equity
				Legal Capital Reserve	Unappropriated Earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Code		3100	3200	3310	3350	3420	3XXX
A1	BALANCE, JANUARY 1, 2023	\$2,577,006	\$3,038	\$359,120	\$623,851	\$28,552	\$3,591,567
	Appropriation and distribution of retained earnings for 2022						
B1	Legal capital reserve appropriated	-	-	54,683	(54,683)	-	-
B5	Cash dividends on common shares	-	-	-	(206,161)	-	(206,161)
B9	Common stock dividends	257,700	-	-	(257,700)	-	-
D1	Net income in 2023	-	-	-	519,642	-	519,642
D3	Other comprehensive income (loss) in 2023	-	-	-	(1,051)	15,255	14,204
D5	Total comprehensive income (loss) for the period	-	-	-	518,591	15,255	533,846
Z1	BALANCE, DECEMBER 31, 2023	<u>\$2,834,706</u>	<u>\$3,038</u>	<u>\$413,803</u>	<u>\$623,898</u>	<u>\$43,807</u>	<u>\$3,919,252</u>
A1	BALANCE, JANUARY 1, 2024	\$2,834,706	\$3,038	\$413,803	\$623,898	\$43,807	\$3,919,252
	Appropriation and distribution of retained earnings for 2023						
B1	Legal capital reserve appropriated	-	-	51,859	(51,859)	-	-
B5	Cash dividends on common shares	-	-	-	(226,777)	-	(226,777)
B9	Common stock dividends	226,777	-	-	(226,777)	-	-
D1	Net income in 2024	-	-	-	573,367	-	573,367
D3	Other comprehensive income (loss) in 2024	-	-	-	(1,024)	(51,772)	(52,796)
D5	Total comprehensive income (loss) for the period	-	-	-	572,343	(51,772)	520,571
Z1	BALANCE, DECEMBER 31, 2024	<u>\$3,061,483</u>	<u>\$3,038</u>	<u>\$465,662</u>	<u>\$690,828</u>	<u>(7,965)</u>	<u>\$4,213,046</u>

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

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC.
PARENT COMPANY ONLY STATEMENT OF CASH FLOWS
For the years ended December 31, 2024 and 2023

(Thousands of New Taiwan Dollars)

Code	Item	2024	2023	Code	Item	2024	2023
		Amount	Amount			Amount	Amount
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before tax for the period	\$725,769	\$651,607	B00010	Acquisition of financial asset measured at fair value through other comprehensive income	(15,000)	(82,552)
A20000	Adjustments for:			B00040	Acquisition of financial assets measured at amortized cost	(37,257)	(178,331)
A20010	Adjustments to reconcile net income (loss):			B00050	Disposal of financial assets measured at amortized cost	110,163	-
A20100	Depreciation	400,584	396,961	B01800	Acquisition of investments accounted for using the equity method	-	(300,000)
A20300	Expected credit losses	2,142	727	B02700	Acquisition of property, plant, and equipment	(462,789)	(455,858)
A20400	Net loss on financial assets and liabilities measured at fair value through profit or loss	7,630	490	B02800	Disposal of property, plant, and equipment	460	-
A20900	Interest expense	18,025	16,152	B04300	Other receivables - increase in related parties	(228,000)	-
A21200	Interest income	(9,028)	(6,096)	B04400	Other receivables - decrease in related parties	-	25,000
A21300	Dividend income	(4,243)	(1,147)	B06700	Increase in other non-current assets	(5,828)	(7,789)
A22400	Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	26,623	7,874	B06800	Decrease in other non-current assets	11,860	21,703
A22500	Gain on disposal of property, plant and equipment	(460)	-	B07100	Increase in prepayments for equipment	(66,295)	(22,602)
A30000	Changes in assets and liabilities from operating activities:			B07200	Decrease in prepayments for equipment	77,712	11,069
A31130	Decrease in notes receivable	4,192	520	B07600	Dividends received	4,243	1,147
A31150	Decrease (Increase) in accounts receivable	(186,783)	51,592	BBBB	Net cash (used in) provided by investing activities	(610,731)	(988,213)
A31180	(Increase) in accounts receivable	(22,709)	-				
A31200	(Increase) in inventories	(83,170)	(136,539)	CCCC	Cash flows from financing activities:		
A31230	(Increase) in prepayments	(57,286)	(15,131)	C00100	Increase in short-term debt	4,820,000	2,700,000
A31240	Decrease (Increase) in other current assets	(112)	382	C00200	Decrease in short-term debt	(5,140,000)	(2,380,000)
A32125	Increase in contract liabilities	173,578	16,700	C00500	Increase in short-term notes and bills payable	3,143,911	2,002,998
A32130	(Decrease) Increase in notes receivable	(58,943)	58,943	C00600	Decrease in short-term notes and bills payable	(3,093,868)	(2,072,775)
A32150	(Decrease) Increase in accounts payable	288,441	(26,226)	C01600	Proceeds from long-term debt	390,000	200,000
A32180	Increase (Decrease) in other payables	17,555	(3,652)	C01700	Repayment of long-term debt	(210,083)	(208,611)
A32230	Increase in other current liabilities	1,674	1,564	C04020	Repayment of lease liabilities	(18,363)	(23,772)
A32240	Increase (Decrease) in net defined benefit liabilities	345	(1,557)	C04300	Increase in other non-current liabilities	26,063	19,725
A32250	Increase (Decrease) in long-term deferred revenue	(7,231)	91,611	C04400	Decrease in other non-current liabilities	(15,371)	(11,324)
A33000	Cash provided by operations	1,236,593	1,104,775	C04500	Cash dividends paid	(226,777)	(206,161)
A33100	Interest received	9,028	6,096	CCCC	Net cash inflow (outflow) from financing activities	(324,488)	20,080
A33300	Interest paid	(18,106)	(15,919)				
A33500	Income taxes paid	(133,701)	(136,815)	EEEE	Increase (Decrease) in cash and cash equivalents in the period	158,595	(9,996)
AAAA	Net cash provided by operating activities	1,093,814	958,137	E00100	Cash and cash equivalents at beginning of year	535,355	545,351
				E00200	Cash and cash equivalents at end of year	\$693,950	\$535,355

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

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. HISTORY AND ORGANIZATION

1. Shinhsiung Natural Gas Inc. (the “Company”), was incorporated on April, 1986 and principal business address is No. 99, Section 1, Guotai Road, Fengshan District in Kaohsiung City. The main business scope includes gas supply through pipelines, manufacturing and sales of gas equipment, rental, sales and manufacturing of gas meters, and installation, maintenance and import of the related equipment. The Company was formerly known as Shin Hsiung Petroleum Gas Co. Ltd. and was changed to Shinhsiung Natural Gas Inc. on June 30, 2004.
2. The Company's stock has been listed for trading on the Taipei Exchange since February 1997.

II. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements of the Company for the years ended December 31, 2024 and 2023 were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on March 13, 2025.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

1. Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The first application of the new standard and amendment that has no material effect on the Company.

2. Standards or interpretations issued, revised or amended, by IASB and endorsed by

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

FSC at the date of issuance of the Company's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(1) Lack of Exchangeability (Amendments to IAS 21)

This amendment explains the exchangeability and lack of exchangeability between currencies, how to determine the exchange rate when a currency lacks exchangeability, and introduces additional disclosure requirements in such cases. The above amendments apply to financial reporting periods beginning on or after January 1, 2025. The Group has assessed these amendments and concluded that they have no material impact on the Group.

3. Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Company's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 Insurance Contracts	January 1, 2023
3	IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
4	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
5	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
6	IFRS Accounting Standards Annual Improvements – Volume 11	January 1, 2026
7	Contracts Referencing Nature-Dependent Electricity (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

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(1) IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(2) IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant aspects of accounting (including recognition, evaluation, presentation and disclosure requirements). The core of IFRS 17 is a General Model in which the group of insurance contracts is measured at the fulfillment of contractual cash flows and service margin on initial recognition. The carrying amount at the end of each reporting period is the book value of remaining coverage liabilities and incurred claims liability.

In addition to the general method, the Variable Fee Approach (VFA) for contracts with direct participation features and the Premium Allocation Approach (PAA) for and short-term contracts are also available.

The Standards were issued in May of 2017, and the amendments were published in 2020 and 2021. In the transitional provisions, the amendments delayed the

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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effective date by 2 years (moving from January 1, 2021 to January 1, 2023) and provided additional exemptions, and some parts were simplified to reduce the cost of adopting the Standards, making it easier to interpret some particular situations. The effectiveness of these Standards will replace the transitional standards (i.e. IFRS 4 Insurance Contracts).

(3) IFRS 18 Presentation and Disclosure in Financial Statements

This standard replaces IAS 1 “Presentation of Financial Statements”. The key changes are as follows:

(a) Enhancing Comparability of the Income Statement

IFRS 18 classifies income and expenses into five categories in the income statement: operating, investing, financing, income tax, and discontinued operations. The first three are new categories introduced to improve the structure of the income statement. The standard also requires entities to present newly defined subtotals, including operating profit or loss. These changes aim to provide a consistent basis for comparing financial performance across companies.

(b) Enhancing Transparency of Performance Management Metrics

Requires entities to disclose explanations of Management-defined Performance Measures (MPMs)—enterprise-specific indicators related to the income statement.

(c) Useful Aggregation of Financial Statement Information

Provides guidance on whether financial information should be presented in the primary financial statements or in the notes, aiming to deliver more detailed and useful information. Entities are also required to present more transparent information on operating expenses to help investors identify and understand the information they use.

(4) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

Simplifies disclosure requirements for subsidiaries without public accountability and allows eligible subsidiaries to apply this standard voluntarily.

(5) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

This amendment includes the following:

(a) Clarifies that the derecognition of financial liabilities occurs on the settlement date, and provides guidance on the accounting treatment for financial

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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liabilities settled via electronic payments prior to the settlement date.

(b) Clarifies how to assess the cash flow characteristics of financial assets with ESG-linked features or other similar contingent features.

(c) Clarifies the treatment of non-recourse assets and contractually linked instruments.

(d) Requires additional disclosures under IFRS 7 for financial assets or liabilities with terms and contingent features (including ESG-linked), and for equity instruments measured at fair value through other comprehensive income.

(6) Annual Improvements to IFRS Accounting Standards – Volume 11

(a) Amendments to IFRS 1

(b) Amendments to IFRS 7

(c) Implementation Guidance and Amendments to IFRS 7

(d) Amendments to IFRS 9

(e) Amendments to IFRS 10

(f) Amendments to IAS 7

(7) Contracts Referencing Nature-Dependent Electricity (Amendments to IFRS 9 and IFRS 7)

This amendment includes the following:

(a) Clarifies the application of the “own use” exemption.

(b) Allows the application of hedge accounting when such contracts are used as hedging instruments.

(c) Introduces additional disclosure requirements to help investors understand the impact of these contracts on the entity’s financial performance.

The International Accounting Standards Board has issued certain standards or interpretations that have not yet been recognized by the Financial Supervisory Commission. The actual effective dates of these standards or interpretations will be determined by the Financial Supervisory Commission. Except for announcement (3), where the Group is currently evaluating the potential impact of the newly issued or amended standards or interpretations and is temporarily unable to reasonably estimate their effect, the other newly issued or amended standards or interpretations are assessed to have no material impact on the Group.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The parent company only financial statements of the Company for the years ended

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December 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Accounting Standards by Public Natural Gas Utilities.

2. Basis of preparation

The Company prepares the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". As per Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the apportionment of profit or loss during the period and other comprehensive income or loss presented in the parent company only financial statements shall be the same as the apportionment of profit or loss during the period and of other comprehensive income or loss attributable to the owners of the parent company presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

3. Classification of Current and Non-current Assets and Liabilities

An asset is classified as current when:

- (1) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (2) The Company holds the asset primarily for the purpose of trading;
- (3) The Company expects to realize the asset within twelve months after the reporting period;
- (4) The asset is cash or cash equivalent unless the asset is restricted from being

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when:

- (1) The Company expects to settle the liability in its normal operating cycle;
- (2) The Company holds the liability primarily for the purpose of trading;
- (3) The liability is due to be settled within twelve months after the reporting period;
- (4) The Company does not have the right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Company's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
(continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money; and
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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The loss allowance is measures as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired.
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

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Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liability at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value

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through profit or loss when doing so results in more relevant information, because either:

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial assets, financial liabilities or both is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

6. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (1) In the principal market for the asset or liability, or
- (2) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

7. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on weighted average cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

8. Transmission pipeline assets and compensation for demolition

The Company's accounting treatment of transmission pipelines as per the provisions of Article 26-1 of the Accounting Treatment Standards for Public Natural Gas Utilities amended and promulgated in a document, referenced JING-NENG-ZI-No.10204600900 from the Ministry of Economic Affairs on February 27, 2013. "For those whose operating assets are acquired, replaced, relocated, or scrapped through payment or subsidies made by others, the amount collected shall be split into each business and recognized as deferred income after deducting the book value of the damaged or scrapped operating assets. In the subsequent years, they are amortized into income following the depreciation of related assets year by year. The abovementioned paragraph applies to the preparation of general financial reports." The provisions of the amendment have been implemented since January 1, 2013. According to a correspondence referenced NENG-YOU-ZI-No.10204600910 from the Bureau of Energy of the MOEA dated April 3, 2013, since Article 26-1 the Accounting Treatment Standards for Public Natural Gas Utilities was amended and promulgated on February 27, 2013, and Article 40 of the Standards stated that the implementation started from January 1, 2013, financial statements of businesses for 2013 shall comply with the Standards. Financial statements up to 2012 are subject to the provisions of the original standards, that is, the 2012 financial statements do not need to be adjusted. Therefore, since January 1, 2013, the Company has recognized the cost of contracted installation of transmission pipelines that is carried forward upon completion under the entry of gas transmission and sales equipment of "Property, plant and equipment". The relevant income received from the contracted installation of gas transmission pipelines is recognized under the long-term deferred income of

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"Non-current liabilities", and amortized and classified as income based on the depreciation period of the equipment.

9. Investments accounted for under the equity method

The Company's investment in its subsidiaries is presented as investments accounted for using the equity method and adjusted by necessary measurements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. These adjustments resulted from considering the different treatments of investments in subsidiaries under IFRS 10 Consolidated Financial Statements and under IFRS applied to different entity level. These investments may be debited or credited using the equity method, as share of profits (losses) of subsidiaries, associates and joint ventures, or share of other comprehensive income (loss) of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid in capital and investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other

comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment.
- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

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Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

10. Property, plant, and equipment

Property, plant and equipment is stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and structures	5~55 years
Gas transmission and sales equipment	2~30 years
Transportation equipment	5 years
Machinery and equipment	3~8 years
Solar energy equipment	10~20 years
Other equipment	3~20 years

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An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

11. Leases

Based on the effective date of the contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) amounts expected to be payable by the lessee under residual value guarantees;
- (4) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the lessee; and
- (4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement’s comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

12. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

Intangible assets with finite live are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimated values.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is disposed.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life.

13. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

14. Revenue recognition

The Company's revenue arising from contracts with customers is primarily related to the sale of goods, which are divided into natural gas sales, installation services, and solar electricity generation sales. The accounting policies are explained as follows:

Natural gas sales (Sale of goods)

The Company's main product is the delivery of natural gas, and the income is recognized when the promised product is delivered to customers' meters, customers obtain the control (meaning the capability of which customers direct the use of the product and obtain almost the remaining benefits) and the meter reading is completed. The income from products used for the purposes of livelihood and non-livelihood are recognized based on the prices of government announcements or contract terms.

The credit period of these sales transactions is 30 to 60 days. A receivable is recognized when the control of goods is transfer and the entity's right to consideration is unconditional, and such accounts receivable usually has a short period and does not constitute significant financial components.

Installation service (Sales of goods)

The installation service provided by the Company refers to the installation of the natural gas transmission pipeline and equipment at the customer's place and for which a fee is charged. The income is recognized when the installation of natural gas pipelines is completed, the Company approves the acceptance check and obtains the control, and then supplies gas to the customer (meaning the customer's ability to dominate the use of the commodity and obtain almost all of the residual benefits of the commodity). Under the provisions of Article 26-1 of the Accounting Treatment Standards for Public Natural Gas Utilities amended and promulgated in the document, referenced JING-NENG-ZI-No.10204600900 from the Ministry of Economic Affairs on February 27, 2013, the installation income for transmission pipeline shall be amortized on a 12-year period.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
(continued)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

These services are charged and negotiated according to the fee operations manual of installation services of the Company. As part of the consideration is collected first from customers at the signing of contracts, and the Company assumes the obligation to provide labor services afterward, the services are recognized as contract liabilities.

Solar electricity sales (Sales of goods)

The Company calculates the sales based on the actual units sold and the rate, and the sales are recognized starting the date of obtaining the registration letter from the Bureau of Energy, and the income is calculated on a monthly basis starting the date of activating meters at the sites of Taiwan Power Company.

15. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

16. Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employee's subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Remeasurement of the net defined benefit (asset) is listed under other comprehensive income as incurred and immediately recognized in retained earnings. Past service costs are recognized in profit or loss on the earlier of:

- (1) the date of the plan amendment or curtailment, and
- (2) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

17. Income taxes

Income tax expense (benefit) is the aggregate amount of current and deferred taxes which included in the determination of current profit or loss.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (1) Initial recognition of goodwill: The initial recognition of assets and liabilities that are not generated by business combination transactions will not impact accounting profit or taxable profit (tax loss) at the time of the transaction. Additionally, no equivalent taxable or deductible temporary differences will be generated at the time of the transaction.
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (1) It is related to deductible temporary differences not arising from the initial recognition of assets and liabilities in business combination transactions. At the time of these transactions, neither accounting profit nor taxable profit (tax loss) was affected, and there were no equivalent taxable or deductible temporary differences.
- (2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities offset, only if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In accordance with the temporary exception under the “International Tax Reform – Pillar Two Model Rules” (Amendments to IAS 12), deferred tax assets and liabilities related to Pillar Two income taxes shall not be recognised, nor shall related information be disclosed.

**V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

The preparation of the Company’s parent only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at balance sheet date. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(2) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3) Post-employment benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(4) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(5) Estimation of revenue from gas sales

The estimate of gas sales income includes the fee income receivable from the date of the last meter reading to the balance sheet date at the end of period. The estimation is divided into general users and industrial, commercial and government users. The estimate for general users is based on the average unit per day for the past year multiplied by the estimated days and the selling price. For industrial, commercial and government users, it is based on the average volume sold for the

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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last month multiplied by the estimated days and the selling price. Such estimates as of the balance sheet date are not from the actual meter reading, so that the difference between the subsequent meter reading for billing and the estimates will be treated according to the change in accounting estimates.

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VI. STATEMENTS OF MAJOR ACCOUNTING ITEMS

1. Cash and cash equivalents

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Cash on hand & petty cash	\$1,220	\$928
Cash in banks	692,730	534,427
Total	<u>\$693,950</u>	<u>\$535,355</u>

2. Financial assets at fair value through profit or loss

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Mandatorily measured at fair value through profit or loss:		
Listed companies' stocks	<u>\$47,740</u>	<u>\$55,370</u>
Non-current	<u>\$47,740</u>	<u>\$55,370</u>

Financial assets at fair value through profit or loss were not pledged.

3. Financial assets at fair value through other comprehensive income

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Equity instrument investments measured at fair value through other comprehensive income, non-current:		
Listed companies' stocks	\$94,410	\$109,499
Emerging companies' stocks	20,788	18,344
Unlisted companies' stock	78,762	81,349
Total	<u>\$193,960</u>	<u>\$209,192</u>

The Company classifies certain financial assets as financial assets at fair value through other comprehensive income, and they were not pledged.

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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

For equity instrument investments measured at fair value through other comprehensive income, the Company recognized dividends income in the amount of NTD 2,843 thousand and 727 thousand as of December 31, 2024 and 2023, respectively, and all investment income correlated to investments still held at the balance sheet dates.

4. Financial assets measured at amortized cost

	Dec. 31, 2024	Dec. 31, 2023
Restricted Assets	<u>\$194,512</u>	<u>\$267,418</u>
Current	\$110,981	\$85,491
Non-current	<u>83,531</u>	<u>181,927</u>
Total	<u>\$194,512</u>	<u>\$267,418</u>

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6(19) for more details on loss allowance. Please refer to Note 8 for more details on pledge. Please refer to Note 12 for more details on credit risk.

5. Notes receivable

	Dec. 31, 2024	Dec. 31, 2023
Notes receivables arising from operating activities	\$1,819	\$6,011
Less: Loss allowance	-	-
Total	<u>\$1,819</u>	<u>\$6,011</u>

Notes receivables were not overdue and not pledged.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6(19) for more details on loss allowance. Please refer to Note 12 for more details on credit risk.

6. Accounts receivable

	Dec. 31, 2024	Dec. 31, 2023
Accounts receivable	\$738,268	\$556,919
Less: Loss allowance	<u>(3,541)</u>	<u>(6,833)</u>
Total	<u>\$734,727</u>	<u>\$550,086</u>

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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Accounts receivables were not pledged.

Accounts receivables are generally on 30-60 day terms. The carrying amount is NTD738,268 thousand and NTD556,919 thousand as of December 31, 2024 and 2023, respectively. Please refer to Note 6(19) for more details on loss allowance for 2024 and 2023. Please refer to Note 12 for more details on credit risk.

7. Inventories

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Materials	\$283,789	\$245,207
Gas	790	508
Construction Materials	-	56,780
Total	<u>\$284,579</u>	<u>\$302,495</u>

The cost of inventories recognized in expenses amounted to NTD7,191,357 thousand and NTD6,074,422 thousand for 2024 and 2023, including inventory valuation losses were NTD0 thousand.

Inventories were not pledged.

8. Prepayments

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Prepayments for installation	\$121,300	\$79,468
Others	15,211	16,631
Total	<u>\$136,511</u>	<u>\$96,099</u>

The above prepayments for installation represent the cost for the pipeline construction that has not yet been completed, but for which investment has been made.

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9. Investments accounted for under the equity method

Investees	Dec. 31, 2024		Dec. 31, 2023	
	Amount	%	Amount	%
Investments in subsidiaries:				
SIUNGWEI INVESTMENT CO., LTD.	\$1,044,419	100%	\$1,092,582	100%

Investments in subsidiaries:

- A. Investments in subsidiaries were presented as investments accounted for using the equity method and adjusted by necessary measurements.
- B. Siungwei Investment Co., Ltd. held a cash capital injection with NTD300,000 thousand in December 2023. The Company's shareholding ratio remains unchanged.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc. (continued)
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10. Property, plant and equipment

	Land	Buildings and structures	Gas transmission and sales equipment	Machinery and equipment	Solar energy equipment	Other equipment	Transportation equipment	Construction in progress	Total
Cost:									
Jan. 1, 2024	\$305,313	\$152,031	\$6,548,765	\$8,013	\$771,270	\$79,184	\$2,560	\$367,615	\$8,234,751
Additions	-	280	293,486	180	39,525	980	1,688	253,804	589,943
Disposals	-	-	(45,914)	-	-	(250)	(123)	-	(46,287)
Dec. 31, 2024	<u>\$305,313</u>	<u>\$ 152,311</u>	<u>\$ 6,796,337</u>	<u>\$ 8,193</u>	<u>\$ 810,795</u>	<u>\$ 79,914</u>	<u>\$ 4,125</u>	<u>\$ 621,419</u>	<u>\$ 8,778,407</u>
Jan. 1, 2023	\$304,101	\$135,913	\$6,212,761	\$8,033	\$498,578	\$78,901	\$2,460	\$515,159	\$7,755,906
Additions	1,212	5,572	242,613	108	31,693	1,173	148	203,329	485,848
Disposals	-	-	(5,673)	(128)	-	(1,154)	(48)	-	(7,003)
Transfers	-	10,546	99,064	-	240,999	264	-	(350,873)	-
Dec. 31, 2023	<u>\$305,313</u>	<u>\$152,031</u>	<u>\$6,548,765</u>	<u>\$8,013</u>	<u>\$771,270</u>	<u>\$79,184</u>	<u>\$2,560</u>	<u>\$367,615</u>	<u>\$8,234,751</u>
Depreciation and impairment:									
Jan. 1, 2024	\$-	\$66,101	\$3,794,634	\$6,298	\$56,069	\$73,318	\$2,318	\$-	\$3,998,738
Depreciation	-	5,686	328,856	754	41,650	3,341	166	-	380,453
Disposals	-	-	(45,914)	-	-	(250)	(123)	-	(46,287)
Dec. 31, 2024	<u>\$-</u>	<u>\$ 71,787</u>	<u>\$ 4,077,576</u>	<u>\$ 7,052</u>	<u>\$ 97,719</u>	<u>\$ 76,409</u>	<u>\$ 2,360</u>	<u>\$-</u>	<u>\$ 4,332,904</u>
Jan. 1, 2023	\$-	\$59,879	\$3,472,911	\$5,640	\$20,301	\$69,952	\$2,178	\$-	\$3,630,861
Depreciation	-	6,222	327,396	786	35,768	4,520	188	-	374,880
Disposals	-	-	(5,673)	(128)	-	(1,154)	(48)	-	(7,003)
Dec. 31, 2023	<u>\$-</u>	<u>\$66,101</u>	<u>\$3,794,634</u>	<u>\$6,298</u>	<u>\$56,069</u>	<u>\$73,318</u>	<u>\$2,318</u>	<u>\$-</u>	<u>\$3,998,738</u>

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc. (continued)
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Net carrying
amount as of:

Dec. 31, 2024	<u>\$305,313</u>	<u>\$80,524</u>	<u>\$2,718,760</u>	<u>\$1,141</u>	<u>\$713,075</u>	<u>\$3,506</u>	<u>\$1,765</u>	<u>\$621,419</u>	<u>\$4,445,503</u>
Dec. 31, 2023	<u>\$305,313</u>	<u>\$85,930</u>	<u>\$2,754,131</u>	<u>\$1,715</u>	<u>\$715,201</u>	<u>\$5,866</u>	<u>\$242</u>	<u>\$367,615</u>	<u>\$4,236,013</u>

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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The capitalization of borrowing costs for the acquisition of property, plant and equipment, and the interest rates are as follows:

	2024	2023
Construction in progress	\$ 9,347	\$6,939
Range of interest rates for capitalization of borrowing costs	1.72%~2.02%	1.57%~1.81%

Please refer to Note 8 for details of the collateral situation provided for property, plant and equipment of the Company.

11. Other non-current assets

	Dec. 31, 2024	Dec. 31, 2023
Prepayments for equipment	\$409,551	\$420,968
Refundable deposits	31,789	34,352
Other non-current assets - Others	769	4,238
Total	<u>\$442,109</u>	<u>\$459,558</u>

12. Short-term debt

	Dec. 31, 2024	Dec. 31, 2023
Unsecured bank loans	<u>\$200,000</u>	<u>\$520,000</u>
Interest Rates (%)	<u>1.89%~1.96%</u>	<u>1.79%~1.91%</u>

The Company's unused short-term bank loans of credits amount to NTD500,000 thousand and NTD680,000 thousand as of December 31, 2024 and 2023, respectively.

13. Short-term notes and bills payable

Guarantors	Dec. 31, 2024		
	Interest Rates (%)	Amount	Assets pledged as collateral
Commercial promissory notes payable	1.97%	200,000	(Note)
Less: Discount on commercial promissory notes payable		(19)	
Net		<u>\$199,981</u>	

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Guarantors	Dec. 31, 2023		
	Interest Rates (%)	Amount	Assets pledged as collateral
Commercial promissory notes payable	1.80%~1.83%	150,000	(Note)
Less: Discount on commercial promissory notes payable		(62)	
Net		<u>\$149,938</u>	

(Note) For details regarding the guarantee of the above-mentioned commercial paper payable, please refer to Note 8.

14. Long-term loans

	Dec. 31, 2024	Dec. 31, 2023
Secured loans	\$186,833	\$-
Unsecured loans	738,499	745,415
Subtotal	925,332	745,415
Less: Current portion	(272,867)	(206,938)
Total	<u>\$652,465</u>	<u>\$538,477</u>

The nature of borrowing:

Interest rate (%) 1.85%~2.07% 1.60%~1.72%

Maturity date

Maturing successively before March 5, 2036 Maturing successively before March 5, 2036

15. Long-term deferred income

	Dec. 31, 2024	Dec. 31, 2023
Deferred income	<u>\$ 592,366</u>	<u>\$599,597</u>

The Company's accounting treatment as per the provisions of Article 26-1 of the Accounting Treatment Standards for Public Natural Gas Utilities, amended and promulgated in document referenced JING-NENG-ZI-No.10204600900 from the Ministry of Economic Affairs on February 27, 2013. "For those whose operating assets are acquired, replaced, relocated or scrapped through payment or subsidies made by others, the amount collected shall be split into each business and recognized as deferred

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income after deducting the book value of the damaged or scrapped operating assets. In the subsequent years, they are amortized into income following the depreciation of the related assets year on year. The provisions of the amendment have been implemented since January 1, 2013.

16. Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Labor Pension Act, the appropriation rate of labor retirement reserve funds borne by the Company each month, shall not be lower than 6% of the employee's monthly salary. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2024 and 2023 were NTD4,138 thousand and NTD4,073 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandates, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanisms based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not

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be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NTD618 thousand to its defined benefit plan during the 12 months beginning after December 31, 2024.

As of December 31, 2024, and 2023, the defined benefits plan of the Company are all expected to mature in 6 and 7 years, respectively.

The following table summarizes the cost of defined benefits plan recognized to profit or loss:

	2024	2023
Current period service costs	\$460	\$501
Net interest on net defined benefit liabilities (assets)	343	358
Total	<u>\$803</u>	<u>\$859</u>

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Present value of the defined benefit obligation	\$41,635	\$38,482	\$38,819
Plan assets at fair value	(11,103)	(9,575)	(9,669)
Other non-current liabilities - net defined benefit liabilities (assets)	<u>\$30,532</u>	<u>\$28,907</u>	<u>\$29,150</u>

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Reconciliation of net defined benefit liability (asset) is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Jan. 1, 2023	\$38,819	\$(9,669)	\$29,150
The cost of defined benefits plan recognized to profit or loss:			
Current period service costs	501	-	501
Interest expense (income)	463	(105)	358
Subtotal	964	(105)	859
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	149	-	149
Experience adjustments	1,337	-	1,337
Remeasurements of the net defined benefit asset	-	(171)	(171)
Subtotal	1,486	(171)	1,315
Benefits paid	(2,787)	2,787	-
Contributions by employer	-	(2,417)	(2,417)
Dec. 31, 2023	\$38,482	\$(9,575)	\$28,907
The cost of defined benefits plan recognized to profit or loss:			
Current period service costs	460	-	460
Interest expense (income)	455	(112)	343
Subtotal	915	(112)	803
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(1,149)	-	(1,149)
Experience adjustments	3,387	-	3,387
Remeasurements of the net defined	-	(958)	(958)

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benefit asset			
Subtotal	<u>2,238</u>	<u>(958)</u>	<u>1,280</u>
Benefits paid	-	-	-
Contributions by employer	<u>-</u>	<u>(458)</u>	<u>(458)</u>
Dec. 31, 2024	<u>\$41,635</u>	<u>\$(11,103)</u>	<u>\$30,532</u>

The following significant actuarial assumptions are used to determine the Company's defined benefit plan:

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Discount rate	1.60%	1.20%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumptions is, as shown below:

	<u>2024</u>		<u>2023</u>	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$(696)	\$-	\$(735)
Discount rate decrease by 0.25%	713	-	754	-
Expected salary increase by 0.25%	708	-	747	-
Expected salary decrease by 0.25%	-	(695)	-	(731)

The sensitivity analyses above are based on a change in the actuarial assumption (for example: change in discount rate or expected salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

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17. Equity

(1) Common stock

As of December 31, 2024, and 2023, the Company's authorized capital remained at NTD5,000,000 thousand, with a par value of NTD10 dollars, totaling 500,000 thousand shares, and the issued capital was NTD3,061,483 thousand and NTD2,834,706 thousand, with a par value of NTD10 dollars, totaling 306,148 thousand shares and 283,471 thousand shares, respectively. Each share is entitled to one voting right and the right to receive dividends.

On June 24, 2024, the shareholders' meeting resolved that the undistributed profits of NTD226,777 thousand would be capitalized for the issuance of new shares with a nominal value of NTD 10 per share, divided into 22,678 thousand shares. The capital increase proposal was submitted to the Financial Supervisory Commission and was approved on August 1, 2024, and the change in capital has been registered.

On June 19, 2023, the shareholders' meeting resolved that the undistributed profits of NTD257,700 thousand would be capitalized for the issuance of new shares with a nominal value of NTD 10 per share, divided into 25,770 thousand shares. The capital increase proposal was submitted to the Financial Supervisory Commission and was approved on July 20, 2023, and the change in capital has been registered.

(2) Capital reserve

	Dec. 31, 2024	Dec. 31, 2023
Issuance premium	\$1,629	\$1,629
Gain on disposal of assets	1,409	1,409
Total	<u>\$3,038</u>	<u>\$3,038</u>

According to the Company Act, the capital reserve shall not be used except for offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(3) Retained earnings and dividend policies

According to the Company's amended Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues

B. Offset prior years' operation losses

C. Appropriate 10% of the remaining amount after deducting items (a) and (b) as a legal reserve

D. Appropriate or reverse special reserve in accordance with relevant laws or regulations

E. After deducting items (a), (b), (c) and (d) above from the current year's earnings, the distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the stockholders' meeting.

According to the Articles of Incorporation, the Company is in the electricity, gas and water industry. With the expansion of the business area in the next few years and the significant capital expenditures required in installation, maintenance, replacement, and upgrade of gas transmission pipelines, the Company will adopt a residual dividend policy approach. After the retained earning is used for financing, the remaining surplus is distributed in the form of cash or stock dividends to ensure shareholders' interests and the Company's long-term planning strategy. The cash dividends shall not account for less than 20% of the remaining surplus distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes the Distributable Earnings, a special reserve shall be setup for the difference between the balance of the special reserve provided for the initial adoption of IFRSs and the net decrease in other equity as per the law. If there is a subsequent reversal of the net decrease in other equity, the surplus may be distributed based on the reversal portion of the net decrease in other equity and the reversal of the special reserve.

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Following the Financial Supervisory Commission's Order JIN-GUAN-ZHENG-FA-ZI-No. 1090150022 issued on March 31, 2021, the Company has adopted the IFRS for the first time. The company listed unrealized revaluation increment and cumulative translation adjustments (gain) on the conversion date to IFRS 1. After the "First-Time Adoption of IFRS" exemption, the retained earnings were transferred to a special surplus reserve. Subsequently, when the Company uses, disposes of or reclassifies the related assets, the Company may reverse the allocation of earnings to the original special capital reserve. The Company does not have any special capital reserve that is required to be set aside as a result of the first-time adoption of IFRS.

At the Board of Directors and Shareholders' Meetings held on March 13, 2025 and June 24, 2024, the Company proposed and approved the Earnings Allocation and Distribution and Dividends per Share for the year 2024 and 2023, respectively, as follows:

	Earnings Allocation and Distribution		Dividend per share (NTD)	
	2024	2023	2024	2023
Legal capital reserve	\$57,234	\$51,859		
Provision for Special Surplus Reserve	7,965			
Cash dividends on common stock (note)	397,993	226,777	\$1.30	\$0.80
Common stock dividends	91,844	226,777	0.30	0.80

Note: The Board of Directors, as authorized by the Company's Articles of Incorporation, has approved by special resolutions on March 13, 2025 and March 12, 2024 the payment of a cash dividend on common stock for the year 2024 and 2023 respectively.

Please refer to Note 6(21) for more details about the provision for employees' bonuses and compensation for directors and supervisors.

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18. Operating revenue

	2024	2023
Revenue from contracts with customers		
Sales revenue - Sale of gas	\$ 7,408,043	\$6,520,789
Sales revenue - Installation service	618,630	331,074
Sales revenue - Sale of solar electricity	88,448	67,679
Sales revenue - Others	4,207	3,034
Total	<u>\$ 8,119,328</u>	<u>\$6,922,576</u>

Analysis of revenue from contracts with customers during the year 2024 and 2023 is as follows:

(1) Disaggregation of revenue

2024

	Gas Sale Dept	Installation Dept	Solar Electricity Sale Dept	Total
Sale of goods	<u>\$ 7,412,250</u>	<u>\$618,630</u>	<u>\$88,448</u>	<u>\$ 8,119,328</u>
Timing of revenue recognition:				
At a point in time	\$ 7,412,250	\$230,463	\$88,448	\$ 8,119,328
Gradually satisfied over time		388,167		
Total	<u>\$ 7,412,250</u>	<u>\$618,630</u>	<u>\$88,448</u>	<u>\$ 8,119,328</u>

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2023

	Gas Sale Dept	Installation Dept	Solar Electricity Sale Dept	Total
Sale of goods	<u>\$6,523,823</u>	<u>\$331,074</u>	<u>\$67,679</u>	<u>\$6,922,576</u>
Timing of revenue recognition:				
At a point in time	<u>\$6,523,823</u>	<u>\$331,074</u>	<u>\$67,679</u>	<u>\$6,922,576</u>

(2) Contract balances

Contract liabilities - Current

	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Advance collection for installation fees	\$1,156,337	\$985,464	\$964,464
Advance collection for gas fees	23,238	20,536	24,837
Others	29	26	25
Total	<u>\$1,179,604</u>	<u>\$1,006,026</u>	<u>\$989,326</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
The opening balance transferred to revenue	\$(290,590)	\$(451,494)
Increase in receipts in advance during the periods (excluding the amount incurred and transferred to revenue during the periods)	464,168	468,194

19. Expected credit losses

	2024	2023
Operating expenses - Expected credit losses		
Notes receivable	\$-	\$-
Accounts receivable	2,142	727
Total	<u>\$2,142</u>	<u>\$727</u>

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Please refer to Note 12 for more details on credit risk.

The Company's proceeds from the disposal of financial assets at amortized cost were assessed to be of low-credit risk as of December 31, 2024 and 2023 (the same as the assessment as of January 1, 2023), and therefore the amount of loss allowance was measured using 12-month expected credit loss. Since the counter-parties are banks with excellent creditworthiness, no allowance for losses was recorded in the year ending December 31, 2024 and 2023.

The loss allowance for the Company's accounts receivable (including notes receivable and accounts receivable) is measured by the amount of expected credit loss during the lifetime of the receivables. The transaction counterparties are market users, and can reasonably be expected to have a credit loss rate, so allowance for loss is adopted on an individual basis. As of December 31, 2024 and 2023, the total amounts of accounts receivable that are not overdue are NTD16,674 thousand and NTD29,588 thousand, respectively; the loss allowances recognized are NTD84 thousand and NTD112 thousand, respectively. The total amounts of accounts receivables that have been overdue for more than a year are NTD3,479 thousand and NTD7,849 thousand, respectively; the loss allowances recognized are NTD3,373 thousand and NTD6,637 thousand, respectively. For the remaining receivables, the credit rating, region, and industry of transaction counterparties are taken into consideration, and the approach of provision matrix is adopted to measure the loss allowance. The amounts of loss allowance were assessed on December 31, 2024 and 2023, and the relevant descriptions are as follows:

Dec. 31, 2024

	Not yet due (Note)	Overdue				Total
		1-30 days	31-60 days	61-90 days	90 days above	
Gross carrying amount	\$ 719,244	\$ 576	\$74	\$23	\$17	\$ 719,934
Loss ratio	0%~0.1%	3%	21%	53%	100%	
Lifetime expected credit losses	(24)	(16)	(15)	(12)	(17)	(84)
Total	\$ 719,220	\$ 560	\$ 59	\$11	\$-	\$719,850

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Dec. 31, 2023

	Not yet due	Overdue				
	(Note)	1-30 days	31-60 days	61-90 days	90 days above	Total
Gross carrying amount	\$524,893	\$498	\$58	\$26	\$18	\$525,493
Loss ratio	0%~0.1%	3%	26%	59%	100%	
Lifetime expected credit losses	(19)	(17)	(15)	(15)	(18)	(84)
Total	\$524,874	\$481	\$43	\$11	\$-	\$525,409

Note: The Company's notes receivables are not overdue.

The movement in the provision for impairment of accounts receivables and others 2024 and 2023 is as follows:

	Notes receivable	Accounts receivable
Jan. 1, 2024	\$-	\$6,833
Addition for the current periods	-	2,142
Unrecoverable expenses written off	-	(5,434)
Dec. 31, 2024	\$-	\$3,541
Jan. 1, 2023	\$-	\$6,257
Addition for the current periods	-	727
Unrecoverable expenses written off	-	(151)
Dec. 31, 2023	\$-	\$6,833

20. Leases

(1) Company as a lessee

The Company leases various properties, including real estates (land, houses and buildings) and transportation equipment. The lease terms range from 2 to 50 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

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(a) Right-of-use assets

The carrying amount of right-of-use assets

	Dec. 31, 2024	Dec. 31, 2023
Land	\$198,367	\$205,167
Buildings and structures	29,109	30,743
Transportation equipment	10,341	11,758
Total	<u>\$237,817</u>	<u>\$247,668</u>

During the year ended December 31, 2024 and 2023, the Company' additions to right-of-use assets amounted to NTD12,227 thousand and NTD85,142 thousand, respectively.

(b) Lease liabilities

	Dec. 31, 2024	Dec. 31, 2023
Lease liabilities	<u>\$190,918</u>	<u>\$197,055</u>
Current	\$16,140	\$16,397
Non-current	174,778	180,658
Total	<u>\$190,918</u>	<u>\$197,055</u>

Please refer to Note 6 (22) for the interest on lease liabilities recognized during the year ended December 31, 2024 and 2023, and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2024	2023
Land	\$ 9,221	\$8,699
Buildings and structures	1,633	1,574
Transportation equipment	9,277	11,808
Total	<u>\$ 20,131</u>	<u>\$22,081</u>

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C. Income and costs relating to leasing activities

	2024	2023
The expenses relating to short-term leases	\$ 763	\$17,635
Expenses for leases of low-value assets	154	118
Not included in the variable lease payments in the measurement of lease liabilities	8,028	6,845
	<u>\$ 8,945</u>	<u>\$24,598</u>

D. Cash outflow relating to leasing activities

During the year ended December 31, 2024 and 2023, the Company' total cash outflows for leases amounting to NTD29,033 thousand and NTD50,096 thousand, respectively.

21. Summary statement of employee benefits, depreciation and amortization expenses by function:

By Nature \ By Function	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salaries	\$ 52,718	\$ 65,789	\$118,507	\$46,836	\$64,180	\$111,016
Labor and health insurance	4,139	5,166	9,305	4,147	5,132	9,279
Pension	2,168	2,709	4,877	2,186	2,677	4,863
Director's remuneration	-	17,252	17,252	-	15,945	15,945
Other employee benefit expenses	1,936	10,543	12,479	1,921	9,294	11,215
Depreciation	377,250	23,334	400,584	369,552	27,409	396,961

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- (1) The number of employees for both the current and previous year remained at 144 and 139 individuals, respectively, with 9 directors not concurrently serving as employees.
- (2) For companies whose shares are listed on the Taiwan Stock Exchange or traded at the Taipei Exchange, the following additional information should be disclosed:
 - A. For the year 2024, the average employee benefit expenses was NTD1,075 thousand.
For the year 2023, the average of employee benefit expenses was NTD1,049 thousand.
 - B. For the year 2024, the average of salaries was NTD878 thousand.
For the year 2023, the average of salaries was NTD854 thousand.
 - C. The average change rate of salaries shows a decrease of 2.81%.

(3) Salary and compensation policy

The Company's salary and compensation policy is subject to the Articles of Incorporation and is reviewed by the Remuneration Committee before a resolution is taken by the Board and then reported at the shareholders' meeting.

- A. Remuneration of Directors: To be determined by the Remuneration Committee of the Company after regular assessment of the annual operation and performance.
- B. Remuneration for the managerial officer: Subject to the provisions of Article 6 of the Remuneration Committee Charter and is at par with the salary standards of the same trade. Personal performance and contribution to the Company's overall operation are also considered, and then bonuses are distributed according to the annual budget and operating conditions.
- C. Remuneration for employees: In addition to introducing a salary scale for employees based on their nature of work, responsibilities, and professional skills required, performance appraisal is conducted regularly every year to evaluate promotion, salary adjustment or bonuses. The remuneration for employees is paid per the Articles of Incorporation, and a comprehensive employee welfare system has been established.

The Company's Article of Incorporation states that if there is a profit, the Company should set aside employee compensation no less than 1% of the profit and board member compensation no more than 5%. When the Company suffers an accumulated deficit, the profit should be retained to recover the deficit. The employee compensation

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should be paid out by shares or cash and should be resolved in the board of directors' meeting, with two thirds of the board members present and over half of the present members' approval. Information of the board of directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the Company's profitability for the year ended December 31, 2024, the Company estimated the compensation to employees and directors at 1% and 1%, respectively, and recognized the compensation to employees and directors at NTD7,406 thousand and NTD7,406 thousand, respectively, which were listed under salaries and wages. On March 13, 2025, the Board of Directors resolved to pay salary and compensation of NTD7,406 thousand and NTD7,406 thousand in cash to employees, and directors, respectively.

The actual amounts of employees' remuneration and directors' remuneration were NTD6,649 thousand and NTD6,649 thousand, respectively, for the year ended 2023, which were significantly different from the amounts as expenses in the financial statements for the year ended 2023.

22. Non-operating income and expenses

(1) Other income

	2024	2023
Interest income	\$9,028	\$6,096
Dividend income	4,243	1,147
Others	7,444	5,330
Total	<u>\$20,715</u>	<u>\$12,573</u>

(2) Other gains and losses

	2024	2023
Gains on disposal of property, plant, and equipment	\$460	\$-
Losses on financial assets at fair value through profit or loss (Note)	(7,630)	(490)
Other expenses	(6,190)	(168)
Total	<u>\$(13,360)</u>	<u>\$(658)</u>

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(Note) Balance were arising from financial assets mandatorily measured at fair value through profit or loss.

(3) Finance costs

	2024	2023
Interest on borrowings from bank	\$(16,300)	\$(14,426)
Interest on lease liabilities	(1,725)	(1,726)
Total	<u>\$(18,025)</u>	<u>\$(16,152)</u>

23. Components of other comprehensive income

For the year ended December 31, 2024:

	Arising during the period	Income tax benefits (expenses)	Net of tax
Not to be reclassified to profit or loss in subsequent periods:			
Remeasurements of defined benefit plans	\$(1,280)	\$256	\$(1,024)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	<u>(51,772)</u>	<u>-</u>	<u>(51,772)</u>
Total	<u>\$(53,052)</u>	<u>\$256</u>	<u>\$(52,796)</u>

For the year ended December 31, 2023:

	Arising during the period	Income tax benefits (expenses)	Net of tax
Not to be reclassified to profit or loss in subsequent periods:			
Remeasurements of defined benefit plans	\$(1,314)	\$263	\$(1,051)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	<u>15,255</u>	<u>-</u>	<u>15,255</u>
Total	<u>\$13,941</u>	<u>\$263</u>	<u>\$14,204</u>

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
(continued)
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24. Income taxes

The major components of income tax expense in the year 2024 and 2023 are as follows:

(1) Income tax expense (income) recognized in profit or loss

	2024	2023
Current income tax expense:		
Current income tax charge	\$151,707	\$131,635
Adjustment in respect of current income tax of prior period	1,246	200
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(551)	130
Income tax expense	<u>\$152,402</u>	<u>\$131,965</u>

(2) Income tax expense (income) recognized in other comprehensive income

	2024	2023
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(256)</u>	<u>\$(263)</u>

(3) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	2024	2023
Accounting income before tax from continuing operations	<u>\$725,769</u>	<u>\$651,607</u>
Income tax calculated at the statutory income tax rate	\$145,154	\$130,321
Tax effect of revenues exempt from taxation	(849)	(229)
Tax effect of expenses not deductible for tax purposes	6,851	1,673
Adjustment in respect of current income tax of prior period	1,246	200
Total income tax expense (income) recognized in profit or loss	<u>\$152,402</u>	<u>\$131,965</u>

(4) Deferred tax assets (liabilities) relate to the following:

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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For the year ended December 31, 2024:

	Opening balance	Recognize d in profit or loss	Recognized in other comprehensi ve income	Ending balance
Temporary differences				
Overrun of loss allowance	\$240	\$429	\$-	\$669
Allowance to reduce inventory to market	944	-	-	944
Net defined benefit liability, non-current	5,859	69	256	6,184
Other	897	53	-	950
Deferred tax (expense)/ income		\$551	\$256	
Net deferred tax assets/(liabilities)	<u>\$7,940</u>			<u>\$8,747</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$7,940</u>			<u>\$8,747</u>
Deferred tax liabilities	<u>\$-</u>			<u>\$-</u>

For the year ended December 31, 2023:

	Opening balance	Recognize d in profit or loss	Recognized in other comprehensi ve income	Ending balance
Temporary differences				
Overrun of loss allowance	\$21	\$219	\$-	\$240
Allowance to reduce inventory to market	944	-	-	944
Net defined benefit liability, non-current	5,907	(311)	263	5,859
Other	935	(38)	-	897
Deferred tax (expense)/ income		<u>\$(130)</u>	<u>\$263</u>	
Net deferred tax assets/(liabilities)	<u>\$7,807</u>			<u>\$7,940</u>
Reflected in balance sheet as follows:				

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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	Opening balance	Recognize d in profit or loss	Recognized in other comprehensi ve income	Ending balance
Deferred tax assets	<u>\$7,807</u>			<u>\$7,940</u>
Deferred tax liabilities	<u>\$-</u>			<u>\$-</u>

(5) The assessment of income tax returns

As of December 31, 2024, the company's income tax for the year of 2022 (including before) has been approved by the National Tax Bureau of Kaohsiung, Ministry of Finance.

25. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to common equity holders of the parent entity by the weighted average number of common stock outstanding during the year.

The calculation of Diluted Earnings Per Share is determined by dividing the current period's net profit attributable to common shareholders by the weighted average number of ordinary shares outstanding during the period. This calculation includes all potentially dilutive securities that, when converted into common stock, would be issued.

	2024	2023
(1) Basic earnings per share		
Net income (in thousands of NTD)	<u>\$573,367</u>	<u>\$519,642</u>
Weighted average number of common stock outstanding for basic earnings per share (in thousands)	<u>306,148</u>	<u>306,148</u>
Basic earnings per share (NTD)	<u>\$1.87</u>	<u>\$1.70</u>
(2) Diluted earnings per share		
Net income (in thousands of NTD)	<u>\$573,367</u>	<u>\$519,642</u>
Weighted average number of common stock outstanding for basic earnings per share (in	<u>306,148</u>	<u>306,148</u>

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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thousands)		
Dilution Effect:		
Staff remuneration - Stocks (in thousand shares)	181	130
Weighted average number of common stock outstanding adjusted for dilution effect (in thousands)	306,329	306,278
Diluted earnings per share (NTD)	\$1.87	\$1.70

There were no other transactions involving common stock or potential common stock between the balance sheet date and the issuance date of the financial statements.

7. RELATED-PARTY TRANSACTIONS

Information of related parties that has transactions with the Company during the financial reporting period is as follows:

1. Related parties and relationship

Name of related parties	Relationship with the Company
He Tong Technology Co., Ltd. (He Tong)	Substantive related party
Yiho International Leasing Co., Ltd. (Yiho)	Substantive related party
Yiho International Energy Co., Ltd. (Yiho Energy)	Substantive related party
Zhuyu Construction Co., Ltd. (Zhuyu)	Substantive related party
Shin Nan Natural Gas Co., Ltd. (Shin Nan)	Substantive related party
Dake Food & Beverage Co., Ltd. (Dake F&B)	Substantive related party
Dake Royal Food & Beverage Co., Ltd. (Dake Royal F&B)	Substantive related party

2. Significant transactions with the related parties

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(1) Purchases - Installation cost

	2024	2023
Other related parties	<u>\$52,667</u>	<u>\$58,864</u>

Part of the natural gas pipeline equipment project is still under construction and is recognized as "Construction Work in Progress" in the financial statements.

(2) Purchases - Power generation cost

	2024	2023
Other related parties	<u>\$7,746</u>	<u>\$5,775</u>

(3) Lease - Related parties

Right-of-use assets	Dec. 31, 2024	Dec. 31, 2023
Yiho	<u>\$10,341</u>	<u>\$11,758</u>

During the year ended December 31, 2024 and 2023, the Company obtained the right-of-use assets of NTD7,860 thousand and NTD1,645 thousand from other related parties, respectively.

Lease liabilities

	Dec. 31, 2024	Dec. 31, 2023
Yiho	<u>\$10,419</u>	<u>\$11,835</u>

Depreciation expense

	2023	2022
Yiho	<u>\$9,277</u>	<u>\$11,808</u>

Interest expense

	2024	2023
Yiho	<u>\$153</u>	<u>\$173</u>

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(4) Major property transaction

- A. Acquisition of financial asset measured at fair value through other comprehensive income, non-current

For the year ended December 31, 2024: None.

For the year ended December 31, 2023:

	Number of transaction shares (In thousand shares)	Object of Transaction	Acquisition proceeds
Other related parties	69	Stock	\$1,203

B. Purchase of property, plant, and equipment

i. Property acquisition

For the year ended December 31, 2024:

Purchased from	Object	Annual Payment Amount	Cumulative Payment Amount	Total Amount	Basis of Transaction Price
Yiho Energy	Solar energy equipment engineering	\$116,406	\$143,681	\$360,286	Counter- offer
Zhuyu	Building	102,743	273,243	442,857	Counter- offer
Other related parties	Gas Transport and Sale Equipment	21,080	21,080	21,080	Counter- offer
Total		<u>\$240,229</u>	<u>\$438,004</u>	<u>\$824,223</u>	

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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For the year ended December 31, 2023:

Purchased from	Object	Annual Payment Amount	Cumulative Payment Amount	Total Amount	Basis of Transaction Price
Yiho Energy	Solar energy equipment engineering	\$47,574	\$115,604	\$383,069	Counter- offer
Zhuyu	Building	73,071	170,500	442,857	Counter- offer
Other related parties	Gas Transport and Sale Equipment	9,089	9,089	9,089	Counter- offer
Total		<u>\$129,734</u>	<u>\$295,193</u>	<u>\$835,015</u>	

ii. Ending balance of property acquisition (Other Payables Account)

	Dec. 31, 2024	Dec. 31, 2023
Yiho Energy	\$1,487	\$515
Other related parties	1,695	1,886
Other related parties	24,041	13,253
Total	<u>\$27,223</u>	<u>\$15,654</u>

(5) Accounts payable

	Dec. 31, 2024	Dec. 31, 2023
Other related parties	<u>\$18,847</u>	<u>\$32,555</u>

(6) Deposits out (including other non-current assets)

	Dec. 31, 2024	Dec. 31, 2023
Yiho	<u>\$14,580</u>	<u>\$16,831</u>

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(continued)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(7) Other receivables - accommodation of funds

Sub-subsidiary	2024				
	Highest balance	Ending balance	Annual interest rate (%)	Interest income	Interest receivable
Shinhsiung Construction	\$248,000	\$248,000	2.1%	\$2,486	\$-

Sub-subsidiary	2023				
	Highest balance	Ending balance	Annual interest rate (%)	Interest income	Interest receivable
Shinhsiung Construction	\$115,000	\$20,000	1.88%	\$1,828	\$-

(8) Remuneration for the Company's key management personnel

	2024	2023
Short-term employee benefits	\$31,838	\$30,185

VIII. PLEDGED ASSETS

The following table lists assets of the Company pledged as collateral:

Item	Net carrying amount as of:		Purpose of pledge
	Dec. 31, 2024	Dec. 31, 2023	
Financial assets measured at amortized cost, current	\$110,981	\$85,491	Reserve Fund for pipelines replacement (Debt Service Reserve Account)
Financial assets measured at amortized cost, non-current	83,531	181,927	Performance Bond
Property, Plant and Equipment- Solar Energy Equipment	266,570	-	Long-term debt
Total	\$461,082	\$267,418	

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(continued)
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IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

1. As of December 31, 2024, the Company has offered a banker's acceptance of NTD1,300,000 thousand as a guarantee for the purchase of natural gas from CPC Corporation.
2. As of December 31, 2024, the total contract price for the construction of solar energy equipment projects that the Company has not yet completed is NTD6,230,579 thousand. A total of NTD506,813 thousand has been paid, and NTD5,694,493 thousand remains unpaid.
3. As of December 31, 2024, the total contract price for the construction of the North Kaohsiung Gas Service Center that the Company has not yet completed is NTD442,857 thousand. A total of NTD273,243 thousand has been paid.
4. As of December 31, 2024, the Company had not completed the construction of the CHUNG CHIA POWER CO., LTD project contract with a total contract price of NTD821,000 thousand of which NTD210,998 thousand had been paid.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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XII. OTHERS

1. Categories of financial instruments

Financial assets

	Dec. 31, 2024	Dec. 31, 2023
Financial assets measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$47,740	\$55,370
Financial asset measured at fair value through other comprehensive income	193,960	209,192
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand and petty cash)	692,730	534,427
Financial assets measured at amortized cost	194,512	267,418
Notes receivable	1,819	6,011
Accounts receivable	734,727	550,086
Other receivables - related parties	248,000	20,000
Deposits out (including other non-current assets)	31,789	34,352
Subtotal	1,903,577	1,412,294
Total	<u>\$2,145,277</u>	<u>\$1,676,856</u>

Financial liabilities

	Dec. 31, 2024	Dec. 31, 2023
Financial liabilities at amortized cost		
Short-term debt	\$200,000	\$520,000
Short-term notes and bills payable	199,981	149,938
Accrued payables	915,888	661,667
Long-term debt (including the current portion)	925,332	745,415
Lease liabilities	190,918	197,055
Deposits in (including other non-current assets)	194,415	179,884
Total	<u>\$2,626,534</u>	<u>\$2,453,959</u>

2. Financial risk management objectives and policies

The Company's risk management objectives are to manage market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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preference.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise of currency risk, interest rate risk, and other price risk (such as equity price risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the balance sheet date, a change of 10 basis points of interest rate could cause the profit for the years ended December 31, 2024 and 2023 to increase (decrease) by NTD238 thousand and NTD464 thousand, respectively.

Equity price risk

The Company holds listed, unlisted, and GISA equity securities, their fair value is

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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affected by the uncertainty of the future value of these investment objectives. The listed and GISA equity securities held by the company include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management regularly. The Company's Board of Directors reviews and approves all equity investment decisions.

For listed equity securities measured at fair value through profit, a 1% increase/decrease in the price of these equity securities would increase/decrease the Company's profit or loss by NTD477 thousand and NTD554 thousand in financial year 2024 and 2023 respectively.

For listed company stocks in equity instruments measured at fair value through other comprehensive income, a 1% increase/decrease in the price of these equity securities would increase/decrease the Company's profit or loss by NTD1,152 thousand and NTD1,278 thousand in financial year 2024 and 2023 respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (which are primarily accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

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As of December 31, 2024 and 2023, top ten customers' receivables represented 36% and 37% of the total account's receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities, refundable deposits and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
Dec. 31, 2024					
Loans	\$ 675,994	\$ 474,172	\$ 76,120	\$ 146,586	\$1,372,872
Accrued payables	915,888	-	-	-	915,888
Lease liabilities (Note)	18,195	19,700	16,218	155,415	209,528
	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
Dec. 31, 2023					
Loans	\$879,463	\$398,662	\$162,707	\$-	\$1,440,832
Accrued payables	661,667	-	-	-	661,667
Lease liabilities (Note)	10,697	20,197	15,774	164,578	211,246

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Note: The following table provides further information on the maturity analysis of current lease liabilities:

	Reaching Maturity In					Total
	Less than 1 year	1-5 years	6-10 years	10-15 years	More than 15 years	
Dec. 31, 2024	\$18,195	\$35,918	\$39,842	\$51,979	\$63,594	\$209,528
Dec. 31, 2023	\$10,697	\$35,971	\$37,173	\$34,261	\$93,144	\$211,246

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for 2024 and 2023:

	Short-term debt	Short-term notes and bills payable	Long-term debt payable (including the current portion)	Lease liabilities	Total liabilities from financing activities
Jan. 1, 2024	\$520,000	\$149,938	\$745,415	\$197,055	\$1,612,408
Cash flow	(320,000)	50,043	179,917	(18,363)	(108,405)
Non-cash changes	-	-	-	12,228	12,228
Dec. 31, 2024	<u>\$ 200,000</u>	<u>\$ 199,981</u>	<u>\$ 925,332</u>	<u>\$ 190,918</u>	<u>\$1,516,231</u>

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	Short-term debt	Short-term notes and bills payable	Long-term debt payable (including the current portion)	Lease liabilities	Total liabilities from financing activities
Jan. 1, 2023	\$200,000	\$219,715	\$754,026	\$139,087	\$1,312,828
Cash flow	320,000	(69,777)	(8,611)	(23,772)	217,840
Non-cash changes	-	-	-	81,740	81,740
Dec. 31, 2023	<u>\$520,000</u>	<u>\$149,938</u>	<u>\$745,415</u>	<u>\$197,055</u>	<u>\$1,612,408</u>

7. Fair value of financial instruments

(1) the methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- C. The fair value of equity instruments that have no active market (e.g., listed companies private placement stocks, public companies stocks, non-public companies with no active market) is estimated using the market approach, that is, the fair value is estimated based on the price and other relevant information (such as discounts for lack of liquidity, PE ratio of similar companies, price to the net asset value of similar companies and other input values) of those that have the same or similar equity instruments

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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traded in the market.

(2) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost approximate their fair value.

(3) Information on fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

8. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc.
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(2) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

Dec. 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Financial assets measured at fair value through profit or loss				
Listed companies' stocks	\$ 47,740	\$-	\$-	\$47,740
Equity instrument investments measured at fair value through other comprehensive income				
Listed companies' stocks	94,410	-	-	94,410
Emerging companies' stocks	20,788	-	-	20,788
Non-public offering companies' stocks	-	-	78,762	78,762

Dec. 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Financial assets measured at fair value through profit or loss				
Listed companies' stocks	\$55,370	\$-	\$-	\$55,370
Equity instrument investments measured at fair value through other comprehensive income				
Listed companies' stocks	109,499	-	-	109,499
Emerging companies' stocks	18,344	-	-	18,344
Non-public offering companies' stocks	-	-	81,349	81,349

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Transfers between Level 1 and Level 2 during the period

There were no transfers between Level 1 and 2 for the years ended December 31, 2024 and 2023.

Details of changes in Level 3 of recurring fair value hierarchy

Reconciliation for fair value measurements in Level 3 of recurring fair value hierarchy for movements during the period is as follows:

	Assets
	Measured at fair value through other comprehensive income
	Stock
Jan. 1, 2024	\$81,349
2024 Recognized total benefits (losses):	
Amount recognized in OCI:	
(presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(17,587)
New additions for the current period	15,000
Dec. 31, 2024	<u>\$78,762</u>

	Assets
	Measured at fair value through other comprehensive income
	Stock
Jan. 1, 2023	\$-
2023 Recognized total benefits (losses):	
Amount recognized in OCI:	
(presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-
New additions for the current period	81,349
Dec. 31, 2023	<u>81,349</u>

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's investment and accounting department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure that the valuation result is reasonable.

9. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

10. Other

For the convenience of financial statement comparison, certain accounts in previously prepared financial statements have been reclassified.

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XIII. ADDITIONAL NOTES ON DISCLOSURES

1. Related information of significant transactions

- (1) Financing provided to others: refer to Table 1.
- (2) Endorsement/Guarantee provided to others: refer to Table 2.
- (3) Securities held: refer to Table 3.
- (4) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (5) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (6) Acquisition of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: None.
- (7) Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock: None.
- (8) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock: None.
- (9) Engaging in derivative transactions: None.

2. Related information of investees

- (1) Of the investee company directly or indirectly has significant influence or control over: refer to Table 4.
- (2) A company who has direct or indirect control over an investee company shall further disclose the first item of the preceding paragraph in respect of which the investee company is engaged. The information relating to the transactions in items I to IX of the preceding paragraph is set out in Table 4.

3. Information on investments in mainland China: None.

4. Information on major shareholders: please refer to Table 5.

XIV. SEGMENTS INFORMATION

The Company is exempt from the requirements of Article 22 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and has disclosed operating segments information in its consolidated financial statements.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc. (continued)
(Amounts expressed in thousands of New Taiwan dollars or foreign currency)

Table 1

Loan to Others

No. (Note 1)	Loanable Funds Provider	Loanable Funds Borrower	Transaction Items	Is it a Related Company	Maximum Amount for the Period (Note 7)	Ending Balance (Note 8)	Actual Disbursement Amount (Note 9)	Interest Rates (%)	Nature of Loan (Note 4)	Business Transactions (Note 5)	Reason for Short-Term Financing (Note 6)	Provision for Loss	Collateral		Maximum Amount Permitted for a Single Borrower (Note 2)	Funding and Total Limit (Note 3)
													Item	Value		
0	The Company	Shinhsiung Construction Co., Ltd.	Other receivables	Y	\$600,000	\$500,000	\$248,000	2.1%	2	\$-	Working capital	\$-	-	\$-	\$1,053,262	\$1,685,218

(Note 1) The Company's and its subsidiary company's financial information should be indicated in the numbered column and the number should be completed as follows:

(1) The Company = 0

(2) The subsidiary company is numbered according to the company category in order starting with the number 1.

(Note 2) The aggregate amount of loans and the maximum amount permitted to a single borrower by the Company:

(1) For those with business dealings: individual loans shall be limited to an amount not exceeding the amount of business dealings between the parties. The amount of business dealings refers to the amount of purchases or sales between the parties, whichever is higher.

(2) For financing needs, the amount of an individual loan granted to subsidiaries of the Company shall not exceed 25% of the current net equity value; for other entities, the limit shall not exceed 20% of the current net equity value.

(Note 3) Each loan of funds to foreign companies must not exceed 40% of the current stockholders' equity net worth of the Company.

(Note 4) The nature of the loans is to be completed as follows:

(1) If you have a business transaction, please fill in 1.

(2) If you have short-term financial funds need, please fill in 2.

(Note 5) If the nature of the loan is 1, the amount of business transactions should be entered. The amount of business transactions refers to the amount of business transactions between the company lending the funds and the recipient of the loan in the most recent year.

(Note 6) If the nature of the loan is 2, the reason for the loan and the purpose of the loan should be specified, such as debt repayment, purchase of equipment, working capital, etc.

(Note 7) The maximum balance of the loan is based on the current year's funds.

(Note 8) The amount of funds loaned to others.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc. (continued)
(Amounts expressed in thousands of New Taiwan dollars or foreign currency)

Table 2

Guarantees and Endorsements for Third Parties

Number (Note 1)	Endorsement Guaranteeing Company Name	Guaranteed Company		Maximum Endorsement Guarantee Amount for a Single Enterprise (Note 3)	Maximum Endorsement Guarantee Balance in This Period (Note 6)	Ending Endorsement Guarantee Balance	Actual Disbursement Amount	Amount of Endorsement Guarantee Secured by Property	Ratio of Cumulative Endorsement Guarantee Amount to the Net Value of the Latest Financial Statement	Maximum Amount of Endorsement Guarantee (Note 4)	Endorsement Guarantee by Parent Company to Subsidiary	Endorsement Guarantee by Parent Company to Subsidiary	Endorsement Guarantee to Mainland China	Notes
		Company Name	Relationship (Note 2)											
0	SHINHSIUNG NATURAL GAS INC.	Siungwei Investment Co., Ltd.	(2)	\$842,609	\$300,000	300,000	-	-	7.12%	\$1,685,218	Y	N	N	

(Note 1) The endorsement and guarantee information of the Company and its subsidiaries should be presented in separate tables, with the number indicated in the "Number" column.

The numbering method is as follows: the Company is marked as "0", and subsidiaries are numbered in sequence by company using Arabic numerals starting from "1".

(Note 2) The relationship between the endorser and the guaranteed party is classified into the following six types. Please indicate the corresponding type number only:

- (1) A company with which there is a business relationship.
- (2) A company in which the public company directly or indirectly holds more than 50% of the voting shares.
- (3) A company that directly or indirectly holds more than 50% of the voting shares of the public company.
- (4) A company in which the public company directly or indirectly holds 90% or more of the voting shares.
- (5) A company that provides mutual endorsements/guarantees with the endorser, based on a contractual agreement, for the purpose of undertaking construction projects either within the same industry or as joint developers.
- (6) A jointly invested company for which all capital-contributing shareholders provide endorsements/guarantees in proportion to their shareholding.
- (7) A company in the same industry providing joint and several guarantees for performance of pre-sale housing contracts in accordance with the Consumer Protection Act.

(Note 3) Maximum endorsement guarantee amount for a single enterprise: 20% of the most recent net worth.

(Note 4) Maximum total endorsement guarantee amount: 40% of the endorser's most recent net worth.

(Note 5) Based on the highest endorsement guarantee balance for others during the current year.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc. (continued)
(Amounts expressed in thousands of New Taiwan dollars or foreign currency)

Table 3

Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture):

Holding Corporation	Types and Names of Marketable Securities (Note 1)	Relationship with Marketable Securities Issuer	Entries	End of Year				Remarks
				No. of Shares (Shares)	Carrying Amount	%	Fair Value	
The Company	Listed Stock - SHIN KAO GAS CO., LTD.	None	Non-current financial assets measured at fair value through profit or loss	1,400,000	\$47,740	1.16%	\$47,740	Unsecured or unpledged
The Company	Listed Stock - SHIN KAO GAS CO., LTD.	None	Non-current financial assets measured at fair value through other comprehensive income	2,768,628	94,410	2.30%	94,410	Unsecured or unpledged
The Company	Emerging Stock - YIHO INTERNATIONAL LEASING CO., LTD.	The Group's Substantive Related Party	Non-current financial assets measured at fair value through other comprehensive income	773,942	20,788	0.76%	20,788	Unsecured or unpledged
The Company	Unlisted Stock – Chung Chia Energy Development (Stock) Company	None	Non-current financial assets measured at fair value through other comprehensive income	8,134,922	69,147	2.10%	69,147	Unsecured or unpledged
The Company	Unlisted Stock –Oceanus Development CO., LTD.	None	Non-current financial assets measured at fair value through other comprehensive income	1,500,000	9,615	2.50%	9,615	Unsecured or unpledged

(Note 1) Marketable securities referred to in this table are equities, bonds, beneficiary certificates and marketable securities derived from the above that fall within the scope of the "Financial Instruments" of the IFRS No.9.

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc. (continued)
(Amounts expressed in thousands of New Taiwan dollars or foreign currency)

Table 4

The investee company over which the issuer directly or indirectly exercises significant influence or control:

Investors	Investees	Location	Main Business Line	Initial Investment Amount		Holding at Period End			Profit (Loss) of Investee Company for the Current Period	Profit (Loss) on Investment Recognized in Current Period	Remarks
				End of Current Period	End of Last Year	No. of Shares (In thousand shares)	Ratio	Carrying Amount			
The Company	Siungwei Investment Co., Ltd.	Taiwan	Engaged in equity holding activities, buying, selling and renting of real estate	\$1,100,000	\$1,100,000	\$110,000	100%	\$1,070,580	\$(24,138)	\$(26,623)	Subsidiary
Siungwei Investment Co., Ltd.	Kaitai Co., Ltd.	Taiwan	Engaged in the solar energy optoelectronics industry	100,000	100,000	10,000	100%	104,855	3,287	3,287	Sub-Subsidiary
Siungwei Investment Co., Ltd.	Shinhsiung Construction Co., Ltd.	Taiwan	Engaged in real estate development for lease and sale	840,000	840,000	84,000	100%	791,755	(27,532)	(27,532)	Sub-Subsidiary
Siungwei Investment Co., Ltd.	Xin Ya Energy Co., Ltd.	Taiwan	Engaged in the cogeneration industry	100,000	-	10,000	50%	99,739	(522)	(261)	Sub-Subsidiary
Kaitai Co., Ltd.	Hemvan International Co., Ltd.	Taiwan	Engaged in the energy technology services industry	20,000	-	2,000	100%	20,050	50	50	Sub-Subsidiary
Xin Ya Energy Co., Ltd.	Ray Investment Holding CO., LTD.	Taiwan	Engaged in equity holding activities	150,000	-	15,000	33.33%	142	(8)	(8)	Sub-Subsidiary

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc. (continued)
(Amounts expressed in thousands of New Taiwan dollars or foreign currency)

Table 4 (continued)

Investors	Investees	Location	Main Business Line	Initial Investment Amount		Holding at Period End			Profit (Loss) of Investee Company for the Current Period	Profit (Loss) on Investment Recognized in Current Period	Remarks
				End of Current Period	End of Last Year	No. of Shares (In thousand shares)	Ratio	Carrying Amount			
Shinhsiung Construction Co., Ltd.	Shin Hsiung General Contractor Co., Ltd.	Taiwan	Engaged in comprehensive construction services	18,600	-	3,750	100%	525	(84)	(84)	Sub-Subsidiary

Notes to the Parent Company Only Financial Statements of Shinhsiung Natural Gas Inc. (continued)
(Amounts expressed in thousands of New Taiwan dollars or foreign currency)

Table 5

Major Shareholder Information:

Name of Major Shareholder	No. of Shares Held	Shareholding Ratio
Hsin Tai Investment Co., Ltd.	103,928,671	33.94%
Veterans Affairs Council, R.O.C.	72,132,730	23.56%
Huipu Investment Co., Ltd.	49,063,047	16.02%
Chu, Wen-Huang	15,955,508	5.21%

(Note 1) The Major Shareholder Information in this table is calculated by the Depository & Clearing Corporation based on the last business day of each quarter and is calculated based on the total number of common and preferred shares of the Company held by shareholders of 5% or more of the Company's total unregistered shares (including treasury shares) issued by non-physical securities delivered through the book-entry system. The number of shares recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the foundation of computer algorithms.

(Note 2) If the above information belongs to the shareholder who transfers shareholding to the Trust, it is the individual ledger announcement by the consignor who opened the trust account by the consignee. As for shareholders, according to the Securities and Exchange Act, they handle Insiders' equity declarations with shareholding exceeding 10%. Their shareholding includes their own shareholding plus the calculation of their delivery trust and shares under Trust with Discretion Reserved for the trust asset, etc., related to Insiders' equity declarations. For information, please refer to Market Observation Post System.

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SHINHSIUNG NATURAL GAS INC.

1. STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount	Note
Cash		\$860	
Petty cash		360	
Subtotal		1,220	
Cash in Banks - Checking accounts		906	
Cash in Banks - Demand deposits		691,824	
Subtotal		692,730	
Total		\$693,950	

SHINHSIUNG NATURAL GAS INC.

2. STATEMENT OF ACCOUNTS RECEIVABLE, NET

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Client Name	Description	Amount	Note
Company A	Sale of gas	\$60,209	No other customer balance exceeds 5% of the balance in this item's account.
Company B	Sale of gas	36,514	
Others		641,545	
Subtotal		738,268	
Less: Loss allowance		(3,541)	
Net		\$734,727	

SHINHSIUNG NATURAL GAS INC.

3. STATEMENT OF INVENTORIES

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Supplies		\$288,511	\$300,901	Using the replacement cost as the net realizable value
Gases		790	790	Using the replacement cost as the net realizable value
Total		289,301	\$301,691	
Less: Loss for market price decline and obsolete and slow-moving		(4,722)		
Net		\$284,579		

SHINHSIUNG NATURAL GAS INC.

4. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2024		Additions in the period			Decrease in the period			Balance, December 31, 2024			Market Value or Net Asset Value		Collateral	Note
	Shares	Amount	Shares	Amount		Shares	Amount		Shares	%	Amount	Unit Price (NT\$)	Total Amount		
SIUNGWEI INVESTMENT CO., LTD.	110,000,000	\$1,092,582					\$(26,623)	(Note 1)	110,000,000	100.00%	\$1,044,419	\$9.49	\$1,044,419	None	
							(21,540)	(Note 2)							
Total		\$1,092,582					\$(48,163)				\$1,044,419		\$1,044,419		

(Note 1): The amount is an investment profit and loss recognized under the equity method.

(Note 2) : The amount represents unrealized gains or losses on financial assets measured at fair value through other comprehensive income.

SHINHSIUNG NATURAL GAS INC.

5. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Balance, January 1, 2024	Additions in the period	Decrease in the period	Balance, December 31, 2024	Note
Land	\$235,453	\$4,367		\$239,820	
Buildings and structures	34,302	-		\$34,302	
Transportation equipment	29,586	7,860	(11,700)	\$25,746	
Total	\$299,341	\$12,227	\$(11,700)	\$299,868	

SHINHSIUNG NATURAL GAS INC.

6. STATEMENT OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Balance, January 1, 2024	Additions in the period	Decrease in the period	Other changes (Note)	Balance, December 31, 2024	Note
Land	\$30,286	\$9,221	\$-	\$1,946	\$41,453	
Buildings and structures	3,559	1,633	-	-	5,192	
Transportation equipment	17,828	9,277	(11,700)	-	15,405	
Total	\$51,673	\$20,131	\$(11,700)	\$1,946	\$62,050	

(Note) Other changes refer to natural gas pipeline project. Because it has not been completed, the depreciation of this case was transferred to uncompleted construction, and the cost was not recognized until it was completed.

SHINHSIUNG NATURAL GAS INC.

7. STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLES

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Guarantee Acceptance Agency	Contract Period	Range of Interest Rates (%)	Issued Amount	Unamortized Discount	Accounting Value	Note
Issued commercial paper	MEGA BILLS FINANCE CO., LTD.	12.06.2024-01.03.2025	1.97%	\$50,000	\$(5)	\$49,995	
Issued commercial paper	INTERNATIONAL BILLS FINANCE CORPORATION	12.06.2024-01.03.2025	1.97%	50,000	(5)	49,995	
Issued commercial paper	DAH CHUNG BILLS FINANCE CORP.	12.06.2024-01.03.2025	1.97%	50,000	(5)	49,995	
Issued commercial paper	TA CHING BILLS FINANCE CORPORATION	12.06.2024-01.03.2025	1.97%	50,000	(4)	49,996	
				\$200,000	\$(19)	\$199,981	

SHINHSIUNG NATURAL GAS INC.

8. STATEMENT OF ACCOUNTS PAYABLES

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Vendor Name	Description	Amount	Note
Company A	Purchased gas costs	\$625,894	The balance of other firms does not exceed 5% of this item account
Company B	Purchased	60,931	
Company C	Purchased	53,249	
Others	Purchased and outsourced	33,670	
Total		\$773,744	

SHINHSIUNG NATURAL GAS INC.

9. STATEMENT OF OTHER PAYABLES

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount	Note
Payables on equipment	Transmission pipeline installation	\$46,069	No other account balance exceeds 5% of this item account
Other accrued expenses	Salary and bonus	53,571	
Sales tax payable	Sales tax payable	35,283	
Others	Others	7,220	
Total		\$142,143	

SHINHSIUNG NATURAL GAS INC.

10. STATEMENT OF LONG-TERM DEBT

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Lenders	Description	Amount Falling Due within One Year	Amount Falling due after One year	Total	Term of Loan or Revolving Covenant Contract Period	Range of Interest Rates (%)	Collateral	Maturity Date and Terms of Repayment
Bank of Taiwan	Unsecured loan	\$50,000	\$-	\$50,000	11.26.2020-11.26.2025	1.85%	None	From November 26, 2020 to November 26, 2025. Repayment begins on February 26, 2022 and is made quarterly, for a total of 16 installments. The payment of interest is to be made monthly.
Taiwan Cooperative Bank	Unsecured loan	50,000	45,833	\$95,833	11.12.2021-11.12.2026	1.85%	None	From November 12, 2021 to November 12, 2026. Repayment begins on December 12, 2022 and is made monthly, for a total of 48 installments. The payment of interest is to be made monthly.
Taiwan Cooperative Bank	Unsecured loan	50,000	100,000	\$150,000	12.01.2022-12.01.2027	1.85%	None	From December 1, 2022 to December 1, 2027. Repayment begins on January 1, 2024 and is made monthly, for a total of 48 installments. The payment of interest is to be made monthly.
Taiwan Cooperative Bank	Unsecured loan	50,000	145,833	\$195,833	11.29.2023-11.29.2028	1.85%	None	From November 29, 2023 to November 29, 2028. Repayment begins on December 29, 2024 and is made monthly, for a total of 48 installments. The payment of interest is to be made monthly.
First Commercial Bank	Unsecured loan	10,157	9,477	\$19,634	11.05.2021-11.05.2026	1.85%	None	From November 5, 2021 to November 5, 2026. Repayment begins on December 5, 2021 and is made monthly, for a total of 60 installments. The payment of interest is to be made monthly.
First Commercial Bank	Unsecured loan	10,043	17,155	\$27,198	08.29.2022-08.29.2027	1.85%	None	From August 29, 2022 to August 29, 2027. Repayment begins on September 29, 2022 and is made monthly, for a total of 60 installments. The payment of interest is to be made monthly.
Far Eastern Int'l Bank	Unsecured loan	40,000	160,000	\$200,000	07.19.2024-07.19.2027	1.93%	None	From July 19, 2024 to July 19, 2027. Repayment begins on July 19, 2025 and is made every six months, for a total of 5 installments. The payment of interest is to be made monthly.
Bank Sinopac Company Limited	Secured loan	12,667	174,167	\$186,834	09.27.2024-09.27.2029	2.07%	Solar energy equipment	From September 27, 2024 to September 27, 2029. Repayment begins on September 27, 2024 and is made monthly, for a total of 180 installments. The payment of interest is to be made monthly.
Total		\$272,867	\$652,465	\$925,332				

SHINHSIUNG NATURAL GAS INC.

11. STATEMENT OF LEASE LIABILITIES

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Lease Term	Discount Rate (%)	Balance, December 31, 2024	Note
Land	2 to 50 years	0.83%~1.68%	\$180,483	
Transportation equipment	2 to 3 years	0.83%~1.65%	10,419	
Buildings and structures	20 years	0.00%	16	
Total			190,918	
Less: Amount due within one year			(16,140)	
Amount Falling due after one year			\$174,778	

SHINHSIUNG NATURAL GAS INC.

12. STATEMENT OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Unit	Amount	Note
Sale of gas	618,850 Thousand degrees	\$7,408,043	
Installation	2,636 Households	618,630	
Sale of electricity		88,448	
Others		4,207	
Total		\$8,119,328	

SHINHSIUNG NATURAL GAS INC.

13. STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount	Note
Gas inventory at start	\$508	
Add:	6,471,353	
Less: Gas inventory at end	(790)	
Others	(196,539)	
Gas consumption for the current period	6,274,532	
Depreciation expense	279,515	
Other costs of gas sold	113,859	
Cost of gas sold	6,667,906	
Stock of materials at start	249,928	
Add: Purchase for the current period	220,309	
Recovery of work-in-progress	57,765	
Material variance	2	
Less: Stock of materials at end	(288,511)	
Use of equipment for the transportation and sales of gas	(103,032)	
Use of construction work-in-progress	(66,904)	
Material variance	(1)	
Maintenance and Repairs	(3,977)	
Inventory loss	18	
Others	(737)	
Material consumption for current period	64,860	
Construction costs	321,789	
Depreciation expenses of gas transportation equipment	53,519	
Other installation costs	17,005	
Installation cost	457,173	
Depreciation of power generation equipment	41,929	
Depreciation of right-of-use assets	2,287	
Other costs of electricity sold	20,279	
Power generation cost	64,495	
Other operating costs	1,817	
Cost of revenue	\$7,191,391	

SHINHSIUNG NATURAL GAS INC.

14. STATEMENT OF OTHER COSTS OF GAS AND ELECTRICITY SOLD, AND INSTALLATIONS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Other costs of gas sold	Other installation costs	Other costs of electricity sold	Total
Payroll expense	\$43,599	\$11,287	\$-	\$54,886
Equipment maintenance cost	36,828	-	6,867	43,695
Rent expense	515	5	8,324	8,844
Other Expenses	32,917	5,696	5,088	43,701
Total	\$113,859	\$16,988	\$20,279	\$151,126

Note: All other individual items included do not amount to more than 5% of their respective expenses.

SHINHSIUNG NATURAL GAS INC.

15. STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Sales and marketing expenses	General and administrative expenses	Expected credit losses	Total
Payroll expense	\$28,433	\$57,317	\$-	\$85,750
Postage and telephone expenses	3,403	687	-	4,090
Insurance expense	2,229	3,821	-	6,050
Expected credit losses	-	-	2,142	2,142
Depreciation expense	-	23,334	-	23,334
Employee benefits/welfare	-	8,120	-	8,120
Other Expenses	5,953	29,436	-	35,389
Total	\$40,018	\$122,715	\$2,142	\$164,875

Note: All other individual items included do not amount to more than 5% of their respective expenses.