

Ticker Symbol:
8908

Shinhsiung Natural Gas Inc. and Subsidiaries
Consolidated 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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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Shinhsiung Natural Gas Inc. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements ." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shinhsiung Natural Gas Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

SHINHSIUNG NATURAL GAS INC.

By Chu, Wen-Huang
Chairman

March 13, 2025

INDEPENDENT AUDITOR’S REPORT

The Board of Directors and Stockholder
SHINHSIUNG NATURAL GAS INC.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Accounting Standards for Public Natural Gas Utilities, and the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued by the Financial Supervisory Commission of the Republic of China.

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 Consolidated 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowance for accounts receivable

As of December 31, 2024, the accounts receivable and loss allowance of Shin Hsiung Natural Gas Inc. and its subsidiaries are NTD740,923 thousand and NTD3,541 thousand, respectively. The net receivables account for 8% of the standalone total assets, which is significant for the Company and its subsidiaries. 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 Shin Hsiung Natural Gas Inc. and its subsidiaries is NTD7,408,043 thousand, and it is estimated that NTD57,803 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 consolidated financial reports of the Company and its subsidiaries, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Accounting Standards for Public Natural Gas Utilities, and the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued by the Financial Supervisory Commission of the Republic of China. Besides, internal control, as determined by Management, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' 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 and its subsidiaries 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 and its subsidiaries' financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists in the consolidated financial statements. 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We 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 consolidated 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.

Other Matter

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2024 and 2023.

Ernst & Young, Taiwan

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

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

No. 1130383731

JIN-GUAN-ZHENG-SHEN-ZI

No. 1010045851

Shih-Chieh Yao

CPA

Tzu-Jen Hu

March 13, 2025

SHINHSIUNG NATURAL GAS INC. AND SUBSIDIARIES

CONSOLIDATED 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)	953,280	10	\$785,700	9
1136	Current financial assets at amortized cost	4, 6(4), 6(18) and 8	113,560	1	87,863	1
1150	Notes receivable, net	4, 5(6) and 18	1,819	-	6,011	-
1170	Accounts receivable, net	4, 6(6) and 18	737,382	8	552,877	6
130x	Inventories	4, 6(7), 7 and 8	1,846,666	19	1,526,770	17
1410	Prepayments	4, 6(8), and 7	171,979	2	113,738	2
1470	Other current assets		24,038	-	785	-
11xx	Total current assets		3,848,724	40	3,073,744	35
	Non-current assets					
1510	Non-current financial assets measured at fair value through profit or loss	4 and 6(2)	47,740	-	55,370	1
1517	Non-current financial assets measured at fair value through other comprehensive income	4 and 6(3)	232,420	2	209,192	2
1535	Non-current financial assets at amortized cost	4, 6(4), 6(18) and 8	83,531	1	181,927	2
1550	Investments accounted for under the equity method		142	-	-	-
1600	Property, plant, and equipment	4, 6(9), and 8	4,733,239	49	4,541,884	52
1755	Right-of-use assets	4, 6(19), and 7	250,062	3	260,678	3
1840	Deferred tax assets	4	8,747	-	7,940	-
1900	Other non-current assets	4, 6(10), and 7	470,018	5	468,876	5
15xx	Total non-current assets		5,825,899	60	5,725,867	65
1xxx	Total assets		\$9,674,623	100	\$8,799,611	100

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC. AND SUBSIDIARIES
CONSOLIDATED 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(11)	\$200,000	2	\$520,000	6
2110	Short-term notes and bills payable	4 and 6(12)	334,667	3	353,898	4
2130	Current contract liabilities	4 and 6(17)	1,194,479	13	1,006,000	11
2150	Notes payable	4 and 7	6,374	-	59,150	1
2170	Accounts payable	4 and 7	783,125	8	495,319	6
2200	Other payables	4 and 7	169,254	2	130,569	2
2230	Current income tax liabilities	4 and 6(23)	85,071	1	66,071	1
2280	Current lease liabilities	4, 6(19), and 7	16,662	-	16,911	-
2322	Current portion of long-term debt	4 and 6(13)	686,574	7	386,197	4
2399	Other current liabilities, others		10,957	-	9,538	-
21xx	Total current liabilities		3,487,163	36	3,043,653	35
	Non-current liabilities					
2540	Long-term debt payable	4 and 6(13)	871,568	9	832,283	10
2580	Non-current lease liabilities	4, 6(19), and 7	185,758	2	192,160	2
2630	Long-term deferred revenue	4 and 6(14)	592,366	6	599,597	7
2640	Non-current net defined benefit liability	4 and 6(15)	30,532	-	28,907	-
2670	Other non-current liabilities, others		194,451	2	183,759	2
25xx	Total non-current liabilities		1,874,675	19	1,836,706	21
2xxx	Total liabilities		5,361,838	55	4,880,359	56
	Equity attributable to owners of parent company					
31xx	Capital stock					
3100	Common stock	4 and 6(16)	3,061,483	32	2,834,706	32
3200	Capital reserve	4 and 6(16)	3,038	-	3,038	-
3300	Retained earnings	4 and 6(16)				
3310	Legal capital reserve		465,662	5	413,803	5
3350	Unappropriated Earnings		690,828	7	623,898	7
	Total retained earnings		1,156,490	12	1,037,701	12
3400	Other equity interest	4 and 6(22)				
3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		(7,965)	-	43,807	-
31xx	Equity attributable to owners of parent company		4,213,046	44	3,919,252	44
36xx	Non-controlling interest	6(16)	99,739	1	-	-
3xxx	Total equity		4,312,785	45	3,919,252	44
	Total liabilities and equity		\$9,674,623	100	\$8,799,611	100

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC. AND SUBSIDIARIES
CONSOLIDATED 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(17)	\$8,156,940	100	\$6,959,715	100
5000	Cost of revenue	4 and 6(7.20)	(7,218,406)	(88)	(6,099,954)	(88)
5900	Gross profit		938,534	12	859,761	12
6000	Operating expenses	4, 6(19.20), and 7				
6100	Sales and marketing expenses		(40,102)	(1)	(39,163)	(1)
6200	General and administrative expenses		(153,627)	(2)	(156,353)	(2)
6450	Expected credit losses	6(18)	(2,142)	-	(727)	-
	Total operating expenses		(195,871)	(3)	(196,243)	(3)
6900	Operating profits		742,663	9	663,518	9
7000	Non-operating income and expenses	4 and 6(21)				
7010	Other income		21,463	-	11,211	-
7020	Other gains and losses		(14,315)	-	(671)	-
7050	Finance costs		(23,361)	-	(21,342)	-
7060	Share of profit (losses) of associates and joint ventures accounted for using equity method		(8)	-	-	-
	Total non-operating income and expenses		(16,221)	-	(10,802)	-
7900	Income before tax		726,442	9	652,716	9
7950	Income tax expense	4 and 6(23)	(153,336)	(2)	(133,074)	(2)
8200	Net income		573,106	7	519,642	7
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified into profit or loss	4 and 6(22)				
8311	Remeasurements of defined benefit plans		(1,280)	-	(1,314)	-
8316	Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(51,772)	(1)	15,255	-
8349	Income tax related to items that will not be reclassified		256	-	263	-
	Total other comprehensive income (loss) , net of income tax		(52,796)	(1)	14,204	-
8500	Total comprehensive income (loss) for the period		\$520,310	6	\$533,846	7
8600	Net profit attributable to:					
8610	Owners of the parent company		\$573,367	7	\$519,642	7
8620	Non-controlling interest		\$(261)	-	\$-	-
8700	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent company		\$520,571	6	\$533,846	7
8720	Non-controlling interest		\$(261)	-	\$-	-
	Earnings (loss) per share (NTD)	4 and 6(24)				
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 Consolidated Financial Statements)

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	Item	Equity attributable to owners of parent company						Non-controlling interest	Total Equity
		Capital Stock	Capital Reserve	Retained Earnings		Others	Total		
				Legal Capital Reserve	Unappropriated Earnings	(losses) on financial assets measured at fair value through			
Code		3100	3200	3310	3350	3420	31XX	36XX	3XXX
A1	BALANCE, JANUARY 1, 2023	\$2,577,006	\$3,038	\$359,120	\$623,851	\$28,552	\$3,591,567	\$-	\$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)	-	(206,161)
B9	Common stock dividends	257,700	-	-	(257,700)	-	-	-	-
D1	Net income in 2023	-	-	-	519,642	-	519,642	-	519,642
D3	Other comprehensive income (loss) in 2023	-	-	-	(1,051)	15,255	14,204	-	14,204
D5	Total comprehensive income (loss) for the period	-	-	-	518,591	15,255	533,846	-	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>	<u>\$-</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	\$-	\$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)	-	(226,777)
B9	Common stock dividends	226,777	-	-	(226,777)	-	-	-	-
D1	Net income in 2024	-	-	-	573,367	-	573,367	(261)	573,106
D3	Other comprehensive income (loss) in 2024	-	-	-	(1,024)	(51,772)	(52,796)	-	(52,796)
D5	Total comprehensive income (loss) for the period	-	-	-	572,343	(51,772)	520,571	(261)	520,310
O1	Non-controlling interest	-	-	-	-	-	-	100,000	100,000
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>	<u>\$99,739</u>	<u>\$4,312,785</u>

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

(In 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	\$726,442	\$652,716	B00010	Acquisition of financial asset measured at fair value through other comprehensive income	(75,000)	(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	109,956	-
A20100	Depreciation	420,509	416,856	B01800	Acquisition of investments accounted for using the equity method	(150)	-
A20300	Expected credit losses	2,142	727	B02700	Acquisition of property, plant, and equipment	(464,749)	(461,058)
A20400	Net loss on the 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	23,361	21,342	B06700	Increase in other non-current assets	(48,812)	(39,869)
A21200	Interest income	(9,117)	(4,713)	B06800	Decrease in other non-current assets	36,254	53,961
A21300	Dividend income	(4,243)	(1,147)	B07100	Increase in prepayments for equipment	(66,296)	(22,924)
A22400	Share of profit (losses) of associates and joint ventures accounted for using equity method	8	-	B07200	Decrease in prepayments for equipment	77,712	11,993
A22500	Loss on disposal of property, plant and equipment	476	-	B07600	Dividends received	4,243	1,147
A30000	Changes in assets and liabilities from operating activities:			BBBB	Net cash (outflow) from investing activities	(463,639)	(717,633)
A31130	Decrease in notes receivable	4,192	520				
A31150	Decrease (Increase) in accounts receivable	(186,647)	50,966	CCCC	Cash flows from financing activities:		
A31200	(Increase) in inventories	(420,982)	(270,266)	C00100	Increase in short-term debt	4,820,000	2,700,000
A31230	(Increase) in prepayments	(75,115)	(18,814)	C00200	Decrease in short-term debt	(5,140,000)	(2,380,000)
A31240	Decrease (Increase) in other current assets	(23,156)	1,833	C00500	Increase in short-term notes and bills payable	5,257,394	4,289,351
A32125	Increase in contract liabilities	188,479	16,699	C00600	Decrease in short-term notes and bills payable	(5,276,625)	(4,364,713)
A32130	(Decrease) in notes receivable	(52,776)	-	C01600	Proceeds from long-term debt	2,940,600	1,310,900
A32150	Increase in accounts payable	287,806	22,987	C01700	Repayment of long-term debt	(2,600,938)	(1,243,326)
A32180	Increase in other payables	31,518	271	C04020	Repayment of lease liabilities	(18,878)	(24,275)
A32230	Increase in other current liabilities	1,419	1,595	C04300	Increase in other non-current liabilities	26,063	19,725
A32240	Increase (Decrease) in net defined benefit liabilities	345	(1,557)	C04400	Decrease in other non-current liabilities	(15,371)	(11,324)
A32250	Increase (Decrease) in long-term deferred revenue	(7,231)	91,611	C04500	Cash dividends paid	(226,777)	(206,161)
A33000	Cash provided by operations	915,060	982,116	C05800	Changes in non-controlling interest	100,000	-
A33100	Interest received	9,117	4,713	CCCC	Net cash inflow (outflow) from financing activities	(134,532)	90,177
A33300	Interest paid	(23,442)	(21,109)				
A33500	Income taxes paid	(134,984)	(137,703)	EEEE	Increase in cash and cash equivalents in the period	167,580	200,561
AAAA	Net cash provided by operating activities	765,751	828,017	E00100	Cash and cash equivalents at beginning of year	785,700	585,139
				E00200	Cash and cash equivalents at end of year	\$953,280	\$785,700

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: CHU, WEN-HUANG

Managerial Officer: WANG, TING-CHUNG

Accounting Director: CHEN, YI-CHEN

SHINHSIUNG NATURAL GAS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED 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 in 1986 and principal business address is No. 99, Section 1, Guotai Road, Fengshan District in Kaohsiung City. The main business scope include 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 consolidated financial statements of the Company and its subsidiaries (“the Group”) 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 Group 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 Group.

2. Standards or interpretations issued, revised or amended, by the International

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its Subsidiaries (continued)

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

Accounting Standards Board (“IASB”) and endorsed by the Financial Supervisory Commission (“FSC”), but not yet adopted by the Group as at the end of the reporting period 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 provides clarification on the concepts of Exchangeability and Lack of Exchangeability between currencies, outlines the method for determining exchange rates when a currency lacks exchangeability, and introduces additional disclosure requirements in such cases.

The above amendments are applicable to financial reporting periods beginning on or after January 1, 2025. The Group has assessed the impact of these amendments and concluded that they will have no material impact on the Group’s financial statements.

3. Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC, and not adopted by the Group as at the end of the reporting period 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	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025
3	IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
4	Disclosure Initiative – Subsidiaries without Public	January 1, 2027

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

	Accountability: Disclosures (under IFRS 19)	
5	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
6	Annual Improvements to IFRS Accounting Standards – 2023 (Volume 11)	January 1, 2026
7	Contracts Dependent on Natural Power Sources (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

(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

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
Subsidiaries (continued)

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

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 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 will replace IAS 1 “Presentation of Financial Statements.” The key changes introduced by IFRS 18 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

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

the information they use.

(4) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures
(IFRS 18)

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 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) IFRS Accounting Standards Annual Improvements – 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.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

The International Accounting Standards Board has issued certain standards and interpretations that have not yet been endorsed by the Financial Supervisory Commission. The actual effective dates will be subject to the Commission's official announcement. Except for item (3), for which the Group is currently evaluating the potential impact and is temporarily unable to reasonably estimate its effect, the other newly issued or amended standards and interpretations are assessed to have no significant impact on the Group.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The consolidated financial statements of the Group for the financial years 2024 and 2023 have been prepared following the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Accounting Standards for Public Natural Gas Utilities and is compiled by the International Accounting Standards, and International Financial Reporting Interpretations and approved by the Financial Supervisory Commission.

2. Basis of preparation

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

3. Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (1) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (2) Exposure, or rights, to variable returns from its involvement with the investee, and

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
Subsidiaries (continued)

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

(3) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (1) The contractual arrangement with the other vote holders of the investee
- (2) Rights arising from other contractual arrangements
- (3) The Group's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- (1) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (2) Derecognizes the carrying amount of any non-controlling interest;
- (3) Recognizes the fair value of the consideration received;
- (4) Recognizes the fair value of any investment retained;
- (5) Items of Other Comprehensive Income that were previously recognized in the statement of Other Comprehensive Income may be reclassified to current profits and losses of the parent company or directly transferred to retained earnings following the provisions of other International Financial Reporting Standards.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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

(6) The difference arising from recognition is recognized in current profits and losses.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Holding percentage		
			Dec. 31, 2024	Dec. 31, 2023	Remar ks
The Company	Siungwei Investment Co., Ltd.	Engaged in equity holding activities, buying, selling and renting of real estate	100%	100%	-
Siungwei Investment Co., Ltd.	Kaitai Co., Ltd.	Engaged in the solar energy optoelectronics industry	100%	100%	-
Siungwei Investment Co., Ltd.	Shinhsiung Construction Co., Ltd.	Engaged in real estate development for lease and sale	100%	100%	-
Siungwei Investment Co., Ltd.	Xinya Electric Power Co., Ltd	Engaged in Cogeneration Industry	50%	-	Note 1
Kaitai Co., Ltd.	Sunshine Energy Technology Co., Ltd.	Engaged in Energy Technology Services	100%	-	Note 2
Shinhsiung Construction Co., Ltd.	Shin Hsiung General Contractor Co., Ltd.	Engaged in Integrated Construction Services	100%	-	Note 3

Note 1:

The Group, as approved by the Board of Directors, made a new investment of NTD100,000 thousand in a subsidiary, XIN YA ENERGY CO., LTD., acquiring a 50% equity interest and appointing a representative as the Chairman of the Board. The company establishment was approved by the Administration of Commerce, Ministry of Economic Affairs (MOEA) on January 23, 2024.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

Note 2:

The Group, as approved by the Board of Directors, made a new investment of NTD20,000 thousand in a wholly owned subsidiary, Hemvan International Co., Ltd., holding 100% of shares and appointing a representative as the Chairman of the Board. The company establishment was approved by the Administration of Commerce, MOEA on July 2, 2024.

Note 3:

To support the long-term development of SHIN HSIUNG CONSTRUCTION ENTERPRISE CO., LTD., the Group resolved at the Board meeting on May 8, 2024 to establish an independent engineering team and acquire Hongshang Construction Co., Ltd.. Control of the company was obtained in December 2024, and it has since been included as part of the Group's consolidated financial statements. The company was officially renamed Shin Hsiung General Contractor Co., Ltd.. on December 2, 2024, with the change of registration completed.

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

An asset is classified as current when:

- (1) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (2) The Group holds the asset primarily for the purpose of trading;
- (3) The Group expects to realize the asset within twelve months after the reporting period;
- (4) 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.

A liability is classified as current when:

- (1) The Group expects to settle the liability in its normal operating cycle.
- (2) The Group 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 Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

All other liabilities are classified as non-current.

5. 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.

6. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group 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 Group's business model for managing the financial assets.
- B. The contractual cash flow characteristics of the financial asset.

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

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
Subsidiaries (continued)

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

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 Group 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 Group 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:

- 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.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

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 Group 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 Group 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 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.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

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

The Group 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.

The loss allowance is measured 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 Group 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.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

- C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group 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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Group 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

Classification between liabilities or equity

The Group 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

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
Subsidiaries (continued)

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

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 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.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

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.

(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.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

7. 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 Group.

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 Group 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.

8. Inventories

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

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.

Land held for the construction site - Based on the cost of acquisition as the

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

accounting basis and classified as non-current assets if they are under active development or pending development.

Construction work-in-progress for real estate is accounted for based on the construction cost or acquisition cost. Once completed, the cost is transferred to Real estate held for sale.

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.

9. Transmission pipeline assets and compensation for demolition

The Group'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.

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

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 Group 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 Group 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 Group 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 Group 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 Group 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 standalone 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 Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

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At the commencement date, the Group 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 Group 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 Group 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 Group 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 Group 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.

For subsequent measurement of the right-of-use asset, the Company measures the

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

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group 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 Group 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 Group accounted for as short-term leases or leases of low-value assets, the Group 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 Group 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

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be impaired. The amortization period and the amortization method for an intangible 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 estimates.

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 Group 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 Group 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 Group 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.

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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.

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

14. Revenue recognition

The Group's revenue arising from contracts with customers are 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 follow:

Natural gas sales (sale of goods)

The Group'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 Group 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 Group approves the acceptance check and obtains the control, and then supplies gas to the customer (meaning the customer's ability to dominate the

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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.

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

Solar electricity sales (sales of goods)

The Group 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

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associated with the Company. Therefore, fund assets are not included in the Group's consolidated financial statements.

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

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 Group 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

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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.

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

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will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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 Group’s consolidated 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation

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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 Group 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.

(4) Income taxes

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 Group 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

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respective Group'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 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.

VI. STATEMENTS OF MAJOR ACCOUNTING ITEMS

1. Cash and cash equivalents

	Dec. 31, 2024	Dec. 31, 2023
Cash on hand & petty cash	\$2,069	\$1,174
Cash in banks	937,130	609,526
Reverse Repo Account	14,081	175,000
Total	<u>\$953,280</u>	<u>\$785,700</u>

2. Financial assets measured at fair value through profit or loss

	Dec. 31, 2024	Dec. 31, 2023
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>

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

3. Financial assets measured at fair value through other comprehensive income

	Dec. 31, 2024	Dec. 31, 2023
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	117,222	81,349
Total	<u>\$232,420</u>	<u>\$209,192</u>

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

For equity instrument investments measured at fair value through other comprehensive income, the Group 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>\$197,091</u>	<u>\$269,790</u>
Current	\$113,560	\$87,863
Non-current	83,531	181,927
Total	<u>\$197,091</u>	<u>\$269,790</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6(18) 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.

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5. Notes receivable

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
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 Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(18) for more details on loss allowance. Please refer to Note 12 for more details on credit risk.

6. Accounts receivable

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Accounts receivable	\$740,923	\$559,710
Less: Loss allowance	(3,541)	(6,833)
Total	<u>\$737,382</u>	<u>\$552,877</u>

Accounts receivables were not pledged.

Accounts receivables are generally on 30-60 day terms. The carrying amount is NTD740,923 thousand and NTD559,710 thousand as of December 31, 2024 and 2023, respectively. Please refer to Note 6(18) 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, 2023</u>	<u>Dec. 31, 2022</u>
Materials	\$283,789	\$245,207
Gas	790	508
Construction materials	-	56,780
Sub-total	284,579	302,495
Buildings and land held for sale	64,339	-
Land held for the construction site	-	540,257
Construction in progress	1,358,933	684,018
Land prepayment	138,815	-
Sub-total	<u>1,562,087</u>	<u>1,224,275</u>
Total	<u>\$1,846,666</u>	<u>\$1,526,770</u>

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- (1) The land held for the construction site held by Shinhsiung Construction Co., Ltd. a subsidiary of the Group, is expected to be developed into a residential building for sale. The breakdown is as follows:

Land Location Description	Dec. 31, 2024	Dec. 31, 2023
J11003	\$-	\$64,149
J11101	-	228,270
J11102	-	247,838
Total	\$-	\$540,257

- (2) Cost of premises under construction in progress is detailed as follows:

Land Location Description	Summary	Dec. 31, 2024	Dec. 31, 2023
11002	Land Cost	\$212,239	\$212,239
11002	Engineering Cost	202,167	127,555
11001	Land Cost	225,346	225,346
11001	Engineering Cost	222,713	116,630
11101	Land Cost	231,887	-
11101	Engineering Cost	13,024	2,248
11102	Land Cost	248,938	-
11102	Engineering Cost	2,619	-
Total		\$1,358,933	\$684,018

- (3) The Group's prepayment for land purchase was for the contracted construction sites pending transfer. As of December 31, 2024, the total contract amounts are NTD 693,483 thousand and NTD0, respectively, and the amounts paid are NTD138,698 thousand and NTD0, respectively. °
- (4) The cost of inventories recognized in expenses amounted to NTD7,218,406 thousand and NTD6,099,954 thousand for 2024 and 2023, including inventory valuation losses were NTD0 thousand.
- (5) Please refer to Note 8 for the abovementioned inventory pledge guarantee details.

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- (6) As of December 31, 2024, and December 31, 2023, the engineering accident insurance coverage for inventory stands at NTD40,000 thousand, while the contractors' all risks insurance (CAR) coverage is NTD848,675 thousand.

8. Prepayments

	Dec. 31, 2024	Dec. 31, 2023
Prepayments for installation	\$121,299	\$79,468
Others	50,680	34,270
Net	<u>\$171,979</u>	<u>\$113,738</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. Property, plant and equipment

	Land	Buildings and structures	Gas transmission and sales equipment	Machinery and equipment	Solar energy equipment	Other equipment	Transportatio n equipment	Construction in progress	Total
Cost:									
Jan. 1, 2024	\$305,313	\$152,031	\$6,548,765	\$8,013	\$1,134,253	\$79,650	\$2,560	\$367,615	\$8,598,200
Additions	-	280	293,486	180	39,807	980	3,366	253,804	591,903
Disposals	-	-	(45,914)	-	(1,158)	(250)	(123)	-	(47,445)
Dec. 31, 2024	<u>\$305,313</u>	<u>\$152,311</u>	<u>\$6,796,337</u>	<u>\$8,193</u>	<u>\$1,172,902</u>	<u>\$80,380</u>	<u>\$5,803</u>	<u>\$621,419</u>	<u>\$9,142,658</u>
Jan. 1, 2023	\$304,101	\$135,913	\$6,212,761	\$8,033	\$859,232	\$79,366	\$2,460	\$515,159	\$8,117,025
Additions	1,212	5,572	242,613	108	34,022	1,174	148	203,329	488,178
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>\$1,134,253</u>	<u>\$79,650</u>	<u>\$2,560</u>	<u>\$367,615</u>	<u>\$8,598,200</u>
Depreciation and impairment:									
Jan. 1, 2024	\$-	\$66,101	\$3,794,634	\$6,298	\$113,356	\$73,609	\$2,318	\$-	\$4,056,316
Depreciation	-	5,686	328,856	754	60,693	3,434	189	-	399,612
Disposals	-	-	(45,914)	-	(222)	(250)	(123)	-	(46,509)
Dec. 31, 2024	<u>\$-</u>	<u>\$71,787</u>	<u>\$4,077,576</u>	<u>\$7,052</u>	<u>\$173,827</u>	<u>\$76,793</u>	<u>\$2,384</u>	<u>\$-</u>	<u>\$4,409,419</u>
Jan. 1, 2023	\$-	\$59,879	\$3,472,911	\$5,640	\$58,552	\$70,150	\$2,178	\$-	\$3,669,310
Depreciation	-	6,222	327,396	786	54,804	4,613	188	-	394,009
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>\$113,356</u>	<u>\$73,609</u>	<u>\$2,318</u>	<u>\$-</u>	<u>\$4,056,316</u>

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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Net carrying amount as of:									
Dec. 31, 2024	<u>\$305,313</u>	<u>\$80,524</u>	<u>\$2,718,761</u>	<u>\$1,141</u>	<u>\$999,075</u>	<u>\$3,587</u>	<u>\$3,419</u>	<u>\$621,419</u>	<u>\$4,733,239</u>
Dec. 31, 2023	<u>\$305,313</u>	<u>\$85,930</u>	<u>\$2,754,131</u>	<u>\$1,715</u>	<u>\$1,020,897</u>	<u>\$6,041</u>	<u>\$242</u>	<u>\$367,615</u>	<u>\$4,541,884</u>

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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.

10. Other non-current assets

	Dec. 31, 2024	Dec. 31, 2023
Prepayments for equipment	\$409,551	\$420,968
Refundable deposits	41,110	43,298
Other non-current assets - other	19,357	4,610
Total	<u>\$470,018</u>	<u>\$468,876</u>

11. Short-term debt

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

The Group'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.

12. Short-term notes and bills payable

Guarantors	Dec. 31, 2024		
	Interest Rates (%)	Amount	Assets pledged as collateral
Commercial promissory notes payable	1.97%~2.63%	334,800	(Note)
Less: Discount on commercial promissory notes payable		(133)	
Net		<u>\$334,667</u>	

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Guarantors	Dec. 31, 2023		
	Interest Rates (%)	Amount	Assets pledged as collateral
Commercial promissory notes payable	1.80%~2.78%	354,000	(Note)
Less: Discount on commercial promissory notes payable		(102)	
Net		<u>\$353,898</u>	

(Note) Please refer to Note 8 for the collateral situation of the commercial paper payable described above.

13. Long-term debt

	Dec. 31, 2024	Dec. 31, 2023
Secured bank loans	\$687,242	\$326,965
Unsecured bank loans	870,900	891,515
Subtotal	1,558,142	1,218,480
Less: Due within one year	(686,574)	(386,197)
Total	<u>\$871,568</u>	<u>\$832,283</u>
Loan details:		
Interest rate range	1.85%~3.25%	1.60%~2.92%
Maturity date	Will successively mature before March 5, 2036.	Maturing successively before March 5, 2036

For details of guarantees provided for long-term borrowings, please refer to Note 8.

14. Long-term deferred income

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

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The Group'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 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.

15. Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have 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 NTD5,045 thousand and NTD4,454 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

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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 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 Group 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 benefit plans of the Group are all maturing 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>

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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
Fair value of plan assets	(11,103)	(9,575)	(9,669)
Other non-current liabilities - net defined benefit liabilities (assets)	\$30,532	\$28,907	\$29,150

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)

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Dec. 31, 2023	<u>\$38,482</u>	<u>\$(9,575)</u>	<u>\$28,907</u>
The cost of defined benefits plan recognized to profit or loss:			
Current period service costs	460	-	460
Interest expense (income)	455	(112)	343
Subtotal	<u>915</u>	<u>(112)</u>	<u>803</u>
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 benefit asset	-	(958)	(958)
Subtotal	<u>2,238</u>	<u>(958)</u>	<u>1,280</u>
Benefits paid	-	-	-
Contributions by employer	-	(458)	(458)
Dec. 31, 2024	<u><u>\$41,635</u></u>	<u><u>\$(11,103)</u></u>	<u><u>\$30,532</u></u>

The following significant actuarial assumptions are used to determine the Group'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%

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

	2024		2023	
	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%	712	-	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.

16. 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 dollar, totaling 500,000 thousand shares, and the issued capital was NTD3,061,483 thousand and

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NTD2,834,706 thousand, , with a par value of NTD10 dollar, 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.

(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:

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- 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.

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

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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 Group 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 shares (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(20) for more details about provision for employees' bonuses and compensation for directors and supervisors.

(4) Non-controlling interests

	2024	2023
Opening balance	\$-	\$-
Profit (Loss) attributable to non-controlling interests	(261)	-
Changes in non-controlling interests	100,000	-

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	2024	2023
Opening balance	\$-	\$-
Closing balance	<u>\$99,739</u>	<u>\$-</u>

17. Operating revenue

	2023	2022
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	126,060	104,818
Sales revenue - Others	4,207	3,034
Total	<u>\$8,156,940</u>	<u>\$6,959,715</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>\$126,060</u>	<u>\$8,156,940</u>
Timing of revenue recognition:				
At a point in time	\$7,412,250	\$230,463	\$126,060	\$8,156,940
Gradually satisfy over time		388,167		
Total	<u>\$7,412,250</u>	<u>\$618,630</u>	<u>\$126,060</u>	<u>\$8,156,940</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>\$104,818</u>	<u>\$6,959,715</u>
Timing of revenue recognition:				
At a point in time	<u>\$6,523,823</u>	<u>\$331,074</u>	<u>\$104,818</u>	<u>\$6,959,715</u>

(2) Contract balances

Contract liabilities - Current

	Dec. 31, 2024	Dec.31, 2023	Jan. 1, 2023
Prepayments for installation	\$1,156,337	\$985,464	\$964,464
Prepayment received for gas	23,238	20,536	24,837
Advance receipts for real estate	14,904	-	-
Total	<u>\$ 1,194,479</u>	<u>\$1,006,000</u>	<u>\$989,301</u>

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

	2024	2023
The opening balance is transferred to revenue	\$(290,565)	\$(451,469)
Increase in receipts in advance during the periods (excluding the amount incurred and transferred to revenue during the periods)	479,044	468,168

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18. Expected credit losses (gains)

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

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

The Group'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 Group'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 NTD19,329 thousand and NTD32,379 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:

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Dec. 31, 2024

	Not yet due	Overdue				Total
	(Note)	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

Dec. 31, 2023

	Not yet due	Overdue				Total
	(Note)	1-30 days	31-60 days	61-90 days	90 days above	
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 Group's notes receivables are not overdue.

The information regarding changes in the Group's provision for bad debts of accounts receivable and notes receivable for the years 2024 and 2023 are 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

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Jan. 1, 2023	\$-	\$6,257
Addition for the current periods	-	727
Unrecoverable expenses written off	-	(151)
Dec. 31, 2023	<u>\$-</u>	<u>\$6,833</u>

19. Leases

(1) Group as a lessee

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

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

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Land	\$210,612	\$218,177
Buildings and structures	29,109	30,743
Transportation equipment	<u>10,341</u>	<u>11,758</u>
Total	<u>\$250,062</u>	<u>\$260,678</u>

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

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(b) Lease liabilities

	Dec. 31, 2024	Dec. 31, 2023
Lease liabilities	<u>\$202,420</u>	<u>\$209,071</u>
Current	\$16,662	\$16,911
Non-current	<u>185,758</u>	<u>192,160</u>
Total	<u>\$202,420</u>	<u>\$209,071</u>

Please refer to Note 6(21) for the interest expense on lease liabilities recognized during the year ended December 31, 2024 and 2023, and refer to Note 12(5) 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	\$9,987	\$9,464
Buildings and structures	1,633	1,574
Transportation equipment	<u>9,227</u>	<u>11,809</u>
Total	<u>\$20,897</u>	<u>\$22,847</u>

C. Income and costs relating to leasing activities

	2024	2023
The expenses relating to short-term leases	\$768	\$17,643
Expenses for leases of low-value assets	200	164
Not included in the variable lease payments in the measurement of lease liabilities	<u>9,270</u>	<u>8,068</u>
Total	<u>\$10,238</u>	<u>\$25,875</u>

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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D. Cash outflow relating to leasing activities

During the year ended December 31, 2024, and 2023, the Group's total cash outflows for leases amounted to NTD31,012 thousand and NTD52,056 thousand, respectively.

20. Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2024 and 2023:

By Function By Nature	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$52,718	\$100,464	\$153,182	\$46,836	\$87,436	\$134,272
Labor and health insurance	4,139	6,802	10,941	4,147	5,881	10,028
Pension	2,168	3,616	5,784	2,186	3,058	5,244
Other employee benefits expense	1,936	11,216	13,152	1,921	9,656	11,577
Depreciation	397,151	23,358	420,509	389,446	27,410	416,856

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 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

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
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“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 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.

21. Non-operating income and expenses

(1) Other income

	2024	2023
Interest income	\$9,117	\$4,713
Dividend income	4,243	1,147
Others	8,103	5,351
Total	<u>\$21,463</u>	<u>\$11,211</u>

(2) Other gains and losses

	2024	2023
Losses on disposal of property, plant, and equipment	\$(476)	\$-
Financial assets (losses) measured at fair value through profit or loss (Note)	(7,630)	(490)
Other expenses	<u>(6,209)</u>	<u>(181)</u>
Total	<u>\$(14,315)</u>	<u>\$(671)</u>

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

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(3) Finance costs

	2024	2023
Interest on borrowings		
from bank	\$(21,465)	\$(19,436)
Interest on lease	(1,896)	(1,906)
liabilities		
Total	<u>\$(23,361)</u>	<u>\$(21,342)</u>

22. Components of other comprehensive income

For the year ended December 31, 2024:

	Generated in the current 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:

	Generated in the current 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 Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

23. 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 (income):		
Current income tax charge	\$152,637	\$132,744
Adjustment in respect of current income tax of prior period	1,250	200
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(551)	130
Income tax expense	<u>\$153,336</u>	<u>\$133,074</u>

(2) Income tax expenses (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>726,442</u>	<u>\$652,716</u>
Income tax is calculated at the parent company's statutory income tax rate	\$145,288	\$130,543
Tax effect of revenues exempt from taxation	(6,917)	(1,407)
Tax effect of expenses not deductible for tax purposes	6,851	1,673
Tax effect of deferred tax assets/liabilities	6,864	2,065
Adjustment in respect of current income tax of prior period	<u>1,250</u>	<u>200</u>
Total income tax expense (income) recognized in profit or loss	<u>\$153,336</u>	<u>\$133,074</u>

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its Subsidiaries (continued)

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

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

For the year ended December 31, 2024:

	Opening balance	Recogniz ed in profit or loss	Recognized in other comprehens ive 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		<u>\$551</u>	<u>\$256</u>	
Net deferred tax assets/(liabilities)	<u>\$7,940</u>			<u>\$8,747</u>
Reflected in the balance sheet as follows:				
Deferred tax assets	<u>\$7,940</u>			<u>\$8,747</u>
Deferred tax liabilities	<u>\$-</u>			<u>\$-</u>

Notes to the Consolidated Financial Statements of Shinhsiumg Natural Gas Inc. and its Subsidiaries (continued)

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

For the year ended December 31, 2023:

	Opening balance	Recogniz ed in profit or loss	Recognized in other comprehens ive 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 the balance sheet as follows:				
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 income tax declaration and approval of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Approved to the year of 2022
Subsidiary - Siungwei	Approved to the year of 2022
Sub-subsidiary - Kaitai	Approved to the year of 2022
Sub-subsidiary - Shinhsiumg Construction	Approved to the year of 2022
Sub-subsidiary - XIN YA ENERGY CO., LTD.	(Note 1)
Sub-subsidiary - Hemvan International Co.,Ltd	(Note 2)
Sub-subsidiary - Shin Hsiung General Contractor Co., Ltd.	Approved to the year of 2022

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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

(Note 1) The sub-subsidiary, XIN YA ENERGY CO., LTD., was newly established in January 2024 and therefore has not yet undergone income tax return assessment.

(Note 2) The sub-subsidiary, Hemvan International Co., Ltd., was newly established in July 2024 and therefore has not yet undergone income tax return assessment.

24. Earnings per share

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

The amount of diluted earnings per share is calculated by dividing the net income attributable to shareholders of the parent company's common stock by the weighted-average number of common shares outstanding during the period plus the weighted-average number of common shares to be issued upon conversion of all dilutive potential common shares into common shares.

	<u>2024</u>	<u>2023</u>
(1) Basic earnings per share		
Income attributable to ordinary equity holders of the parent Company (in thousands of NTD)	<u>\$573,367</u>	<u>\$519,642</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	306,148	306,148
Basic earnings per share (NTD)	<u>\$1.87</u>	<u>\$1.70</u>
(2) Diluted earnings per share	2024	2023
Income attributable to ordinary equity holders of the parent Company (in thousands of NTD)	<u>\$573,367</u>	<u>\$519,642</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	306,148	306,148

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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

Dilution Effect:

Staff remuneration – Stocks (in thousand shares)	181	130
Weighted average number of ordinary shares outstanding adjusted for dilution effect (in thousands)	306,309	306,278
Diluted earnings per share (NTD)	\$1.87	\$1.70

There were no other transactions involving ordinary shares or potential ordinary shares 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 Group during the financial reporting period is as follows:

1. Related parties and relationship

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

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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

2. Significant transactions with the related parties

(1) Installation cost

	2024	2023
Other related parties	<u>\$52,700</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) Power generation cost

	2024	2023
Other related parties	<u>\$10,650</u>	<u>\$8,832</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 Group 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

	2024	2023
Yiho	<u>\$9,277</u>	<u>\$11,808</u>

Interest expense

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

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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

(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	<u>\$1,203</u>

B. Purchase of property, plant, and equipment

i. Property acquisition

For the year ended December 31, 2024:

Purchased from	Object	Amount	Total Amount	Total	Basis of Transacti on 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
Yiho	Transportation equipment	1,678	1,678	1,678	Counter- offer
Other related parties	Gas Transport and Sale Equipment	21,080	21,080	21,080	Counter- offer
Total		<u>\$241,907</u>	<u>\$439,682</u>	<u>\$825,901</u>	

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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

For the year ended December 31, 2023:

Purchased from	Object	Amount	Total Amount	Total	Basis of Transaction Price
Yiho Energy	Solar energy equipment engineering	\$48,080	\$116,110	\$383,575	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>\$130,240</u>	<u>\$295,699</u>	<u>\$835,521</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) Construction in progress - Engineering Cost

Contract for the construction of residential buildings for Shinhsiung Construction, established through a commissioning relationship with related parties.

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For the year ended December 31, 2024:

Purchased from	Subject Matter	Annual Payment Amount	Cumulative Payment Amount	Total Amount	Basis of Transaction Price
Zhuyu	Residential Construction Project Contract 11002	\$60,306	\$176,069	\$220,500	Counter-offer
Zhuyu	Residential Construction Project Contract 11001	37,002	48,154	114,110	Counter-offer
Total		<u>\$97,308</u>	<u>\$224,223</u>	<u>\$334,610</u>	

For the year ended December 31, 2023:

Purchased from	Subject Matter	Annual Payment Amount	Cumulative Payment Amount	Total Amount	Basis of Transaction Price
Zhuyu	Residential Construction Project Contract 11002	\$26,460	\$115,763	\$220,500	Counter-offer
Zhuyu	Residential Construction Project Contract 11001	11,152	11,152	111,519	Counter-offer
Total		<u>\$37,612</u>	<u>\$126,915</u>	<u>\$332,019</u>	

(6) Accounts payable

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

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(7) Accrued Expenses (recorded under "Other Payables")

	Dec. 31, 2024	Dec. 31, 2023
Other related parties	\$584	\$653

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

	Dec. 31, 2024	Dec. 31, 2023
Yiho	\$14,580	\$16,831

(9) Remuneration for the Group's key management personnel

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

8. PLEDGED ASSETS

The following table lists assets of the Group 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	\$113,560	\$85,491	Reserve fund for pipelines replacement, long-term debt payable, debt service reserve account
Financial assets at amortized cost, non-current	83,531	181,927	Performance Bond
Property, plant, and equipment - Solar energy equipment	176,695	188,107	Short-term notes and bills payable
Property, plant, and equipment - Solar energy equipment	375,874	117,590	Long-term debt payable
Inventories - Land held for the construction site	-	228,271	Short-term notes and bills payable
Inventories - Construction in progress	918,410	437,586	Long-term debt payable
Total	\$1,668,070	\$1,238,972	

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
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IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

1. As of December 31, 2024, the Group 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 Group has not yet completed is NTD6,230,579 thousand. A total of NTD506,813 thousand has been paid.
3. As of December 31, 2024, the Company had not completed the construction of the North Kaohsiung Natural Gas Distribution Center project contract with a total contract price of NTD442,857 thousand of which NTD273,243 thousand had been paid.
4. As of December 31, 2024, the Group has not yet completed the construction contract for the Shinhsiung Construction - Dunpin III residential new construction project, with a total contract price of NT\$222,280 thousand of which NT\$177,761 thousand had been paid.
5. As of December 31, 2024, the Group has not yet completed the construction contract for the Shinhsiung Construction – Time First residential new construction project, with a total contract price of NT\$261,538 thousand of which NT\$83,406 thousand had been paid.
6. As of December 31, 2024, the Group has not yet completed the construction contract for the Shinhsiung Construction – Timeless Grace residential new construction project, with a total contract price of NT\$51,723 thousand of which NT\$1,380 thousand had been paid.
7. As of December 31, 2024, the Group has not yet completed the construction contract for the Shinhsiung Construction – Serene Horizon residential new construction project, with a total contract price of NT\$3,045 thousand of which NT\$1,377 thousand had been paid.

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8. As of December 31, 2024, the Group 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.

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	232,420	209,192
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand and petty cash)	951,211	784,526
Financial assets measured at amortized cost	197,091	269,790
Notes receivable	1,819	6,011
Accounts receivable	737,382	552,877
Other receivables (including other current assets)	22,726	16
Deposits out (including other non-current assets)	41,109	43,298
Subtotal	1,951,338	1,656,518
Total	\$2,231,498	\$1,921,080

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

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	334,667	353,898
Accrued payables	958,753	685,038
Long-term debt (including the current portion)	1,558,142	1,218,480
Lease liabilities	202,420	209,071
Deposits in (including other non-current assets)	194,415	179,884
Total	<u>\$3,448,397</u>	<u>\$3,166,371</u>

2. Financial risk management objectives and policies

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

The Group 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 Group 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.

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
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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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 decrease (increases) by NTD624 thousand and NTD862 thousand, respectively.

Equity price risk

The Group holds listed, unlisted, and GISA equity securities, their fair value is affected by the uncertainty of the future value of these investment targets. The listed and GISA equity securities held by the Group include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group 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 Group's senior management regularly. The Group'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 Group's profit or loss by NTD477 thousand and NTD554 thousand in the financial years 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 Group's profit or loss by NTD1,152 thousand and NTD1,278 thousand in the financial year 2024 and 2023

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
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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 Group 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 Group'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 Group'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.

As of December 31, 2024 and 2023, top ten customers' receivables represented 35% and 37% of the total account's receivables of the Group, 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 Group's treasury in accordance with the Group's policy. The Group 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.

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5. Liquidity risk management

The Group'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 Group'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	\$1,234,469	\$570,903	\$165,954	\$198,352	\$2,169,678
Accrued payables	958,753	-	-	-	958,753
Lease liabilities (Note)	18,879	23,151	17,629	162,748	222,407
Dec. 31, 2023					
Loans	\$1,407,916	\$488,108	\$178,607	\$60,564	\$2,135,195
Accrued payables	685,038	-	-	-	685,038
Lease liabilities (Note)	11,381	23,691	17,141	172,594	224,807

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

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	Reaching Maturity In					
	Less than 1 year	1-5 years	6-10 years	10-15 years	More than 15 years	Total
Dec. 31, 2024	\$18,879	\$40,780	\$43,260	\$55,398	\$64,090	\$222,407
Dec. 31, 2023	\$11,381	\$40,832	\$40,591	\$37,680	\$94,323	\$224,807

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	\$353,898	\$1,218,480	\$209,071	\$2,301,449
Cash flow	(320,000)	(19,231)	339,662	(18,878)	(18,447)
Non-cash changes	-	-	-	12,227	12,227
Dec. 31, 2024	<u>\$200,000</u>	<u>\$334,667</u>	<u>\$1,558,142</u>	<u>\$202,420</u>	<u>\$2,295,229</u>

	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	\$429,260	\$1,150,906	\$172,474	\$1,952,640
Cash flow	320,000	(75,362)	67,574	(24,275)	287,937
Non-cash changes	-	-	-	60,872	60,872
Dec. 31, 2023	<u>\$520,000</u>	<u>\$353,898</u>	<u>\$1,218,480</u>	<u>\$209,071</u>	<u>\$2,301,449</u>

Notes to the Consolidated Financial Statements of Shinhsung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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 Group 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 traded in the market.

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

The carrying amount of the Group'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 Group.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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 Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Fair value measurement hierarchy of the Group's assets and liabilities

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

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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	-	-	117,222	117,222
Dec. 31, 2023	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
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

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Transfers between Level 1 and Level 2 during the period

During the years 2024 and 2023, the Group did not have any transfers between Level 1 and Level 2 of the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis.

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:

	<u>Assets</u>
	Measured at fair value through other comprehensive income
	<u>Stock</u>
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)	(39,127)
New additions for the current period	75,000
Move out of Level 3	-
Dec. 31, 2024	<u><u>\$117,222</u></u>

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	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
Move out of Level 3	-
Dec. 31, 2023	<u>\$81,349</u>

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

The Group’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 Group’s accounting policies at each reporting date to ensure that the valuation result is reasonable.

9. Capital management

The primary objective of the Group’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 Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
Subsidiaries (continued)

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

10. Others

For comparability of financial statements, certain items in the previously issued financial statements have been reclassified.

XIII. ADDITIONAL NOTES ON DISCLOSURES

1. Related information of significant transactions

- (1) Financing provided to others: refer to Table 2.
- (2) Endorsement/Guarantee provided to others: refer to Table 3.
- (3) Securities held: refer to Table 4.
- (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.
- (10) Business relationships and important inter-subsidary transactions between the parent and subsidiary company and the amounts involved: refer to Table 1.

2. Related information of investees

- (1) Of the investee company directly or indirectly has significant influence or control over: refer to Table 5.
- (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 5.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its
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(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

3. Information on investments in mainland China: None.

4. Information on major shareholders: please refer to Table 6.

XIV. SEGMENTS INFORMATION

For management purposes, the Group is divided into operating units based on different products and labor services, and into the following three reportable segments of the operations department as follows:

Gas Sale Department: Primarily engaged in the supply of natural gas.

Installation Department: Primarily engaged in the business of gas transmission conduits and equipment.

Solar Electricity Sale Department: The primary business is the sale of electricity generated by solar energy.

The management monitors the operating results of its business units individually to make decisions on resource allocation and performance assessment.

The Group's operation department income is measured as Gross profit from operations less Selling expenses and is used as the basis for assessing performance. The accounting policies of the segment departments are the same as those described in the Group's summary of significant accounting policies.

1. Department revenue and operating results

For the year ended December 31, 2024:

	Gas Sale Dept	Installation Dept	Solar Electricity Sale Dept	Total
Revenue	\$7,412,250	\$618,630	\$126,060	\$8,156,940
Department profit or loss	\$703,862	\$160,020	\$34,550	\$898,432
General expenses				(155,769)
Non-operating expenses				(16,221)
Total income (loss)				\$726,442

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)

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

before tax

For the year ended December 31, 2023:

	Gas Sale	Installation	Solar Electricity	
	Dept	Dept	Sale Dept	Total
Revenue	\$6,523,823	\$331,074	\$104,818	\$6,959,715
Department profit or loss	\$652,702	\$142,062	\$25,834	\$820,598
General expenses				(157,080)
Non-operating income				(10,802)
Total income (loss) before tax				\$652,716

2. Region-wise financial information

For the year ended December 31, 2024 and 2023, revenue from external customers and non-current assets were all located in Taiwan.

3. Information on major clients

	2024	2023
Client A	\$587,298	\$574,808
Client B	319,875	512,951
	\$907,173	\$1,087,759

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)
(Amounts expressed in thousands of New Taiwan dollars)

Table 1

The business relationship between the parent company and its subsidiaries, as well as the details of any significant transactions between them.

No. (Note 1)	Name of Trader	Transaction Object	Relationship with Trader (Note 2)	Transaction Dealings			
				Item	Amount	Transaction Condition	Ratio to Total Revenue or Total Assets (Note 3)
0	The Company	Shin Hsiung Construction Co., LTD	1	Other Receivables	\$248,000	Funding Solutions	2.56%

(Note 1) Information on business dealings between the parent company and its subsidiaries. Please indicate the following in the Number column:

1. For the parent company, fill in 0.
2. For subsidiary companies, sequentially assign numbers starting with Arabic numeral 1 according to the company's type.

(Note 2) Relationship with the counterparty, three types as below:

1. Parent company to subsidiary company.
2. Subsidiary company to parent company.
3. Subsidiary company to subsidiary company.

(Note 3) Calculation of the ratio of transaction amounts to consolidated total revenue or total assets:

For asset accounts, the ratio is calculated based on the ending balance of the asset accounts as a percentage of consolidated total assets.

For profit and loss accounts, the ratio is calculated based on the ending accruing amounts as a percentage of consolidated total revenue.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)
(Amounts expressed in thousands of New Taiwan dollars)

Table 2
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	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)	Remarks
													Item	Value			
0	The Company	Shinhsiung Construction Co., Ltd.	Other receivables	Y	\$600,000	\$500,000	\$248,000	2.10%	2	\$-	Working capital	\$-	-	\$-	\$1,053,262	\$1,685,218	(Note 9)

(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.

(Note 9) It has been charged off when preparing the consolidated statements.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)
(Amounts expressed in thousands of New Taiwan dollars)

Table 3
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 5)

(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) Offset during the preparation of the consolidated financial statements.

(Note 6) Based on the highest endorsement guarantee balance for others during the current year.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)
(Amounts expressed in thousands of New Taiwan dollars)

Table 4

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
Siungwei Investment Co., Ltd.	Unlisted Stock –Oceanus Development CO., LTD.	None	Non-current financial assets measured at fair value through other comprehensive income	6,000,000	38,460	10.00%	38,460	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 Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)
(Amounts expressed in thousands of New Taiwan dollars)

Table 5

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	\$(24,148)	\$(26,634)	(Note 1)
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	(Note 1)
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)	(Note 1)
Siungwei Investment Co., Ltd.	XIN YA ENERGY CO., LTD.	Taiwan	Engaged in the cogeneration industry	100,000	-	10,000	50%	99,739	(522)	(261)	(Note 1)
Kaitai Co., Ltd.	Sunshine Energy Technology Co., Ltd.	Taiwan	Engaged in the energy technology services industry	20,000	-	2,000	100%	20,050	50	50	(Note 1)
XIN YA ENERGY CO., LTD.	Ray Investment Holding CO., LTD.	Taiwan	Engaged in reinvestment and holding activities	150,000	-	15,000	33.33%	142	(8)	(8)	

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)
(Amounts expressed in thousands of New Taiwan dollars)

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)	(Note 1)

(Note) It has been charged off when preparing the consolidated statements.

Notes to the Consolidated Financial Statements of Shinhsiung Natural Gas Inc. and its Subsidiaries (continued)
(Amounts expressed in thousands of New Taiwan dollars)

Table 6

Major Shareholder Information:

Shares	No. of Shares Held	Shareholding Ratio
Name of Major Shareholder		
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.