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Stock Code: 1589

Yeong Guan Energy Technology Group Co., Ltd.

2020
ANNUAL REPORT

Taiwan Stock Exchange Market Observation System **http://mops.twse.com.tw/**
This annual report is available at **http://www.ygget.com/**

Printed on May 12, 2021

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I. Spokesperson and Deputy Spokesperson:

Spokesperson	Deputy Spokesperson
Name: Tsai, Shu-Ken	Name: Chen, Yen-Shuo
Title: Vice Chairman	Title: Manager of Finical Division
Tel: (86)574-8622-8866	Tel: (886) 2-2791-7198
E-mail address: ygget.com	E-mail address: morris.chen@ygget.com

II. Headquarters and branches (contact information)

(a) Company information:

Name: Yeong Guan Energy Technology Group Co., Ltd. Tel: (86)574-8622-8866

Address: Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands

4F, No.93, Xinhu 1st Rd., Neihu Dist., Taipei City Tel: (886)2-2791-7198

(b) Corporate HQ:

Address: No.95, Huanghai Rd., Beilun Dist., Ningbo City, Zhejiang Province, China
Tel: (86)574-8622-8866

(c) Subsidiaries:

1. BVI Subsidiary
   Name: Yeong Guan Energy Holdings Co., Ltd. Tel: (86)574-8622-8866
   Address: OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands
   Taiwan Branch
   Address: 4F, No. 93, Xinhu 1st Rd., Neihu Dist., Taipei City Tel: (886)2-2791-7198
2. Taiwan Subsidiary
   Name: Yeong Chen Asia Pacific Co., Ltd. Tel: (886)3-483-9216
   Address: No.502, Chenggong 1st Rd. Guanyin Township, Taoyuan County
3. Hong Kong Subsidiary
   Name: Yeong Guan Energy International Co., Ltd. Tel: (86)574-8622-8866
   Address: 1501 Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong
4. Mainland China Subsidiaries
   Name: Dongguan Yeong Guan Mould Factory Co., Ltd. Tel: (86)769-8773-9480
   Address: Yinquan Industrial Zone, Qingxi Town, Dongguan City, Guangdong Province, China
   Name: Ningbo Yeong Shang Casting Iron Co., Ltd. Tel: (86)574-8622-9800
   Address: No. 1, Gangkou Rd., Beilun Dist., Ningbo City, Zhejiang Province, China
   Name: Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Tel: (86)574-8627-5777
   Address: No. 28, Dinghai Rd., Economic and Technology Development Zone, Zhenhai Dist., Ningbo City, Zhejiang Province, China
   Name: Ningbo Yeong Chia Mei Trade Co., Ltd. Tel: (86)574-8622-8866
   Address: No.95, Huanghai Rd., Beilun Dist., Ningbo City, Zhejiang Province, China
   Name: Jiangsu Bright Steel Fine Machinery Co., Ltd. Tel: (86)519-8089-5588
   Address: No.9, Yueming Rd., Tianmuhu Industrial Zone, Liyang City, Jiangsu Province, China
   Name: Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd.
   Tel: (86)512-8287-0666
   Address: No.999 Laixiu Road, Fen Lake Economic Development Zone, Fenhu, Suzhou City, Jiangsu Province, China
   Name: Jiangsu Yeong Ming Heavy Industry Co., Ltd.
   Tel: (86)574-8622-8866
   Address: North side of Wei 2nd Road, east side of Jinhai Avenue, Lingang Industrial Area, Sheyang County, Yancheng City, Jiangsu Province, China.

5. Thailand Subsidiary
   Name: Yeong Guan Heavy Industry (Thailand) Co., Ltd. Tel: (81)2-437-9337
   Address: No.622/15, Rama2 Road, Samae Dum Sub-District, Bangkhuntian District, Bangkok Metropolis.

III. Contact information of Litigation/Non-litigation Agent in the Republic of China:

Name: Chang, Hsien-Ming
Title: Chairman
Tel: (886)2-2791-7198
E-mail address: ygg@ygget.com

IV. Stock Transfer Agent:

Name: Capital Securities Corp., Registrar Agency Department
Tel: (886)2-2702-3999
Address: B2, No.97, Sec. 2, Dunhua South Rd., Daan Dist., Taipei City
Website: http://agency.capital.com.tw

V. Contact information of CPA for the latest Annual Financial Report:

Accountant name: Chen, Chih-Yuan and Chang, Ching-Ren
Name of Accounting Firm: Deloitte & Touche
Tel: (886)2-2725-9988
Address: 20F, No.100, Songren Rd., Xinyi District, Taipei City
Website: http://www.deloitte.com.tw

VI. Overseas Securities Exchange Name and Query Method: NA

VII. Corporate Website: http://www.ygget.com/

VIII. List of board members:

May 12, 2021

Title	Name	Nationality	Professional Background
Chairman of the board	Chang, Hsien-Ming	ROC	Chairman of Yeong Guan Energy Technology Group Co., Ltd.
Vice Chairman	Tsai, Shu-Ken	ROC	Vice Chairman of Yeong Guan Energy Technology Group Co., Ltd.
Board director	Huang, Wen-Hung	ROC	Executive Vice President of Yeong Guan Energy Technology Group Co., Ltd.
Board director	Hsu, Ching-Hsiung	ROC	Executive Vice President of Yeong Guan Energy Technology Group Co., Ltd.
Board director	Tsai, Chang-Hung	ROC	Chairman, Yeong Guan group East China Region
Board director	Li, Yi-Tsang	ROC	Chief Strategy Officer of Yeong Guan Energy Technology Group Co., Ltd.
Board director	Chang, Chun-Chi	ROC	President of Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd.
Board director	PJ Asset Management Co.,Ltd. Wu, Su Chiu	ROC	Jiayuan Investment Co., Ltd. General manager
Independent director	Chang, Cheng-Lung	ROC	Financial consultant of Taipei Rapid Transit Corporation.
Independent director	Chen, Tian-Wen	ROC	Chairman of Chia Shih Construction Co., Ltd.
Independent director	Wei, Chia-Min	ROC	Vice CEO of Metal Industries Research & Development Centre

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I、Letter to Shareholders

In 2020, the global economy has been hit by the outbreak of the new coronavirus (Covid-19) epidemic, resulting in a decline in consumer spending and investment, and a rapid cooling of manufacturing and trade activities. Under this unprecedented environmental uncertainty, Yeong Guan managed to achieve growth in revenue and profit through the unremitting efforts of all of our colleagues. Because the diversified market strategies of Yeong Guan Group, the strong demand in the wind power market in 2020 have made up for the weakness of other markets and enabled Yeong Guan's revenue reach a record high since 2012, and profitability continues to improve. Yeong Guan will continue to pursue constructive changes in the future, pragmatically focusing on the improvement of profitability; through flexible adjustments of production lines to respond to changes in product requirements in the global market, strengthen business portfolio strategies, in order to balance short-term and long-term benefits, and continue to achieve our vision of a world-leading foundry and making our industry sustainable.

1. 2020 Operational Highlights

(1) Business results:

Yeong Guan's 2020 consolidated revenue is NT$8.18 billion, 3.6% higher compared with last year. 2020 Shipment quantities reached 176,531 tons which are 7.6% higher compared with last year. As for profit, 2020 gross profit and operation net profit are 22% and 6% respectively; 2019 gross profit and operation net profit are 18% and 3% respectively. The consolidated net profit after tax amounted to NT$516,530,000, while profits increased by NT$353,004,000 compared to the previous year, EPS reached NT$4.81, increased by NT$3.27 compared to the previous year.

(2) Budget implementation:

Not applicable since 2020 financial forecasts were not made public.

(3) Revenues, expenditures, and profitability analysis: Please refer to the consolidated income statement.

(4) R&D:

R&D expenses accounted for 4% of the net operating revenue in 2020. The Group will continue its research efforts and implement updates of its production technologies. The goal lies in the acceleration of new product development schedules and reduction of defect rates as well as the gradual enhancement of product development capabilities and technologies.

2. Business Plan Overview

Yeong Guan Group is a major global supplier of castings for wind turbines, plastic injection molding machinery, and industrial machinery. The Group possesses advanced process technologies and metallurgical engineering technologies with high technology content. It provides premium product quality coupled with stable delivery times and has therefore earned the trust and loyalty of its clients. The Group's core competitiveness lies in its industry-leading production scale, detail-oriented foundry technologies, and vertical integration capabilities.

Group Development Strategy:

(1) Short-term goals (1~2 years)

The output target for 2021 has been set at 185,000~195,000 tons in consideration of various factors including the global economic climate, the changing industry environment, market competition and supply and demand conditions, business development progress of new and existing customers worldwide, and Yeong Guan's own production capacities.

In view of new growth trends generated by offshore wind power installations worldwide, the Taichung Harbor production base will be the key development project of Yeong Guan. In addition to the production of castings for large-scale offshore wind power installations, production capacities for injection molding and industrial machinery castings will also be

increased. The Taichung Harbor project will be initiated in 2020 and expected to being operation in 2022. Furthermore, planning and plant construction at the production base in Thailand will be expedited to facilitate the development of new markets and take advantage of the recently adopted official policy to attract investors to Thailand through preferential terms. Plant construction will be initiated in 2021 and is expected to last around two years.

(2) Mid-term goals (3~5 years)

Upon putting into operation of the completed plants in the Taichung Harbor and in Thailand, a gradual transition to stable mass production will be implemented. The global demand for offshore wind power is gradually rising. Yeong Guan is therefore steadily enhancing the production capacities and efficiency of its operations at Taichung Harbor coupled with a decrease of production costs to take maximum advantage of opportunities generated by a brisk demand for offshore wind turbine castings.

Production capacities at the production base in Thailand will be expanded to meet international market developments and customer demands. Emerging economies in Southeast Asia create competitive advantages in the field of population structure (a large percentage of young adults), low labor costs, and strategic location. In addition, the European, American, and Japanese customers have expressed a strong intention to expand their supply chain deployment to minimize risks in the wake of the China-American trade war that erupted last year and the coronavirus pandemic this year. This represents a prime opportunity for Yeong Guan to provide globalized services for its customers and ensure stable long-term growth of its production capacities.

(3) Long-term goals (5~10 years)

The following planning initiatives have been adopted to enhance competitiveness, fulfill Yeong Guan's corporate social responsibility, and achieve the goal of sustainable operations:

Continued establishment of an EHS (environmental protection, occupational health, and industrial safety) system

Substantial progress has been achieved in the fields of employee participation, production safety, operating environment improvements, product quality enhancements, delivery time and idle working hour reductions, and employee compensation and benefit enhancements. The implementation of the EHS system helps strengthen plant staff cohesion, optimize internal management of the plant, enhance the group's corporate image, and generate economic and social benefits. In the future, Yeong Guan will continue to improve work environments and labor conditions to safeguard the lawful rights and interests of its employees.

Promotion of green supply chain innovation

Yeong Guan continues to replace outdated noise, dust, atmospheric, water treatment systems, lighting devices, excess heat recovery equipment and electric furnaces, digital management systems, and renewable energy equipment in a determined effort to promote green factories, advance toward the goal of energy conservation and carbon reduction, and turn into an eco-friendly company.

Digitized production management

MES (Manufacturing Execution System) is implemented to enhance the digitization standard of production management and lay the foundation for digital factories. The goal is to fully utilize the advanced management experiences of the Group in the casting industry to satisfy relevant requirements in the fields of planning, production, quality and equipment, realize transparency of production data and management, and achieve further enhancements in the field of accurate management.

Implementation of lean production management

Lean production is based on system structure, staff organization, operation methods, and supply/demand consideration. The goal is to ensure the capability of the production

system to accommodate user needs in a rapid manner, streamline production processes by eliminating all unnecessary or superfluous elements, and strengthen production management models.

Promotion of talent training and inheritance

Yeong Guan designs relevant training programs to develop the capabilities of executives at all levels to solve problems in a proactive manner. Training contents are arranged in accordance with individual characteristics and work attributes to cultivate and stock up on outstanding management and technology talent and lay a solid foundation for Yeong Guan's sustainability.

In the future, Yeong Guan will continue to optimize its organizational management models in accordance with business policy planning. The goal is to gain a better understanding of customer needs, ensure a focus on customer values, upgrade the management and production capabilities of the organizational team, and implement ESG principles in an effort to perfect corporate governance. Yeong Guan aims to fulfill its CSR (corporate social responsibility) and maximize values with sustainability as the key objective.

We would like to avail ourselves of this opportunity to express our gratitude for your feedback and suggestions and look forward to your continued support and encouragement.

We wish all shareholders good health and success!

Chairman: President: Chief accountant:

II. Company Profile

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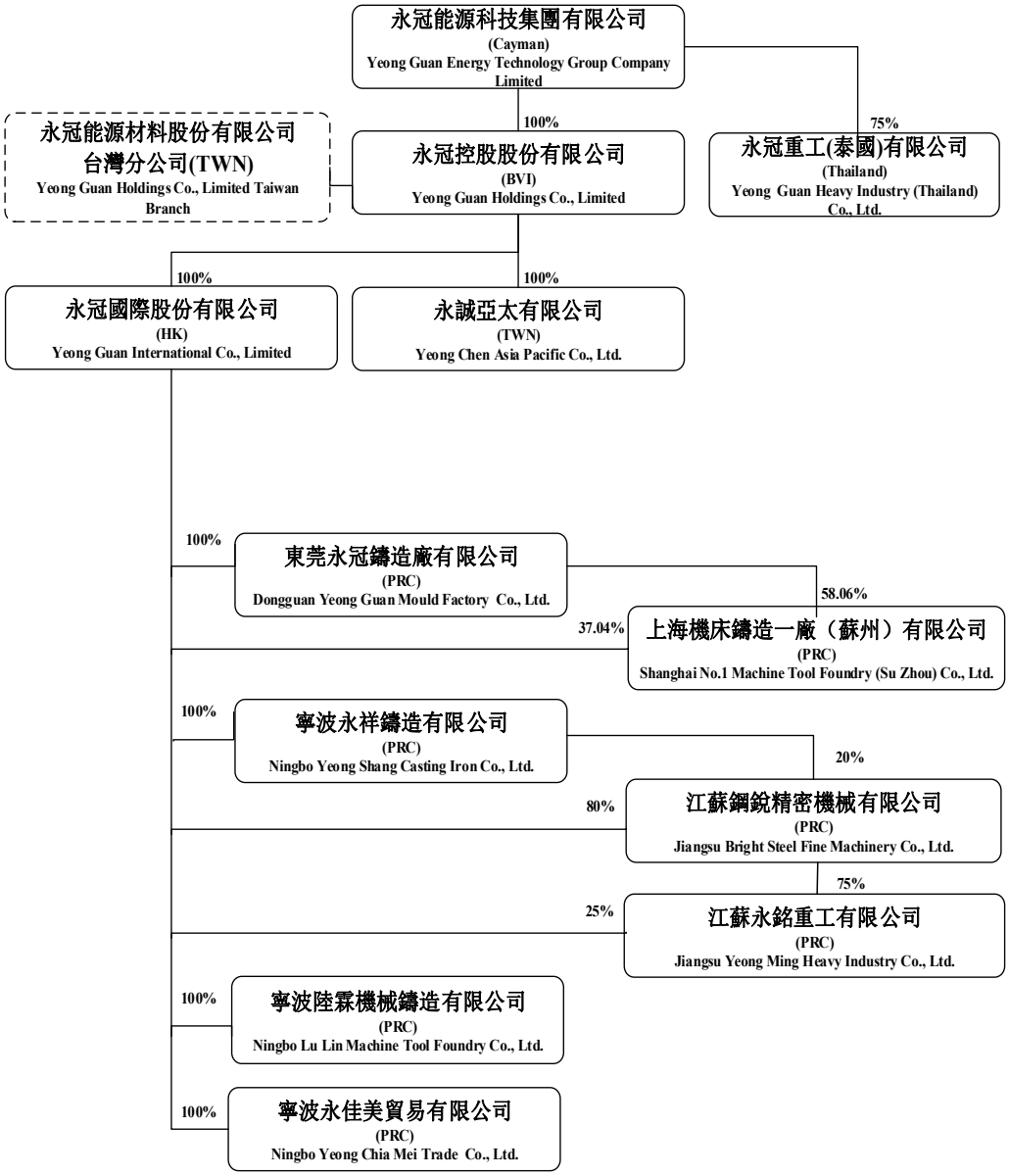
1. Company and Group Profile

(a) Date of incorporation and group profile

Yeong Guan Energy Technology Group Co., Ltd. (hereinafter referred to as "the company" or "Yeong Guan Group") was registered and incorporated on the Cayman Islands on January 22, 2008. The group's operations mainly focus on the manufacture and sale of spheroidal graphite cast iron and gray cast iron including hubs and bases for wind turbines, thermal power generator components, injection molding machine components, and castings for machine tools and other industrial machinery.

(b) Organizational framework of the group (May 12, 2021)



2. Company history

Date	Milestones
June 1995	Establishment of Dongguan Yeong Guan Mould Factory Co., Ltd.
January 1998	Establishment of Shin Shang Trade Co., Ltd.
December 2000	Establishment of Ningbo Yeong Shang Casting Iron Co., Ltd.
October 2001	Establishment of Ningbo Yeong He Xing Machinery Industry Co., Ltd.
July 2002	Establishment of Yeong Fa Trade Co., Ltd.
September 2007	Investment in Jiangsu Bright Steel Fine Machinery Co., Ltd.
November 2007	Establishment of Yeong Guan International Co., Ltd. and Yeong Guan Holdings Co., Ltd.
December 2007	Incorporation of Yeong Fa Trade Co., Ltd. into the group
January 2008	Establishment of Yeong Guan Group
February 2008	Investment in Ningbo Lu Lin Machine Tool Foundry Co., Ltd.
February 2008	Investment in Ningbo Youtian Renewable Resources Co., Ltd.
February 2008	Incorporation of Ningbo Lu Lin Machine Tool Foundry Co., Ltd. and Ningbo Youtian Renewable Resources Co., Ltd. into the group
March 2008	Incorporation of Ningbo Yeong Shang Casting Iron Co., Ltd. and Ningbo Yeong He Xing Machinery Industry Co., Ltd. into the group
April 2008	Incorporation of Jiangsu Bright Steel Fine Machinery Co., Ltd. and Shin Shang Trade Co., Ltd. into the group
April 2008	Acquisition and incorporation of Ningbo Yeong Guan Heavy Industrial Machinery Co., Ltd.
May 2008	Incorporation of Dongguan Yeong Guan Mould Factory Co., Ltd. into the group
June 2008	Establishment and incorporation of Yeong Chen Asia Pacific Co., Ltd. into the group
October 2008	Reorganization of the group completed
May 2009	First cash capital increase by a total of US$ 16.23 million
August 2009	Second cash capital increase and investments by external investors of US$ 30 million
November 2009	Establishment and incorporation of Ningbo Yeong Chia Mei Trade Co., Ltd. into the group
March 2010	Disposal of Ningbo Yeong Guan Heavy Industrial Machinery Co., Ltd. complete
August 2011	Yeong Chen Asia Pacific Co., Ltd. acquires a portion of the assets and operating rights of Taiwan Yeong Guan Mould Factory Co, Ltd.
April 2012	First listing of stocks on TWSE
April 2012	Third cash capital increase by a total of NT$ 471.177 million

September 2012	Capitalization of earnings (NT$ 120 million)
November 2013	Merger of Shin Shang Trade Co., Ltd. (continues to exist) and Yeong Fa Trade Co., Ltd.
April 2014	Merger of Ningbo Yeong Shang Casting Iron Co., Ltd. (continues to exist) and Ningbo Yeong He Xing Machinery Industry Co., Ltd.
June 2014	First issuance of convertible corporate bonds in the Republic of China (a total of NT$ 1.5 billion raised)
July 2014	Investment in Yeong Guan Heavy Industry (Thailand) Co., Ltd.
August 2014	Fourth cash capital increase by a total of NT$ 472 million
September 2014	Ningbo Lu Lin Machine Tool Foundry Co., Ltd. (continues to exist) absorbs Ningbo Youtian Renewable Resources Co., Ltd.
December 2014	Yeong Guan Holdings Co., Ltd. establishes a branch in Taiwan named Yeong Guan Holdings Co., Limited Taiwan Branch
April 2015	Shin Shang Trade Co., Ltd. establishes a branch in Taiwan named Shin Shang Trade Co., Ltd. Taiwan Branch
July 2015	Yeong Guan Holdings Co., Limited Taiwan Branch signs lease for land in the Taichung Harbor area
August 2015	Second issuance of convertible corporate bonds in the Republic of China (a total of NT$ 2.5 billion raised)
October 2015	Fifth cash capital increase by a total of NT$ 840 million
January 2016	Investment in Shanghai No. Machine Tool Foundry (Su Zhou) Co., Ltd. Investment in New Power Team Technology Co., Ltd.
May 2016	Yeong Chen Asia Pacific Co., Ltd. establishes a branch in Taichung
July 2016	Lizhan Limited invests in Ningbo New Power Team Technology Co., Ltd.
December 2016	Yeong Guan Holding Co., Limited Taiwan Branch completes contract exchange for land lease in the Taichung Harbo area
September 2017	Sale of the equity stake in Shanghai No. 1 Machine Tool & Marketing Company
January 2018	Repurchase of 7,200,000 treasury shares by board resolution
March 2018	Writing-off of first repurchase of 7,200,000 treasury shares
April 2018	Writing-off of New Power Team Technology Co., Ltd.
June 2018	Writing-off of LIZHAN LIMITED
December 2018	Repurchase of 6,000,000 treasury shares by board resolution
December 2018	Sale of the equity stake in New Power Team Technology Co., Ltd.
March 2019	Writing-off of second repurchase of 6,000,000 treasury shares
June 2019	Maturity payment for the first unsecured convertible bond in the Republic of China and termination of being listed in

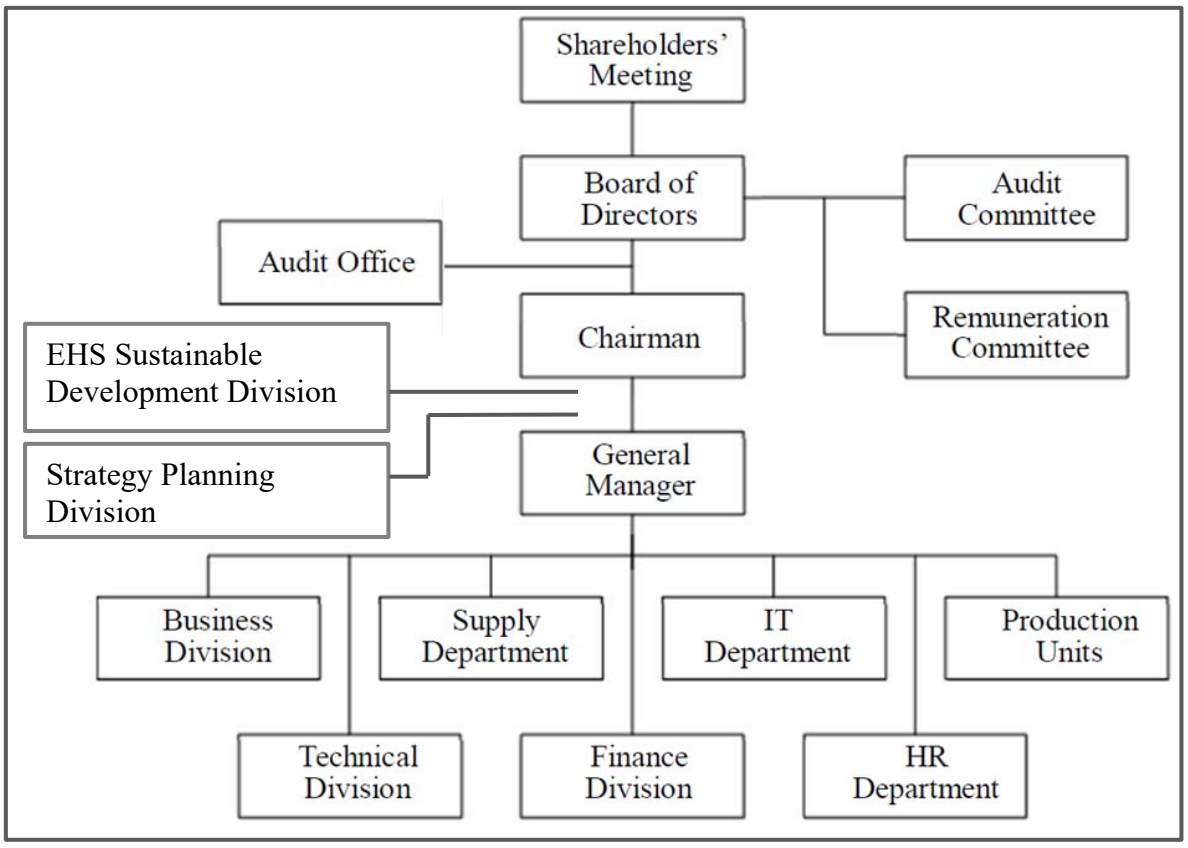
	Over-The-Counter market
December 2019	Establishment of Jiangsu Yeong Ming Heavy Industry Co., Ltd.
March 2020	Changes of the issuing plan of the Company's 2015 capital increase by cash and the 2nd Domestic Unsecured Convertible Bonds
August 2020	Maturity payment for the second unsecured convertible bond in the Republic of China and termination of being listed in Over-The-Counter market
September 2020	Thid issuance of convertible corporate bonds in the Republic of Chinajhgbf (a total of NT$ 1,553,390 thousand raised)
October 2020	Sixth cash capital increase by a total of NT$ 500 million
March 2021	Writing-off Qing Dao Rui Yao Building Material Co., Ltd
March 2021	Merger of Yeong Guan Energy Holdings Co., Ltd (continues to exist) and Shin Shang Trade Co., Ltd.
April 2021	Writing-off Yeong Chen Asia Pacific Co., Ltd. Taichung branch

3. Risk: Please refer to VII.6 "Risk Analysis and Assessment"

III. Corporate Governance Report

1. Organization

(a) Organization Chart



(b) Major Corporate Functions

Department	Functions
President's Office	Comprehensive strategic planning and supervision and authorization of operations
Production units	Carrying out of production tasks upon receipt of internal orders by the business division as well as quality assurance, prototype development, inventory management, health and safety controls, maintenance of plants and facilities, internal HR, general affairs, and occupational safety
HR Department	Overall management of HR, documents, general affairs, legal matters, public relations, and health and safety related matters for the whole group
Technical Division	Overall management of production program controls, prototype process monitoring, production program and product data safekeeping and records, external communications with regard to production technologies for the whole group
Sales Division	Planning and implementation of product, price, market, and sales channel strategies; compilation and analysis of customer and market data; formulation and implementation of business goals; market and customer development , sales, and services; building and maintenance

	of customer relationships and strategic partnerships; firm grasp of customer dynamics; guarantee of order sources and accounts receivable; establishment of sales channels and understanding of customer demands; effective customer services; determination and coordination of prices and delivery times of sold products
Finance Division	Overall management of accounting and tax affairs, financial budgets, capital movements, and cashier related matters
Purchasing Department	Overall management of raw material and equipment procurement, maintenance project price inquiries and negotiations and procurement for the whole group
IT Department	Overall management of information system planning, establishment, and maintenance for the whole group
Audit Office	Overall management and establishment of internal audit, control, and other management systems, execution of internal audits and tracking of improvements for the whole group
Strategy Planning Division	Assistance to the board of directors/chairperson of the group in the formulation and implementation of corporate strategies, business plans, and other policies and strategic directions to realize the business management and development goals of the Company.
EHS Sustainable Development Division	Planning of EHS related policies of the Group (environment, occupational health, and safety) to ensure that all affiliates (plants) of the group enhance their production efficiency and product quality within an EHS compliance framework and thereby strengthen their competitiveness and realize sustainable development goals.

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2. Data on directors, supervisors, presidents, vice presidents, associate general managers, and executives of all departments and branch organizations.

(a) Directors and supervisors (the company has not established supervisor positions)

1. Director data

April 19, 2021; Unit: Shares

Title	Nationality or domicile	Name	Gender	Election date	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Chairman	ROC	Chang, Hsien-Ming	Male	2019.06.20	4	2008.01.22	13,693,540	12.97%	13,693,540	12.38%	3,120	0.00%	4,279,000	3.87%	Graduation from Xihu High School of Industry and Commerce, Electronics Department Chairman, Yeong Guan Mould Factory Co., Ltd. President, Yeong Guan Mould Factory Co., Ltd. Chairman, Shin Shang Special Industry Co., Ltd. President, Shin Shang Special Industry Co., Ltd. Sales Manager, Shin Shang Special Industry Co., Ltd.	Director, Yeong Guan Energy Holdings Co., Ltd. Director, Yeong Guan Energy International Co., Ltd. Chairman & President, Yeong Chen Asia Pacific Co., Ltd. Supervisor of Taipin Corporation Ltd. Chairman, Yeong Guan Heavy Industry (Thailand) Co., Ltd.	-	-	-
Vice Chairman	ROC	Tsai, Shu-Ken	Male	2019.06.20	4	2009.05.29	847,156	0.80%	678,137	0.61%	-	-	-	-	EMBA, National Taiwan University of Science and Technology Senior Engineer and Director, Metal Industries R&D Center President, Shieh Yih Machinery Industry Co., Ltd.	Spokesperson, Yeong Guan Energy Technology Group Company Limited.	-	-	-

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Title	Nationality or domicile	Name	Gender	Election date	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Director	ROC	Hsu, Ching-Hsiung	Male	2019.06.20	2	2018.06.05	-	-	-	-	-	-	-	-	Accounting Department of Yu Da High School of Commerce and Home Economics Vice president, CHEN HSING INDUSTRIAL CO., LTD. President, Weimao Co., Ltd.	Executive Vice President, Yeong Guan Energy Technology Group Co., Ltd. Chairman, Yeong Guan group South China Region Chairman, Dongguan Yeong Guan Mould Factory Co., Ltd. Chairman, Ningbo Yong Shang Casting Iron Co., Ltd. Chairman, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Director, Ningbo Yeong Chia Mei Trade Co., Ltd. Supervisor, Jiangsu Bright Steel Fine Machinery Co., Ltd. Supervisor, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd. Supervisor, Jiangsu Yeong Ming Heavy Industry Co., Ltd.	-	-	-
Director	ROC	Huang, Wen-Hung	Male	2019.06.20	2	2016.06.07	20,000	0.02%	20,852	0.02%	-	-	-	-	Master of Business Administraion in ExecutiveManagement Royal Roads University Master, Department of Industrial and Business Management, China Industrial & Commercial Research Institute COO, Taiwan Express Co., LTD. President, Chimei Logistics Vice Director, Marketing & Sales Department, Chi Mei Optoelectronics Corporation and Director of Global Sales Support Service Department	Executive Vice President, Yeong Guan Energy Technology Group Co., Ltd.	-	-	-

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Title	Nationality or domicile	Name	Gender	Election date	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Director	ROC	Tsai, Chang-Hung	Male	2019.06.20	1	2019.06.20	-	-	-	-	-	-	-	-	Department of Industrial Engineering and Management, Ching Yun Institute of technology	Chairman, Yeong Guan group East China Region Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Chairman, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. Chairman, Jiangsu Yeong Ming Heavy Industry Co., Ltd. Supervisor, Dongguan Yeong Guan Mould Factory Co., Ltd. Supervisor, Ningbo Yeong Shang Casting Iron Co., Ltd. Supervisor, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Supervisor, Ningbo Yeong Chia Mei Trade Co., Ltd.	-	-	-
Director	ROC	Li, Yi-Tsang	Male	2019.06.20	1	2019.06.20	15,000	0.01%	15,639	0.01%	-	-	-	-	School of Business, University of British Columbia	Chief Strategy Officer of Yeong Guan Energy Technology Group Co., Ltd. Director, Juangsu Yeong Ming Heavy Industry Co., Ltd.	-	-	-
Director	ROC	Chang, Chun-Chi	Male	2019.06.20	1	2019.06.20	33,000	0.03%	25,022	0.02%	-	-	-	-	Department of Finance and Taxation, Takming University of Science and Technology .	Director, Jiangsu Bright Steel Fine Machinery Co., Ltd. Director & President, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. Director, Juangsu Yeong Ming Heavy Industry Co., Ltd.	-	-	-
Director	ROC	PJ Asset Management Co.,Ltd. Wu, Su Chiu	Female	2020.06.19	1	2020.06.19	8,530,000	8.08%	10,759,739-	9.73%	-	-	-	-	Master of Finance, Syracuse University, New York, USA	Jiayuan Investment Co., Ltd. General manager			
Independent director	ROC	Chang, Cheng-Lung	Male	2019.06.20	4	2010.03.19	-	-	-	-	-	-	-	-	BA in Commerce, Tamkang University Mini MBA, Stanford University	-	-	-	-

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Title	Nationality or domicile	Name	Gender	Election date	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Independent director	ROC	Wei, Chia-Min	Male	2019.06.20	3	2013.06.17	-	-	-	-	-	-	-	-	PhD, Graduate Institute of Resource Engineering, National Cheng Kung University Deputy CEO, Metal Industries R&D Center Managing Director, Taiwan Wind Industry Association Managing Supervisor, Taiwan Wind Industry Association Director, SAE International Taipei Section Chairman, Taiwan Foundry Society Committee member, Taiwan Steel & Iron Industries Association. Director, Taiwan Wind Energy Association	Independent director, CVC Technologies Inc. Director, President Co., Ltd.,	-	-	-
Independent director	ROC	Chen, Tien-Wen	Male	2019.06.20	1	2013.06.17	-	-	33,347	0.03%	-	-	-	-	Founder and Chairman, Capital Securities Corp. Vice President, Merrill Lynch Manager, Chase Bank	Chairman of Chia Shih Construction Co., Ltd.	-	-	-

Note: 1. PJ Asset Management Co.,Ltd. elected director and appoint Wu, Su Chiu as the representative
2. Independent director Chang, Cheng-Lung resigned in April 1 2021.
3. Where the chairperson of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for instance, increase of the number of independent director positions and a requirement that a majority of the directors not concurrently serve as employees or managers)

2. Supervisors: The Company established an audit committee on March 19, 2010 but has not established any supervisor positions.

3. Main shareholders of juridical person directors: He Yang Consulting & Management Co., Ltd.

This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

4. Professional qualifications and independence analysis of directors:

Criteria / Name	Meet One of the Following Professional Qualification Requirements in addition to at Least Five Years Work Experience			Independence criteria (Note 1)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chang, Hsien-Ming			✓					✓				✓	✓	✓	✓	0
Tsai, Shu-Ken			✓			✓	✓	✓				✓	✓	✓	✓	0
Huang, Wen-Hung			✓			✓	✓	✓		✓		✓	✓	✓	✓	0
Hsu, Ching-Hsiung			✓			✓	✓	✓				✓	✓	✓	✓	0
Tsai, Chang-Hung			✓			✓	✓	✓				✓	✓	✓	✓	0
Tsai, Ching-Wu			✓		✓	✓	✓	✓		✓		✓	✓	✓	✓	0
Li, Yi-Tsang			✓			✓	✓	✓				✓	✓	✓	✓	0
Chang, Chun-Chi			✓			✓		✓				✓	✓	✓	✓	0
PJ Asset Management Co.,Ltd. Wu, Su Chiu			✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	0 (Note 1)
Chang, Cheng-Lung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0 (Note 2)
Wei, Chia-Min			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chen, Tien-Wen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note: 1 . PJ Asset Management Co.,Ltd. elected director and appoint Wu, Su Chiu as the representative

2. Independet Director Chang, Cheng-Lung resigned in April 2021

3. If directors and supervisors meet one or several of the following criteria within two years before election or during their terms of office, please place a check in the column with the corresponding number

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply， however， in cases where the person is an independent director of the Company， its parent company， or any subsidiary in which the Company holds in accordance with domestic or local regulations.)

(3) Not a natural-person shareholder who holds shares， together with those held by the person's spouse， minor children， or held by the person under others' names， in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not the managers as item 1 or a spouse， relative within the second degree of kinship， or lineal relative within the third degree of kinship of the person as item 2 &3.

(5) Directors， supervisors， or legal shareholders who are not directly holding more than 5% of the company's total

issued shares， holding the top five shares， or appointing representatives as company directors or supervisors in accordance with Article 27， paragraph 1 or 2 of the Company Law Employee (but if the independent directors established by the company and its parent company， subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other， it is not limited to this)

(6) More than half of the shares that are not on the board of directors of the company or have voting rights are the directors， supervisors or employees of other companies controlled by the same person (but if it is the company or its parent company， subsidiary or subsidiary of the same parent company (The independent directors established by the laws or local laws and regulations of the country serve concurrently with each other， this is not the case)

(7) Directors (directors)， supervisors (supervisors) or servants of other companies or organizations who are not the same person or spouse with each other and are the same person or spouse (Or independent directors set up by subsidiaries of the same parent company in accordance with this law or local national laws and regulations serve concurrently， not subject to this limit)

(8) Directors (directors)， supervisors (supervisors)， managers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but if a specific company or organization holds 20% of the company's total issued shares Above， not more than 50%， and the independent directors established by the company and its parent company， subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations concurrently serve each other， not limited to this)

(9) Professionals， sole proprietorships， partnerships， business owners of companies or institutions that do not provide audits for companies or related companies or business、legal、financial、 accounting and other related services that have not received more than NT$ 500，000 in cumulative compensation in the past two years Partners， directors (directors)，supervisors (supervisors)， managers and their spouses. However， members of the Compensation Committee， Public Takeovers Review Committee， or M&A Special Committee performing their functions and powers in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M&A Act are not limited to this.

(10) Not having a marital relationship， or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Law.

(12) Not a governmental， juridical person or its representative as defined in Article 27 of the Company Law.

This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

(b) Data on supervisors, presidents, vice presidents, associate general managers, and executives of all departments and branch organizations

April 19, 2021; Unit: Shares

Title	Nationality or Domicile	Name	Gender	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship		
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relation
Chairman and President	ROC	Chang, Hsien-Ming	Male	2010.01.29	13,693,540	12.38%	3,120	0.00%	4,279,000	3.87%	Graduation from Xihu High School of Industry and Commerce, Electronics Department Chairman, Yeong Guan Mould Factory Co., Ltd. President, Yeong Guan Mould Factory Co., Ltd. Chairman, Shin Shang Special Industry Co., Ltd. President, Shin Shang Special Industry Co., Ltd. Sales Manager, Shin Shang Special Industry Co., Ltd.	Director, Yeong Guan Energy Holdings Co., Ltd. Director, Yeong Guan Energy International Co., Ltd. Chairman & President, Yeong Chen Asia Pacific Co., Ltd. Supervisor of Taipin Corporation Ltd. Chairman, Yeong Guan Heavy Industry (Thailand) Co., Ltd.	-	-	-
Vice Chairman and Spokesperson	ROC	Tsai, Shu-Ken	Male	2010.01.29	678,137	0.61%	-	-	-	-	EMBA, National Taiwan University of Science and Technology Senior Engineer and Director, Metal Industries R&D Center President, Shieh Yih Machinery Industry Co., Ltd.	Spokesperson, Yeong Guan Energy Technology Group Company Limited.	-	-	-
Director and Executive Vice President	ROC	Huang, Wen-Hung	Male	2015.05.11	20,852	0.02%	-	-	-	-	Master of Business Administraion in ExecutiveManagement Royal Roads University Master, Department of Industrial and Business Management, China Industrial & Commercial Research Institute COO, Taiwan Express Co., LTD. President, Chimei Logistics Vice Director, Marketing & Sales Department, Chi Mei Optoelectronics Corporation and Director of Global Sales Support Service Department	Executive Vice President, Yeong Guan Energy Technology Group Co.,	-	-	-
Director and Executive Vice President	ROC	Hsu, Ching-Hsiung	Male	2010.01.29	-	-	-	-	-	-	Yu Da High School Of Commerce and Home Economics, Commercial Accounting Department Vice President, Chen Hsing Industrial Co., Ltd. President, Weimao Company	Chairman, Dongguan Yeong Guan Mould Factory Co., Ltd. Chairman, Yeong Guan group South China Region Chairman, Ningbo Yong Shang Casting Iron Co., Ltd. Chairman, Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	-	-	-

Title	Nationality or Domicile	Name	Gender	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship		
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relation
												Director, Ningbo Yeong Chia Mei Trade Co., Ltd. Supervisor, Jiangsu Bright Steel Fine Machinery Co., Ltd. Supervisor, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd. Supervisor, Jiangsu Yeong Ming Heavy Industry Co., Ltd. Supervisor, Jiangsu Yeong Ming Heavy Industry Co., Ltd.			
Director and Chairman of Yeong Guan group East China Region	ROC	Tsai, Chang-Hung	Male	2019.06.20	-	-	-	-	-	-	Department of Industrial Engineering and Management, Ching Yun Institute of technology	Chairman, Yeong Guan group East China Region Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Chairman, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. Chairman, Jiangsu Yeong Ming Heavy Industry Co., Ltd. Supervisor, Dongguan Yeong Guan Mould Factory Co., Ltd. Supervisor, Ningbo Yeong Shang Casting Iron Co., Ltd. Supervisor, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Supervisor, Ningbo Yeong Chia Mei Trade Co., Ltd.	-	-	-
Executive Vice President	PRC	Yu, Hsiao-Ping	Male	2019.07.02	-	-	-	-	-	-	Bachelor of Foundry, Chengdu University of Science and Technology	GM, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd.	-	-	Note1
Executive Vice President	PRC	Kuo, Jui	Male	2010.12.01	-	-	-	-	-	-	Sichuan Institute of Technology, Department of Metallic Materials Engineering Engineer, Sichuan Jiangdong Machinery Co., Ltd.	President, Technical Division of Yeong Guan Energy Technology Group Company Limited	-	-	Note2
Executive Vice President	PRC	Fang, Cheng-Jiang	Male	2019.07.02	-	-	-	-	-	-	Business Administration, Southwest University of Science and Technology	President, Jiangsu Bright Steel Fine Machinery Co., Ltd.	-	-	-

This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

Title	Nationality or Domicile	Name	Gender	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship		
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relation
											Mechatronic Engineering of Jilin University				
Executive Vice President	PRC	Liang, Li-Sheng	Male	2019.07.02	-	-	-	-	-	-	Mechatronics, North China University of Water Resources and Electric Power	-	-	-	-
Director and Chief Strategy Officer	ROC	Li, Yi-Tsang	Male	2019.07.02	15,639	0.01%	-	-	-	-	School of Business, University of British Columbia	Director, Jiangsu Bright Steel Fine Machinery Co., Ltd. Director, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. Director, Juangsu Yeong Ming Heavy Industry Co., Ltd.	-	-	-
Vice President	ROC	Liu, Han-Pang	Male	2019.07.02	2,000	0.00%	-	-	-	-	Master of International Marketing, Bournemouth University	President, Sales Division of Yeong Guan Energy Technology Group Company Limited	-	-	-
Vice President	ROC	Lin, Tai-Feng	Male	2010.01.29	-	-	-	-	-	-	Tamkang University, Department of Marine Engineering President, Great Sun Machinery Co., Ltd.	President, Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	-	-	Note3
Vice President	ROC	Huang, Ching-Chung	Male	2010.12.01	-	-	-	-	-	-	Mechanical Engineering Department, Chien Hsin Junior College of Technology Lio Ho Machine Works Ltd.	President, Dongguan Yeong Guan Mould Factory Co., Ltd. President, Ningbo Yeong Shang Casting Iron Co., Ltd.	-	-	-
Vice President & Chief Financial Officer	ROC	Lin, Yu-I	Female	2013.01.07	-	-	-	-	-	-	MA, Department of Accounting, Soochow University Deloitte & Touche	Vice President, Finance Division of Yeong Guan Energy Technology Group Company Limited	-	-	Note4
Corporate Governance Officer	ROC	Chiang, shu-kan	Female	2019.08.08	-	-	-	-	-	-	Department of Economics, Chung Cheng University MA, Department of Accounting, Soochow University CPA, CIA Capital Securities Underwriting department assistant Manager	Assistant Vice President, of Yeong Guan Energy Technology Group Company Limited	-	-	-
Chief Financial Officer	ROC	Tsai, Ching-Wu	Male	2021.02.17	-	-	-	-	-	-	Department of Accounting, National Chengchi University Financial Manager, Zhenxin Company Ernst & Young	Assistant Vice President, Finance Division of Yeong Guan Energy Technology Group Company Limited	-	-	Note4
Chief Audit Officer	ROC	Huang, Tong-De	Male	2021.02.17	-	-	-	-	-	-	Department of Financial Management, Chung Hwa University Financial Manager, Finance	-	-	-	Note4

This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

Title	Nationality or Domicile	Name	Gender	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship		
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relation
											Division of Yeong Guan Energy Technology Group Company				

Note:

1.Executive Vice President Yu, Hsiao-Ping resigned in January 15 2020

2.Executive Vice President Kuo, Jui resigned in March 31 2021

3.Executive Vice President Lin, Tai-Feng leave without pay in July 1 2020

4.Vice President Lin, Yu-I resigned on February 17, 2021. Tsai, Ching-Wu were newly appointed on February 9, 2021.

5.Where the chairperson of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for instance, increase of the number of independent director positions and a requirement that a majority of the directors not concurrently serve as employees or managers)

The three incumbent independent directors are experts in the fields of financial accounting and casting and are therefore capable of effectively performing their supervising functions.

Directors receive assistance in the scheduling of professional director training provided by external organizations every year to increase the operational effectiveness of the board.

Independent directors can engage in detailed discussions in functional committee meetings and provide recommendations to the board with a view to implementing corporate governance. A majority of the incumbent board directors are currently managers, further improvements will be made in the future.

(c) Remuneration of Directors, Supervisors, Presidents, and Vice Presidents in the most recent financial year

1. Remuneration of Directors (incl. Independent Directors)

Unit: 1000 NTD; %

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income(%)(note 3)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)		Compensation paid to directors from an invested company other than the company's subsidiary (Note4)
		Base compensation(A)		Severance pay and retirement pension (B)		Remuneration from distribution of profits(C)		Expenses for execution of business(D)				Salary, Bonuses, and Allowances (E)		Severance pay and retirement pension (F)		Profit Sharing- Employee Bonus (G)						
																The company		Companies in the consolidated financial statements				
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	Cash bonus	Stock bonus	Cash bonus	Stock bonus	The company	Companies in the consolidated financial statements	
Chairman	Chang, Hsien-Ming	1,355	1,355	-	-	-	-	90	90	0.28%	0.28%	-	21,111	-	-	11,251	-	11,251	-	2.47%	6.59%	0
Vice Chairman	Tsai, Shu-Ken																					
Director	Huang, Wen-Hung																					
Director	Hsu, Ching-Hsiung																					
Director	Tsai, Chang-Hung																					
Director	Li, Yi-Tsang																					
Director	Chang, Chun-Chi																					
Director	PJ Asset Management Co.,Ltd. Wu, Su Chiu																					
Independent Director	Chang, Cheng-Lung	1,199	1,199	-	-	-	-	54	54	0.24%	0.24%	-	-	-	-	-	-	-	-	0.24%	024%	-
Independent Director	Wei, Chia-Min																					
Independent Director	Chen, Tien-Wen																					

Note 1: PJ Asset Management Co.,Ltd. was elected on June 19, 2020, and appoint Mrs. Wu, Su Chiu as the representative

Note 2: Independent Director Chang, Cheng-Lung resigned on April 1, 2021.

Range of Remunerations

Range of remunerations paid to directors of the company	Names of directors			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Below NT$ 1,000,000	Chang, Cheng-Lung; Wei, Chia-Min; Chen, Tien-Wen; Chang, Hsien-Ming; Tsai, Shu-Ken; Huang, Wen-Hung; Hsu, Ching-Hsiung; Tsai, Chang-Hung; Li, Yi-Tsang; Chang, Chun-Chi PJ Asset Management Co.,Ltd	Chang, Cheng-Lung; Wei, Chia-Min; Chen, Tien-Wen; Chang, Hsien-Ming; Tsai, Shu-Ken; Huang, Wen-Hung; Hsu, Ching-Hsiung; Tsai, Chang-Hung; Li, Yi-Tsang; Chang, Chun-Chi PJ Asset Management Co.,Ltd	Chang, Cheng-Lung; Wei, Chia-Min; Chen, Tien-Wen; PJ Asset Management Co.,Ltd	Chang, Cheng-Lung; Wei, Chia-Min; Chen, Tien-Wen; PJ Asset Management Co.,Ltd
NT$ 1,000,000 or more but less than NT$ 2,000,000	—	—	Huang, Wen-Hung; Chang, Chun-Chi Li, Yi-Tsang	—
NT$ 2,000,000 or more but less than NT$ 3,500,000			Chang, Hsien-Ming ; Tsai, Shu-Ken; Hsu, Ching-Hsiung; Tsai, Chang-Hung;	Chang, Chun-Chi
NT$ 3,500,000 or more but less than NT$ 5,000,000			—	Huang, Wen-Hung; Li, Yi-Tsang
NT$ 5,000,000 or more but less than NT$ 10,000,000	—	—	—	Chang, Hsien-Ming ; Tsai, Shu-Ken; Hsu, Ching-Hsiung; Tsai, Chang-Hung;
NT$ 10,000,000 or more but less than NT$ 15,000,000	—	—	—	—
NT$ 15,000,000 or more but less than NT$ 30,000,000	—	—	—	—
NT$ 30,000,000 or more but less than NT$ 50,000,000	—	—	—	—
NT$ 50,000,000 or more but less than NT$ 100,000,000	—	—	—	—
Over NT$ 100,000,000	—	—	—	—
Total	11 directors	11 directors	11 directors	11 directors

Note 1: PJ Asset Management Co.,Ltd. was elected on June 19, 2020, and appoint Mrs. Wu, Su Chiu as the representative
Note 2: Independent Director Chang, Cheng-Lung resigned on April 1, 2021.

2. Remuneration of supervisors: Not applicable since the company has not established any supervisor positions

This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

3. Remuneration of Presidents and Vice Presidents

Unit: 1000NTD; %

Title	Name	Base compensation (A)		Severance pay and retirement pension (B)		Bonuses and allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total remuneration (A+B+C+D) to net income(%)		Number of received Employee Stock Option Certificates		Number of acquired shares through Restricted Stock Awards		Compensation paid to presidents/ vice presidents from an invested company other than the company's subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus							
Chairman and President	Chang, Hsien-Ming	-	20,276	-	-	-	15,963	13,302	-	13,302	-	2.59%	9.65%	-	-	-	-	1,152
Vice Chairman and Spokesperson	Tsai, Shu-Ken																	
Director and Executive Vice President	Chang, Wen-Lung																	
Director and Executive Vice President	Chen, Wu-Chi																	
Director and Executive Vice President	Huang, Wen-Hung																	
Director and Executive Vice President	Hsu, Ching-Hsiung																	
Director and Chairman of Yeong Guan group East China Region	Tsai, Chang-Hung																	
Executive Vice President	Kuo, Jui																	
Executive Vice President	Yu, Hsiao-Ping																	
Executive Vice President	Fang, Cheng-Jiang																	
Executive Vice President	Liang, Li-Sheng																	
Director and Chief Strategy Officer	Li, Yi-Tsang																	
Vice President	Liu, Han-Pang																	
Vice President	Lin, Tai-Feng																	
Vice President	Huang, Ching-Chung																	

Vice President	Lin, Yu-I																
Corporate Governance Officer	Chiang, Shu-Kan																

Note 1: Executive Vice President Yu, Hsiao-Ping resigned on January 15, 2020.
Note 2: Executive Vice President Kuo Jui, resigned on March 31, 2021.
Note 3: Executive Vice President Lin, Tai-Fen leave without payresigned on July 1, 2020.
Note 4: Vice President Lin, Yu-I resigned on February 17, 2021. Tsai, Ching-Wu were newly appointed on February 9, 2021.

Range of Remunerations

Range of remunerations paid to presidents and vice presidents of the company	Names of presidents and vice presidents	
	The company	Companies in the consolidated financial statements (A+B+C+D)
Below NT$ 1,000,000	Huang, Wen-Hung; Kuo, Jui; Yu, Hsiao-Ping; Liang, Li-Sheng; Fang, Cheng-Jiang;Lin, Yu-I;Lin, Tai-Feng ;Liu, Han-Pang;Chiang, Shu-Kan	Yu, Hsiao-Ping; Lin, Tai-Feng ;
NT$ 1,000,000 or more but less than NT$ 2,000,000	Tsai, Shu-Ken; Hsu, Ching-Hsiung; Tsai, Chang-Hung; Li, Yi-Tsang; Huang, Ching-Chung;	Chiang, Shu-Kan
NT$ 2,000,000 or more but less than NT$ 3,500,000	Chang, Hsien-Ming;	Kuo, Jui; Liang, Li-Sheng; Fang, Cheng-Jiang; Lin, Yu-I;Liu, Han-Pang;
NT$ 3,500,000 or more but less than NT$ 5,000,000	—	Huang, Wen-Hung; Li, Yi-Tsang; Huang, Ching-Chung;
NT$ 5,000,000 or more but less than NT$ 10,000,000	—	Chang, Hsien-Ming; Tsai, Chang-Hung; Tsai, Shu-Ken; Hsu, Ching-Hsiung;
NT$ 10,000,000 or more but less than NT$ 15,000,000	—	—
NT$ 15,000,000 or more but less than NT$ 30,000,000	—	—
NT$ 30,000,000 or more but less than NT$ 50,000,000	—	—
NT$ 50,000,000 or more but less than NT$ 100,000,000	—	—
Over NT$ 100,000,000	—	—
Total	15 persons	15persons

4. Managers and their allotted employee bonuses:

Unit: 1000 NTD; December 31, 2020

	Title	Name	Stock bonus	Cash Bonus	Total	Ratio of total amount to net income (%)
Managers	Chairman and President	Chang, Hsien-Ming	—	13,302	13,302	2.59%
	Vice Chairman and Spokesperson	Tsai, Shu-Ken				
	Director and Executive Vice President	Huang, Wen-Hung				
	Director and Executive Vice President	Hsu, Ching-Hsiung				
	Executive Vice President	Kuo, Jui				
	Executive Vice President	Yu, Hsiao-Ping				
	Executive Vice President	Fang, Cheng-Jiang				
	Executive Vice President	Liang, Li-Sheng				
	Director and Chief Strategy Officer	Li, Yi-Tsang				
	Vice President	Liu, Han-Pang				
	Director	Tsai, Chang-Hung				
	Vice President	Lin, Yu-I				
	Vice President	Huang, Ching-Chung				
	Vice President	Lin, Tai-Feng				
	Corporate Governance Officer	Chiang, Shu-Kan				

(d) Analysis of the ratio of total remuneration paid by the company and by all companies included in the consolidated financial statements to directors, supervisors, presidents and vice presidents of the Company within the two most recent fiscal years, to the net income and description of remuneration policies, standards, and mixes, setting of relevant procedures, and correlation between business performance and future risks:

1. Analysis of the ratio of total remuneration paid by the company and by all companies included in the consolidated financial statements to directors, supervisors, presidents and vice presidents of the Company, to the net income:

Unit: 1000 NTD; %

Item	2019		2020	
	Amount	%	Amount	%
Director	30,649	18.81%	35,060	6.83%
Presidents and Vice Presidents	40,052	24.58%	49,451	9.65%
Consolidated net income	163,526	100%	513,143	100%

Note: The total remuneration of directors includes compensations for concurrent positions. The calculation of the remuneration of directors is therefore overlapping with that of presidents and vice presidents therefore

2. Remuneration policies, standards, and mixes, setting of relevant procedures, and correlation between business performance and future risks

(1) The remuneration of directors is based on the positions held in the company the value of the participation and contributions to company operations.

(2) The remuneration of presidents and vice presidents is based on their positions and their level of contribution with reference to industry standards in accordance with the HR related rules and regulations of the company

3. Implementation of Corporate Governance

(a) Operations of the board of directors

A total of 6 board meetings (A) were convened in the most recent fiscal year (2020). Director attendance was follows:

Title	Name	Attendance in person(B)	By proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Chang, Hsien-Ming	6	0	100.00%	
Director	Tsai, Shu-Ken	6	0	100.00%	
Director	Huang, Wen-Hung	6	0	100.00%	
Director	Hsu, Ching-Hsiung	6	0	100.00%	
Director	Tsai, Chang-Hung	6	0	100.00%	
Director	Li, Yi-Tsang	6	0	100.00%	
Director	Chang, Chun-Chi	6	0	100.00%	
Director	PJ Asset Management Co.,Ltd. Wu, Su Chiu	3	0	100.00%	PJ Asset Management Co.,Ltd. was elected on June 19, 2020, and appoint Mrs. Wu, Su Chiu as the representative
Independent Director	Chang, Cheng-Lung	6	0	100.00%	resigned on April 1, 2021.
Independent Director	Wei, Chia-Min	6	0	100.00%	
Independent Director	Chen, Tien-Wen	6	0	100%	

Other items to be recorded:

1. (1) Items listed in Article 14-3 of the ROC Securities Exchange Act:

Board meeting	Compliance with relevant contents pertaining to proposals set forth in Article 14-3 of the Securities Exchange Act	Independent director opinions	Handling of independent director opinions	Resolution
2020.03.12	1.Approval of the 2019 Consolidated Financial Statement 2.Deliberation of the amendment to the Procedures Governing Endorsements and Guarantees 3.Deliberation of the amendment to the Procedures Governing the Acquisition or Disposal of Assets 4. Revision of the 2015 Fund Utilization Plan Involving Cash Capital Increase through Issuance of New Common Shares and 2nd Issue of Domestic (ROC) Unsecured Convertible Bonds	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
2020.05.06	1.Approval of the 3nd Issue of Domestic (ROC) Unsecured Convertible Bonds and the Issuance of New Shares for Capital Increase 2.Private Placements of securities	NA	NA	Approved unanimously by all attending directors

				following an inquiry by the chair
2020.06.19	1 Deliberation the investment plan of the Company's subsidiaries Yeong Guan Holdings Co., Limited (Taiwan Branch Organization) and Yeong Guan Holdings Co., Limited (Taiwan Branch) 2. Deliberation the investment plan of the Company's subsidiaries Yeong Guan Heavy Industry (Thailand) Co., Ltd	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
2020.11.09	1. Planned application for a credit line from CTBC Bank , Taiwan Cooperative Bank ,BNP Paribas and Antai Commercial Bank 2.Deliberation of CPA appointment and fees in 2020	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair

(2) Where other board resolutions exist for which dissenting or qualified opinions of independent directors are on record or written statements have been issued, the date and term of the board meeting, proposal contents, all opinions of independent directors, and the handling of such opinions shall be clearly specified: NA

2. If directors recuse themselves from discussion and voting on motions that involve conflicts of interest, the names of the directors, contents of motions, the reasons for recusal, and actual participation in the voting process shall be clearly stated:
   (1) On March 12, 2020 the board of directors discussed the award of the 2019 year-end bonus to the managers of the company. Due to the fact that the directors Chang, Hsien-Ming, Tsai Shu-Ken, Huag, Wen-Lung, Hsu, Ching-Hsiung, and Li, Yi-Tsang concurrently serve as managers of the company, they recused themselves from participation in the discussions and voting process due to a personal conflict of interest. The motion was passed unanimously upon inquiry of the other directors in attendance by the acting chairman, Chang, Cheng-Lung.
   (2) On August 6, 2020, the board of directors deliberated approval of a proposal for fixed monthly salaries for newly promoted managers. Since Director Chang, Hsien-Ming, Hsu, Ching-Hsiung, Li, Yi-Tsang concurrently serves as manager of the Company, he recused himself from the discussion and voting process due to a conflict of interest. The proposal was approved unanimously by the other directors in attendance.
3. Assessment of measures taken to strengthen the functionality of the Board in recent years and their actual implementation (such as the establishment of an audit committee and the enhancement of information transparency):
   (1) The company established an audit committee and remuneration committee on March 19, 2010 and October 14, 2011, respectively, to strengthen the functionality of the board, improve its supervisory capabilities, and enhance its management functions. Said committees are comprised of all independent directors of the company.
   (2) The company fully discloses all categories of business and financial information in its annual reports, the corporate website, and the Market Observation Post System to implement the spirit of corporate governance and effectively enhance information transparency.
4. Measures taken to strengthen the functionality and performance assessment of the Board in the currentyear and the most recent year:

(1) The Audit Committee and the Remuneration and Nomination Committee, composed entirely of independent directors, assist the Board of Directors in carrying out supervisory tasks. The chairperson of each committee reports on their committee's operations to the board on a regular basis.
(2) "Rules of Procedures for Board of Directors Meeting" are adopted pursuant to the regulations of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" in the board of directors' meeting of the Company.
(3) The Company provides its directors and managers with annual liability insurance to cover risks as they carry out their duties, and reviews the insurance coverage on an annual basis to make sure the amount and scope are sufficient to the need.
(4) Committed to upholding operational transparency and protection shareholders' interests, the company's website has "Investor Zone", "Social Responsibility" and "Corporate Governance" to provide timely information in Chinese and English. Furthermore, important resolutions of the board of directors are announced after each board meeting is held. The Company also participate institutional investor conferences periodically.

(b) Operations of the audit committee/Participation of supervisors in board operations
A total of 5 committee meetings (A) were convened in the most recent fiscal year (2020). Independent director attendance was follows:

Title	Name	Attendance in person(B)	By proxy (C)	Attendance rate (%) 【B/A】	Remarks
Independent director	Chang, Cheng-Lung	5	0	100.00%	resigned on April 1, 2021.
Independent director	Wei, Chia-Min	5	0	100.00%	
Independent director	Chen, Tien-Wen	5	0	100.00%	

Other items to be recorded:
1. Items listed in Article 14-5 of the ROC Securities Exchange Act:

Audit Committee	Compliance with relevant contents pertaining to proposals set forth in Article 14-5 of the Securities Exchange Act	Independent director opinions	Handling of independent director opinions	Resolution
2020.03.12	1.Approval of the 2019 Consolidated Financial Statement 2.Deliberation of the amendment to the Procedures Governing Endorsements and Guarantees 3.Deliberation of the amendment to the Procedures Governing the Acquisition or Disposal of Assets 4. Revision of the 2015 Fund Utilization Plan Involving Cash Capital Increase through Issuance of New Common Shares and 2nd Issue of Domestic (ROC) Unsecured Convertible Bonds	NA	NA	Approved unanimously by all attending committee members following an inquiry by the chair
2020.05.06	1.Approval of the 3nd Issue of Domestic (ROC) Unsecured	NA	NA	Approved unanimously

	Convertible Bonds and the Issuance of New Shares for Capital Increase 2.Private Placements of securities			by all attending committee members following an inquiry by the chair
2020.06.19	1 Deliberation the investment plan of the Company's subsidiaries Yeong Guan Holdings Co., Limited (Taiwan Branch Organization) and Yeong Guan Holdings Co., Limited (Taiwan Branch) 2. Deliberation the investment plan of the Company's subsidiaries Yeong Guan Heavy Industry (Thailand) Co., Ltd	NA	NA	Approved unanimously by all attending committee members following an inquiry by the chair
2020.08.06	Approval of the first half 2020 Consolidated Financial Statement	NA	NA	Approved unanimously by all attending committee members following an inquiry by the chair
2020.11.09	1. Planned application for a credit line from CTBC Bank , Taiwan Cooperative Bank ,BNP Paribas and Antai Commercial Bank 2.Deliberation of CPA appointment and fees in 2020	NA	NA	Approved unanimously by all attending committee members following an inquiry by the chair

(2) Where other board resolutions exist which fail to be approved by the Audit Committee but have the consent of more than two-thirds of all directors, the date and term of the board meeting, proposal contents, audit committee resolutions, and the handling of opinions of audit committee members shall be clearly specified: None

2. If independent directors recuse themselves from discussion and voting on motions that involve conflicts of interest, the names of the directors, contents of motions, the reasons for recusal, and actual participation in the voting process shall be clearly stated: None
3. Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the contents, methods and results of communications regarding corporate finance or operations, etc.): The Chief Internal Auditor and CPA submit regular reports to the audit committee and communications are excellent.

(c) Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Assessment items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description	
1. Has the company formulated and duly disclosed corporate governance best practice principles pursuant to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"	✓		The company formulated and duly disclosed corporate governance best practice principles pursuant to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". Corresponding norms and regulations are observed and implemented in accordance with the spirit of corporate governance. In the future, the company will continue to strengthen information transparency and board functionality through the amendment of relevant management regulations with the goal of promoting corporate governance.	No major deviations
2. Shareholding Structure & Shareholders' Rights				
(1) Have internal operating procedures for the handling of shareholder suggestions, uncertainties, disputes, or grievances been formulated and implemented?	✓		(1) The company has formulated internal operating procedures. The spokesperson and deputy spokesperson are in charge of handling shareholder suggestions, uncertainties, disputes, or grievances in coordination with related units.	No major deviations
(2) Does the company possess a list of major shareholders that have actual control over the company and a list of ultimate controllers of these major shareholders?	✓		(2) Actual information is provided through service agencies and the company discloses lists of major shareholders and their ultimate controllers on a regular basis in accordance with the Article 25 of Securities and Exchange Act.	No major deviations
(3) Has the company established and implemented a risk management and firewall mechanism with its affiliates?	✓		(3) All affiliates are independently responsible for the management of their assets and finances in accordance with the internal control system of the company to ensure the implementation of the risk control and firewall mechanism	No major deviations
(4) Has the company formulated internal norms and regulations that prohibit insiders from using	✓		(4) The company has formulated internal norms and regulations that prohibit insiders from using non-public information on the market to conduct security transactions	No major deviations

Assessment items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description	
non-public information on the market to conduct security transactions?				
3. Composition and responsibilities of the board of directors				
(1) Has the board formulated and implemented diversified policies with regard to membership composition?	✓		(1) The board has formulated diversified policies with regard to membership composition. The company has also established three independent director positions. Chang, Cheng-Lung, Chen, Tien-Wen, and Wei Chia-Min currently serve as independent directors. Chang, Cheng-Lung and Chen, Tien-Wen is a finance and accounting specialist and Wei, Chia-Min has an industry-related background. The expertise of the three independent directors spans the fields of finance, law, and industry.	No major deviations
(2) Has the company established other functional committees in addition to the remuneration and audit committees on a voluntary basis?		✓	(2) The company has not established other functional committees. The board will authorize the establishment of other committees in accordance with actual needs.	No other functional committees have been established
(3) Has the company determined board performance assessment regulations and assessment methods? Are performance assessments carried out every year on a regular basis?	✓		(3) The board of directors fully complies with relevant provisions set forth in the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. Board performance assessment regulations and assessment methods have been determined yet.	No major deviations
(4) Does the company assess the independence of CPAs on a regular basis?	✓		(4) The appointed accounting firm and CPAs are fully independent and have no conflict of interest with the company.	No major deviations
4. Has the listed company established an exclusively (or concurrently) dedicated unit to be in charge of corporate governance related matters (including, but not limited to, provision of required data to directors and supervisors,	✓		The Company designated Mr. Chiang, Shu-Kan, AVP of the Office of the Chairman, has been designated as Chief Governance Officer (CGO). In addition to the handling of amendment registration for the Company as required, the CGO also maintains close contact with the board, provides information required for the carrying out of relevant	No major deviations

Assessment items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description	
organization of board and shareholders' meeting related matters, company registration and amendment registration, and creation of board and shareholders' meeting minutes)?			operations, and handles matters pertaining to board of director and shareholders' meetings pursuant to applicable laws.	
5. Has the company established communication channels with its stakeholders and a special section for stakeholders on its website? Does the company deal with CSR issues of concern to stakeholders in an appropriate manner?	✓		The company maintains open communication channels with banks it has dealings with as well as employees, consumers, and suppliers and respects and protects their lawful rights and interests. The company has established a spokesperson system and a Litigation/Non-Litigation Agent position and requires that company information is disclosed in an honest manner to provide stakeholders with highly transparent financial and business information. It is also planned to set up a special section for stakeholders on the corporate website to enable the company to deal with CSR issues of concern to stakeholders in an appropriate manner	No major deviations
6. Has the company commissioned a professional service agency to handle shareholders meeting affairs?	✓		The company has commissioned Capital Securities Corp., Registrar Agency Department to handle shareholders meeting affairs	No major deviations
7. Information disclosure				
(1) Has the company established a corporate website to disclose information regarding the Company's financials, business, and corporate governance status?	✓		(1) The company has set up a Chinese-language website and will continue to disclose relevant information. Finance, business, and corporate governance related information of the company can also be queried on the Market Observation Post System after the company goes public.	No major deviations
(2) Has the company adopted other information disclosure methods (e.g., maintenance of an English-language website, appointment of dedicated personnel in charge of handling information collection and disclosure,	✓		(2) The company has already established a spokesperson and deputy spokesperson position as well as a Chinese-language website. Finance, business, and corporate governance related information have been made available and investor conference related announcements are handled in accordance with regulations	No major deviations

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”</th></tr>
<tr><th>Y</th><th>N</th><th>Brief description</th></tr>
<tr><td>implementation of a spokesperson system, webcasting of investor conferences)?</td><td></td><td></td><td>prescribed by the Taiwan Stock Exchange.</td><td></td></tr>
<tr><td>8. Other important information to facilitate better understanding of the Company’s corporate governance practices (e.g., employee rights, employee care, investor relations, supplier relations, rights of stakeholders, advanced training of directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer relations policies, and purchase of liability insurance for directors and supervisors):</td><td>✓</td><td></td><td>(1) Advanced training for directors and supervisors: The company has scheduled advanced training courses for all directors
<table>
<tr><th>Title</th><th>Name</th><th>Training course date</th><th>Hours</th><th>Organizer</th><th>Course title</th></tr>
<tr><td rowspan="3">Independent director</td><td rowspan="3">Chang, Cheng-Lung</td><td>2020/12/16</td><td>3.0</td><td>Taiwan Corporate Governance Association</td><td>Intellectual property rights and trade secrets</td></tr>
<tr><td>2020/12/16</td><td>3.0</td><td>Taiwan Corporate Governance Association</td><td>Talking about the three major codes and practical cases of integrity management, corporate governance and corporate social responsibility</td></tr>
<tr><td>2020/12/16</td><td>3.0</td><td>Taiwan Corporate Governance Association</td><td>Intellectual property rights and trade secrets</td></tr>
<tr><td rowspan="2">Independent director</td><td rowspan="2">Wei, Chia-Min</td><td>2020/11/16</td><td>3.0</td><td>Taiwan Stock Exchange</td><td>2020 Corporate Governance and Corporate Integrity Directors and Supervisors Promotion Conference</td></tr>
<tr><td rowspan="2">Independent director</td><td rowspan="2">Chen, Tien-Wen</td><td>2020/10/13</td><td>3.0</td><td>Securities and Futures Institute</td><td>Strategy and Management of Enterprise Upgrade and Transformation-Choice of M&A and Alliance</td></tr>
<tr><td>2020/08/19</td><td>3.0</td><td>Securities and Futures Institute</td><td>Understanding the risk-averse trading of futures</td></tr>
</table></td><td>No major deviations</td></tr>
</table>

Assessment items	Implementation Status								Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description						
								derivative commodities and a practical seminar on the sustainable operation of enterprises with sound operations	
			Director	Chang, Hsien-Ming	2020/12/16	3.0	Taiwan Corporate Governance Association	Intellectual property rights and trade secrets	
					2020/12/16	3.0	Taiwan Corporate Governance Association	Talking about the three major codes and practical cases of integrity management, corporate governance and corporate social responsibility	
					2020/10/28	3.0	Taiwan Institute of Directors	2020 Annual Meeting of the Institute of Directors: A strategic turning year, looking for new growth drivers	
			Director	Tsai, Shu-Ken	2020/12/16	3.0	Taiwan Corporate Governance Association	Intellectual property rights and trade secrets	
					2020/12/16	3.0	Taiwan Corporate Governance Association	Talking about the three major codes and practical cases of integrity management, corporate governance and corporate social responsibility	
					2020/10/21	3.0	Securities and Futures Institute	2020 Prevention of Insider Trading and Insider Equity Trading	

Assessment items	Implementation Status							Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description					
							Publicity Seminar	
				2020/09/11	3.0	Taiwan Corporate Governance Association	Talking about the three major codes and practical cases of integrity management, corporate governance and corporate social responsibility	
			Director	Huang, Wen-Hung	2020/12/16	3.0	Taiwan Corporate Governance Association	Intellectual property rights and trade secrets	
					2020/12/16	3.0	Taiwan Corporate Governance Association	Talking about the three major codes and practical cases of integrity management, corporate governance and corporate social responsibility	
			Director	Hsu, Ching-Hsiung	2020/12/16	3.0	Taiwan Corporate Governance Association	Intellectual property rights and trade secrets	
					2020/12/16	3.0	Taiwan Corporate Governance Association	Talking about the three major codes and practical cases of integrity management, corporate governance and corporate social responsibility	
			Director	Tsai, Chang-Hung	2020/12/16	3.0	Taiwan Corporate Governance Association	Intellectual property rights and trade secrets	
					2020/12/16	3.0	Taiwan Corporate	Talking about the three	

Assessment items	Implementation Status							Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description					
					Governance Association	major codes and practical cases of integrity management, corporate governance and corporate social responsibility		
			Director	Li, Yi-Tsang	2020/12/16	3.0	Taiwan Corporate Governance Association	Intellectual property rights and trade secrets
					2020/12/16	3.0	Taiwan Corporate Governance Association	Talking about the three major codes and practical cases of integrity management, corporate governance and corporate social responsibility
					2020/11/17	3.0	Taiwan Institute of Directors	How does Chinese family business span a century in the era of co-governance
			Director	Chang, Chi-Chun	2020/12/16	3.0	Taiwan Corporate Governance Association	Intellectual property rights and trade secrets
					2020/12/16	3.0	Taiwan Corporate Governance Association	Talking about the three major codes and practical cases of integrity management, corporate governance and corporate social responsibility
			Director	PJ Asset Managem	2020/12/16	3.0	Taiwan Corporate Governance Association	Talking about the three major codes and practical cases of

<table>
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<tr><th>Y</th><th>N</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>ent Co.,Ltd. Representative : Wu, Su Chiu</td><td></td><td></td><td></td><td>integrity management, corporate governance and corporate social responsibility</td></tr>
<tr><td></td><td></td><td>2020/10/21</td><td>3.0</td><td>Securities and Futures Institute</td><td>2020 Prevention of Insider Trading and Insider Equity Trading Publicity Seminar</td></tr>
<tr><td></td><td></td><td>2020/09/25</td><td>3.0</td><td>Taiwan Corporate Governance Association</td><td>Understand related party transactions and unconventional transactions from practical cases</td></tr>
<tr><td></td><td></td><td>2020/09/18</td><td>3.0</td><td>Taiwan Corporate Governance Association</td><td>The role of institutional investors in improving corporate governance</td></tr>
</table>
(2) Recusal of directors from discussion and voting on motions that involve conflicts of interest: Restrictions and recusal of directors with regard to motions that involve conflicts of interest are clearly stated in the provisions prescribing methods of exercise of rights by shareholders in the articles of incorporation.
(3) Purchase of liability insurance for directors and supervisors: The company has purchased liability insurance for all directors
(4) Investor relations, supplier relations, rights of stakeholders: The company has established a spokesperson system to facilitate inquiries on business conditions and consultation with regard to right and interest related issues by investors, suppliers, and stakeholders. The company maintains positive communication
</td><td></td></tr>
</table>

Assessment items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description	
			channels with banks, suppliers, and stakeholders.	

9. Please describe adopted improvements and planned measures for prioritized areas requiring improvement as identified in the most recent corporate governance evaluation carried out by the TWSE Corporate Governance Center. （not required for companies which have not been evaluated）

(A) Adopted improvements

1.Disclosure of names and educational backgrounds of the management team (managers and above) on the corporate website

(B) Planned measures for prioritized areas

1. Disclosure of an English translation of the meeting handbooks and annual reports on the English version of the corporate website

This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

Note: : Multiple composition of board of directors and condition

Title	Director name	Gender	Nationality	Diversified core projects							
				Capability of Operational Judgement	Capability of Accounting & Finance Judgement	Capability of Management	Capability of awareness	Industry knowledge	Global market observation	Capability of leadership	Capability of decision making
Chairman	ROC	Chang, Hsien-Ming	Male	v	v	v	v	v	v	v	v
Vice Chairman	ROC	Tsai, Shu-Ken	Male			v	v	v	v		
Director	ROC	Huang, Wen-Hung	Male	v		v	v	v		v	v
Director	ROC	Hsu, Ching-Hsiung	Male	v		v	v	v		v	v
Director	ROC	Tsai, Chang-Hung	Male			v	v	v			
Director	ROC	PJ Asset Management Co.,Ltd. Wu, Su Chiu	Female	v	v		v	v	v		v
Director	ROC	Li, Yi-Tsang	Male		v	v	v	v		v	v
Director	ROC	Chang, Chun-Chi	Male		v		v		v	v	v
Independent director	ROC	Chang, Cheng-Lung	Male		v		v		v	v	v
Independent director	ROC	Wei, Chia-Min	Male				v	v	v		
Independent director	ROC	Chen, Tien-Wen	Male		v		v		v	v	

Note: CPA independence assessment

Assessment criteria	Assessment results	Conformity to independence requirements
1. Does the CPA have a direct or material indirect financial interest/relationship with the Company?	No	Yes
2. Has the CPA extended any loans or issued any guarantees to the Company or its directors?	No	Yes
3. Does the CPA have a close business relationship or potential employment relationship with the Company?	No	Yes
4. Have the CPA and members of his/her assurance task force served as director or manager or fill a position for the Company that has a material impact on the Audit Committee at present or within the last two years?	No	Yes
5. Does the CPA provide non-assurance services for the Company that have a direct impact on audit tasks?	No	Yes
6. Does the CPA serve as a broker for shares or other securities issued by the Company?	No	Yes
7. Does the CPA serve as a defender or representative for the Company in the resolution of conflicts with third parties?	No	Yes
8. Is the CPA related to a director or manager of the Company or to personnel performing duties that have a material impact on audit cases?	No	Yes

(d) Remuneration Committee Operations

1. Remuneration committee member data

Status	Name / Criteria	Meet One of the Following Professional Qualification Requirements in addition to at Least Five Years Work Experience			Independence Criteria(Note 1)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks (Note 2)
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent director	Chang, Cheng-Lung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	NA
Independent director	Wei, Chia-Min			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	NA
Independent director	Chen, Tien-Wen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	NA

Note 1: Independent Director Chang, Cheng-Lung resigned on April 1, 2021.

Note 2: If committee members meet one or several of the following criteria within two years before election or during their terms of office, please place a check in the column with the corresponding number

(1) Not an employee of the company or its affiliates

(2) Not a director or supervisor of the company or its affiliates， excluding independent director set up by the parent company and subsidiary based upon Company Law or local reulations.

(3) Not a shareholder owning over 1% stake in the company， in the names of himself/herself， the spouse， offspring before the age of majority， or others， or not one of the top-10 natural-person shareholders

(4) Not spouse or relatives within second kinship or relatives of direct lineage within third kinship of the aforementioned three kinds of persons

(5) Not director， supervisor， or employee of institutional shareholder owing over 5% stake in the company directly， or director， supervisor， or employee of the top-five institutional shareholders

(6) Not director， supervisor， manager， or shareholder with over 5% stake of specific company or institution with financial or business dealing with the company
(7) Not professionals providing commercial， legal， financial， and accounting services or consulting to the company or its affiliates; not owner， partner， director， manager， or spouse of such person of firms of sole proprietorship or partnership， companies， or institutions providing aforementioned services or consulting to the company and its affiliates.
(8) Without cases mentioned in various clauses of Article 30 of Company Law
(9) Professionals， sole proprietorships， partnerships， business owners of companies or institutions that do not provide audits for companies or related companies or business， legal， financial， accounting and other related services that have not received more than NT$ 500，000 in cumulative compensation in the past two years Partners， directors (directors)， supervisors (supervisors)， managers and their spouses. However， members of the Compensation Committee， Public Takeovers Review Committee， or 1&A Special Committee performing their functions and powers in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate 1&A Act are not limited to this.
(10) Not a governmental， juridical person or its representative as defined in Article 27 of the Company Law

Note 3: If committee members are directors, please specify whether the regulations set forth in Paragraph 5, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter

2. Remuneration Committee Competencies
(1) Assessment and monitoring of the company's remuneration policies
(2) Assessment and setting of remuneration standards for directors (incl. Chairman and Vice Chairman)
(3) Assessment and setting of remuneration standards for executives above the level of president and Associate GM
(4) Assessment and setting of remuneration standards for executives
(5) Regular reviews of remunerations of directors (incl. Chairman and Vice Chairman) and top executives (incl. executives above the level of manager and associate GM) based on company goals, business performance, and competitive environment

3. Operations of the remuneration committee
(1) The Remuneration Committee of the company is comprised of three members
(2) Term of office of the current committee: The term of office began on June 20, 2019 and will end on June 19, 2022 (on the same day as the 5th board of directors)

A total of 3 committee meetings (A) were convened in the most recent fiscal year (2020). Member qualifications and attendance records are as follows:

Title	Name	Attendance in person (B)	By proxy ©	Attendance rate (%) 【B/A】	Remarks
Convener	Chang, Cheng-Lung	2	0	100%	resigned on April 1, 2021.
Committee member	Wei, Chia-Min	2	0	100%	
Committee member	Chen, Tien-Wen	2	0	100%	

Other items to be recorded:

1. If the board rejects or revises suggestions submitted by the remuneration committee, the date of the board meeting, the session, content of the motion, the board resolution, and the response by the company to opinions of the remuneration committee members should be specified (if remunerations and compensations approved by the board are higher than those suggested by the committee, the actual discrepancies and reasons should be stated clearly): None
2. If objections or reservations to resolutions by committee members are recorded or declared in writing, the dates of committee meetings, sessions, contents of motions, the opinions of all committee members and responses to such opinions by the company should be specified: None

(e) Performance of corporate social responsibility and its difference from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Assessment items	Implementation status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		Under the materiality principle, the Company conducts risk assessment on the environment, society and corporate governance according to the situation of company operation and relevant regulations, and adjusts various risk management policies or strategies.	No major deviations
2.Does the company establish a dedicated or concurrent unit in charge of promoting CSR with senior management authorized by the board to take charge of proposing CSR policies and reporting to the board?	✓		The company organizes CSR-related training courses and education on a scheduled and non-scheduled basis.	No major deviations
3.Environmental issues				

Assessment items	Implementation status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
(1)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(1) The company has always placed great emphasis on eco-friendliness and energy conservation to fulfill its responsibility in the field of environmental protection. Pollution prevention facilities have been installed in accordance with relevant laws and all production affiliates have passed the ISO14001 and OHSAS18001 certification. Environmental protection is implemented in the fields of environmental management, pollution prevention, and garbage reduction in the hope of making a contribution to global environmental protection efforts. In addition, the general affairs units are responsible for designating dedicated personnel in charge of the management of environmental protection operations in the fields of air pollution, waste water, and solid waste and relevant legal requirements.	No major deviations
(2)Does the company endeavor to improve the efficiency of resource utilization and use recycled materials which have a low impact on the environment?	✓		(2)The company is committed to a more efficient utilization of resources and promotes low-carbon offices and inculcates water and power conservation habits among its employees.	No major deviations
(3) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		(3)The company has already implemented energy conservation and carbon reduction activities. In addition to the reduced use of light tubes in public areas, the turning off of unnecessary lights as well as the use of AC temperature controllers and highly effective energy conservation equipment are promoted in office areas.	No major deviations
(4)Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse	✓		(4)The Company pays attention to energy saving and carbon reduction at ordinary times, so as to save the power consumption in offices and production units; for general industrial waste and hazardous waste, the company reports	No major deviations

Assessment items	Implementation status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
gas emission reduction, water use reduction, and other waste management?			to local environmental protection department every year; for industrial water consumption and power consumption, Engineering Department will formulate relevant targets every year, and conduct statistics on and examine the completion of targets every month.	
4.Social issues				
(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1)The company safeguards the legal rights and interests of its employees through various management systems and norms including the formulation of HR management regulations and staff work rules in accordance with relevant labor laws. The company also contributes to employee medical insurance, basic old-age insurance, unemployment insurance, occupational injury insurance, and maternity insurance.	No major deviations
(2)Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(2)The company allocates statutory contributions in accordance with Chinese law including social security contributions (old-age insurance, medical insurance, occupational injury insurance, unemployment insurance, and childbirth insurance) as well as contributions to the housing provident fund. In addition, new-year bonuses, marriage and childbirth cash gifts are also granted and regular contributions are made to welfare funds. Staff trips, dinner parties, and recreation activities are organized on a non-scheduled basis to enhance the mental and physical health of the staff and promote staff engagement and emotional attachment.	No major deviations
(3)Does the company provide a safe and healthy working environment and provide employees with regular safety and health training?	✓		(3) The company is committed to providing a comfortable, safe, and healthy work environment for its employees in accordance with laws and regulations governing public	No major deviations

Assessment items	Implementation status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
			building safety and fire safety. It also organizes educational training and annual health checks for its employees on a regular basis and provides complete life and entertainment facilities including staff dorms and recreation centers.	
(4)Does the company set up effective career development and training programs for its employees?	✓		(4)The company has established an effective career skill development program for its employees.	No major deviations
(5)Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	✓		(5)The contracts between the company and its main suppliers do currently not include provisions stipulating that agreements may be terminated or rescinded at any time if suppliers violate CSR policies or generate a significant environmental and social impacts with its main suppliers: Relevant provisions will be added or removed in accordance with actual needs	No major deviations
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		✓	The Company has prepared basic disclosure report according to the corporate social responsibility report (basic edition) promoted by Industrial Department Bureau, Ministry of Economic Affairs, despite the Company has not officially prepared complete report and acquired the certification from the third party, the Company has been devoting to implement relevant matters prescribed in international (GRI) report preparation criterion or guidelines.	No major deviations
6. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: No major discrepancies exist as far as compliance with the CSR Best Practice Principles of the company is concerned.				
7.State clearly whether the CSR reports issued by the company have met the assurance standards of relevant verification organizations : NA				

(f) Implementation of Ethical Corporate Management and Adopted Measures

Implementation of Ethical Corporate Management

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
1. Formulation of ethical corporate management policies and programs				
(1) Has the Company formulated ethical corporate management policies and are such policies and methods stated explicitly in the company's rules and regulations and externally circulated documents and do the board and management level honor the commitment to ethical corporate management?	✓		(1) The Company has formulated Ethical Corporate Management Best Practice Principles, which have been approved by the board of directors. These principles are disclosed on the Market Observation Post System and the corporate website (http://www.ygget.com) as well as in its annual reports and other promotional materials. All members of the top management level and board of directors of the group embrace an integrity-based business philosophy in the performance of their duties and fulfill their supervisory responsibilities to lay the foundation for sustainable development of the group.	No major deviations
(2) Has the Company established an assessment mechanism for unethical behavior risks to facilitate regular analysis and assessment of business activities associated with a high risk of unethical behavior within the scope of the Company's operations? Has it formulated programs for the prevention of unethical conduct that at least incorporate the preventive measures set forth in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(2) The Company has included clearly formulated prevention programs and relevant handling procedures governing prohibition of bribery, illegal political contributions, improper charity donations or sponsorships, improper gifts, entertainment, or other benefits, leaking of business secrets, and impairment of stakeholder rights and interests in its Ethical Corporate Management Operating Procedures and Code of Conduct	No major deviations
(3) Do the programs to prevent unethical conduct			(3) The Company has included concrete directions	No major deviations

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
contain clearly defined operating procedures, codes of conduct, penalties for violations, and a grievance system? Are these programs implemented and carried out? Does the Company implement regular reviews and amendments to the aforementioned programs?	✓		including clearly defined operating procedures and code of conduct, penalties for violations, and a grievance system for the performance of duties by Company personnel in its Ethical Corporate Management Operating Procedures and Code of Conduct. The Audit Office reviews and amends the Ethical Corporate Management Best Practice Principles and Ethical Corporate Management Operating Procedures and Code of Conduct on a regular basis with reference to key international trends.	
2. Implementation of ethical corporate management				
(1) Does the company evaluate integrity records of trading counterparties and do contracts signed with trading counterparties include clearly formulated provisions regarding ethical behavior?	✓		(1) Before the company establishes commercial relations with third parties, it carries out assessments of the legality, ethical corporate management policies, and past records of unethical behavior of suppliers, customers, or other trading counterparties to ensure the fairness and transparency of their business operations and guarantee that they will not request, offer, or accept bribes.	No major deviations
(2) Has the company established exclusively dedicated units subordinate to the board to be in charge of proposing and enforcing ethical corporate management policies and submit regular reports (at least once a year) regarding the implementation progress to the board?	✓		(2) The company has designated the audit office as its dedicated unit in charge of amendment, implementation, interpretation, and counseling services with regard to the "Ethical Corporate Management Operating Procedures and Code of Conduct" in addition to the recording and archiving of reported contents as well as supervision of implementation and submission	No major deviations

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
			of regular reports to the board of directors.	
(3) Are policies in place to prevent conflicts of interest and have appropriate appeal channels been established and implemented?	✓		(3) The board directors uphold a high standard of self-discipline. When a proposal at a given board of directors meeting concerns the personal interest or the interest of the juristic person represented by any director, that director may state his/her opinions and respond to inquiries, but may not participate in the discussion or vote on that proposal and shall recuse himself or herself from any discussion and voting, where there is a likelihood that the interests of the company would be prejudiced. In addition, said director may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. If in the course of conducting company business, any personnel of the company discovers that a conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.	No major deviations

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
(4) Has the company established an effective accounting and internal control system to implement ethical corporate management? Are relevant audit plans formulated by internal audit units based on the results of unethical behavior risk assessments? Are regular audits of compliance with programs for the prevention of unethical conduct carried out by internal audit units or commissioned accountants based on these plans?	✓		(4) The company has established an accounting system and effective internal control system. Audit departments regularly review compliance with this accounting and internal control system and submit reports to the board of directors.	No major deviations
(5) Does the company organize regular internal and external training on ethical corporate management?	✓		(5) The company organizes regular training and education for directors, executives, employees, and appointees to provide them with a full understanding of the commitment, policies, and prevention schemes of the company in the area of ethical corporate management and ward off unethical behavior.	No major deviations
3. Implementation of the whistle-blowing system				
(1) Has the company established a clearly defined whistle-blowing and incentive system and convenient review channels? Has dedicated personnel been designated to ensure an appropriate processing of reported cases.	✓		(1) The company has set up reporting mailboxes to encourage employees to submit reports on detected malconduct that prejudices the interests of the company. The audit office is in charge of processing such reports.	No major deviations
(2) Has the company formulated standard operating procedures for the investigation and processing of received reports, follow-up measures and relevant confidentiality mechanisms?	✓		(2) The audit office carries out investigations of reported contents and reports the final results to the chairman in accordance with confidentiality principles.	No major deviations
(3) Has the company adopted measures to protect	✓		(3) The company is responsible for the	No major deviations

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?			confidentiality of the identity of the whistle-blower to prevent inappropriate dismissal or retaliation at the workplace against the whistle-blower.	
4.Enhancing information disclosure Does the company disclose its Ethical Corporate Management Best Practice Principles and effects of their promotion on its corporate website and the Market Observation Post System?	✓		The company has already disclosed the norms set forth in the Ethical Corporate Management Best Practice Principles in the corporate governance section of the corporate website and the Market Post Observation System.	No major deviations
5. If the Company has established ethical corporate management principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: The company has formulated "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Code of Conduct" based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and requires compliance with these principles by all staff members.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management practices: (such as review and amendment of ethical corporate management best practice principles) The company closely monitors national and international developments in the field of ethical management related norms and encourages directors, executives, and employees to provide suggestions. Ethical management policies and promotion measures adopted by the company are reviewed and enhanced based on these suggestions to increase the effect of ethical corporate management.				

(g) If the company has formulated corporate governance best practice principles and relevant rules and regulations, query methods should be disclosed:
Please refer to the corporate website: http://www.ygget.com (Investor section/corporate governance)

(h) Other important information that facilitates a better understanding of corporate governance practices should also be disclosed: None

i) Implementation of the internal control system

1. Declaration regarding the internal control system

Yeong Guan Energy Technology Group Co., Ltd.
Declaration regarding the internal control system

Date: March 16, 2021

Based on the results of a self-inspection, the company hereby makes the following declaration regarding the internal control system in 2020:

I. The company is fully aware of the fact that directors and managers of this company shall be fully responsible for the establishment, implementation, and maintenance of an internal control system. It has already established such a system in order to guarantee achievement of a wide range of goals including effectiveness and efficiency of company operations (e.g., profitability, performance, and asset security), reliability, timeliness, and transparency of reporting, and compliance with relevant laws, rules, and regulation.

II. The internal control system faces inherent constraints. No matter how perfect the design of the system is, an effective internal control system may only provide reasonable guarantees regarding the achievement of the aforementioned three goals. Furthermore, the effectiveness of the internal control system is affected by changes of the environment and external conditions. However, the internal control system of the company is equipped with a self-monitoring mechanism. Once shortcomings are identified, the company adopts corrective measures in a prompt manner.

III. The company judges the effectiveness of the design and implementation of the internal control system based on the judgment criteria prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "these Regulations"). The judgment criteria for the internal control system adopted in these Regulations divide the internal control system into five main constituents based on the management and control process: 1. Control environment; 2. Risk assessment; 3. Control activities; 4. Information and communication and; 5. Monitoring. Each constituent includes several items. For more details on the aforementioned items, please refer to the provisions set forth in these Regulations.

IV. The company inspects the effectiveness of the design and implementation of the internal control system based on the aforementioned judgment criteria

V. Based on the results of the aforementioned inspections, the company believes that the design and implementation of the internal control system on December 31, 2019 (including the supervision and management of subsidiaries) was efficient as far as goal achievement in the field of results and efficiency of operations, reliability of financial reports, and legal compliance are concerned and may provide reasonable guarantees regarding the achievement of the aforementioned goals.

VI. This declaration will be included as a main component of the annual report and prospectus of the company and will be made public. If the aforementioned published contents involve illegal activity such as fraud or concealment, the company shall assume legal liability pursuant to Article 20, 32, 171, 174 of the Securities and Exchange Act.

VII. This declaration was approved unanimously by the board of directors with an attendance of 11 directors on March 16, 2021. All directors consented to the contents of this declaration as stated herein.

Yeong Guan Energy Technology Group Co., Ltd.

Chairman: Signature/Seal

President: Signature/Seal

2. If an accountant is commissioned to review the internal control system, the contents of the review report shall be disclosed: NA

(j) Penalties imposed in accordance with the law upon the company or its in-house personnel, disciplinary action taken by the company against its in-house personnel for violations of the company's internal control regulations, and description of principal shortcoming(s) and adopted improvements during the most recent fiscal year up to the date of printing of the annual report: NA

(k) Major resolutions adopted by the shareholders' meeting and board during the most recent fiscal year up to the date of printing of the annual report

1. Major resolutions adopted by the General Shareholders' Meeting and their implementation status in 2020:
   (1) Approval of the 2019 Business Report and Consolidated Financial Statement
   (2) Approval of the 2019 Earnings Distribution and Loss Make-up Proposal
   Implementation status: July 26, 2020 was set as the base date and August 18, 2020 as the distribution date (Cash dividend of NT$ 0.5 per share)
   (3) Deliberation of the amendment to the Articles of Incorporation
   Implementation status: Change of Cayman Islands registration was completed on July 3th of 2020 and this has been publicly announced on the Company's website accordingly
   (4) Election of one director
   Implementation status: Change of Cayman Islands registration was completed on July 7th of 2020
   (5) Deliberation of the Lifting of Non-Competition Restrictions for Newly Appointed Directors
   Implementation status: Carried out in accordance with shareholders' meeting resolutions

2. Major resolutions of board meetings in 2020 up to the printing date of the annual report:

Meeting type	Date	Major resolutions
Board meeting	March 12, 2020	(1) Approval of the 2019 Consolidated Financial Statement (2) Approval of the 2019 Business Report (3) Deliberation of the 2019 Earnings Distribution Proposal (4) Deliberation of the planned release of the 2019 Internal Control Statement (5) Deliberation of the amendment to the Articles of Incorporation (6) Deliberation of the amendment to the Rules of Procedure for Shareholders' Meetings (7) Deliberation of the amendment to the Corporate Social Responsibility Best Practice Principles (8) Deliberation of the amendment to the Ethical Corporate Management Operating Procedures and Code of Conduct (9) Deliberation of the amendment to the Procedures Governing Endorsements and Guarantees (10) Deliberation of the amendment to the Procedures Governing Lending of Funds (11) Revision of the 2015 Fund Utilization Plan Involving Cash Capital Increase through Issuance of New Common Shares and 2nd Issue of Domestic (ROC) Unsecured Convertible Bonds (12) Deliberation of the convening of the 2020 General Shareholders' Meeting
Board meeting	April 20, 2020	(1) Director by-election (2) Deliberation of the convening of the 2020 General Shareholders'

Meeting type	Date	Major resolutions
		Meeting (added new proposal)
Board meeting	May 6, 2020	(1) Review of the list of director candidates nominated during the 2020 General Shareholders' Meeting (2) Approval of the 3nd Issue of Domestic (ROC) Unsecured Convertible Bonds and the Issuance of New Shares for Capital Increase (3) Private Placement of securities of the Company (4) Deliberation of the convening of the 2020 General Shareholders' Meeting (added new proposal)
Board meeting	June 19, 2020	(1) Deliberation of the determination of matters pertaining to allocation of cash dividends in 2019 (2) Deliberation the investment plan of the Company's subsidiaries Yeong Guan Holdings Co., Limited (Taiwan Branch Organization) and Yeong Guan Holdings Co., Limited (Taiwan Branch) (3) Deliberation the investment plan of the Company's subsidiaries Yeong Guan Heavy Industry (Thailand) Co., Ltd
Board meeting	August 6, 2020	(1) Proposal to increase the capital of Yeong Guan Energy Holdings Co., Ltd
Board meeting	November 9, 2020	(1) Proposal to increase the capital of Yeong Guan Energy Holdings Co., Ltd (2) Planned application for a credit line from CTBC Bank , Taiwan Cooperative Bank ,BNP Paribas and Antai Commercial Bank
Board meeting	March 16, 2021	(1) Approval of the 2020 Consolidated Financial Statement (2) Approval of the 2020 Business Report (3) Deliberation of the 2020 Earnings Distribution Proposal (4) Deliberation of the planned release of the 2020 Internal Control Statement (5) Proposal for the amendments to the Rules of Procedure for Shareholders Meetings of the Company (6) Proposal for the amendments to the Rules of Procedure for Board of Directors Meetings of the Company (7) Proposal to amend the Procedures for Election of Directors of the Company (8) Proposal to amend the Audit Committee Charte of the Company (9) Proposal to amend the Guidelines for the Adoption of Codes of Ethical Conduct of the Company (10) Proposal to amend the rules Governing the Scope of Powers of Independent Directors of the Company (11) Replacement of the Chief Financial Officer (12) Replacement of the Chief Auditor Officer (13) Planned provision of an endorsement/guarantee for the Company's subsidiary Yeong Guan Energy Holdings Co., Ltd (14) Deliberation of the convening of the 2021 General Shareholders' Meeting
Board meeting	April 21, 2021	(1) Director by-election (2) Deliberation of the convening of the 2021 General Shareholders' Meeting (added new proposal)
Board meeting	May 6, 2021	(1) Review of the list of director candidates nominated during the 2021 General Shareholders' Meeting (2) Proposed to Cooperate with CPA firm policy to change CPA

(l) Directors or supervisors who were on record or had submitted a written declaration for holding a dissenting opinion on major resolutions passed by the board of directors in the most recent

fiscal year up to the publication date of the annual report: None

(m) Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports (including the Chairman, President, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, and R&D Supervisor) in the most recent fiscal year up to the publication date of the annual report:

2021/5/12

Title	Name	Start	End	Reason for Resignation/Dismissal
Executive Vice President	Yu, Hsiao-Ping	2019/07/02	2020/01/15	Personal health reasons
Executive Vice President & Accounting Supervisor	Lin, Yu-I	2013/01/07	2021/02/17	Personal career planning
Executive Vice President & Engineering Supervisor	Kuo, Jui	2010/02/01	2021/03/31	Personal career planning
Internal Audit Supervisor	Tsai, Ching-Wu	2012/07/01	2021/02/17	Assumes title of Accounting Supervisor

4. Professional fees of CPAs

(a) Range of professional fees of CPAs

Name of Accounting Firm	Accountant Name		Audit Period	Remarks
Deloitte & Touche	Chen, Chih-Yuan	Chang, Ching-Ren	2020.01.01~2020.12.31	

Unit: 1000 NTD

Range of fees / Item		Audit fee	Non-audit fees	Total
1	Below NT$2,000			
2	NT$2,000～NT$4,000			
3	NT$4,000～NT$6,000			
4	NT$6,000～NT$8,000	8,050	200	8,250
5	NT$8,000～NT$10,000			
6	Above NT$10,000			

Unit: 1000 NTD

Accounting firm	Name of accountant	Audit fee	Non-audit fees					Account ant audit period	Note
			System design	Business registration	HR	Other (Note 1)	Subtotal		
Deloitte Taiwan	Chen, Chih-Yuan Chang, Ching-Ren	8,050	0	0	0	200	200	2020.01.01~ 2020.12.31	

(b) Non-audit fees paid to CPAs, their accounting firms, and related businesses make up over 25% of the audit fees: NA

(c) Reduction of audit fees after replacement of the accounting firm compared to the year preceding replacement: NA

(d) Reduction of audit fees by more than 15% compared to the previous year: NA

5. Information on change of accountant(s): NA

6. The Chairman, President, or executives in charge of finance or accounting affairs were employed in the accounting firm the CPAs are part of or related businesses in the most recent fiscal year: NA

7. Transfer of stocks or changes in pledged shares of directors, supervisors, and executives, and shareholders holding over 10% of the total shares in the most recent fiscal year up to the publication date of the annual report

(a) Changes in Shareholding of Directors, Supervisors, Executives and Major Shareholders

Title	Name	2020		2021 up to April 19	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and major shareholder	Chang, Hsien-Ming	—	—	—	—
Nominee shareholder appointed by chairman and major shareholder	Rui Sheng Industrial Co., Limited	—	—	(2,061,000)	—
Vice Chairman and Spokesman	Tsai, Shu-Ken	(159,109)	—	—	—
Director and Executive Vice President	Huang, Wen-Hung	852	—	—	—
Director and Executive Vice President	Hsu, Ching-Hsiung	—	—	—	—
Director	Tsai, Chang-Hung	—	—	—	—
Director and Chief Strategy Officer	Li, Yi-Tsang	639	—	—	—
Director	Chang, Chun-Chi	(20,978)	—	—	—
Director and major shareholder	PJ Asset Management Co.,Ltd	485,739	—	—	—
Independent director	Chang, Cheng-Lung	—	—	—	—
Independent director	Wei, Chia-Min	—	—	—	—
Chang, Chun-Chi	Chen, Tien-Wen	33,347	—	—	—
Executive Vice President	Yu, Hsiao-Ping	—	—	—	—
Executive Vice President	Kuo, Jui	—	—	—	—
Executive Vice President	Fang, Cheng-Jiang	—	—	—	—
Executive Vice President	Liang, Li-Sheng	—	—	—	—
Vice President	Liu, Han-Pang	—	—	—	—
Vice President	Lin, Yu-I	—	—	—	—
Vice President	Huang, Ching-Chung	—	—	—	—
Vice President	Lin, Tai-Feng	—	—	—	—
Chief Financial Officer	Tsai, Ching-Wu	—	—	—	—
Corporate Governance Officer	Chiang, Shu-Kan	—	—	—	—

Note 1: PJ Asset Management Co.,Ltd. was elected on June 19, 2020, and appoint Mrs. Wu, Su Chiu as the representative

Note 2: Independent Director Chang, Cheng-Lung resigned on April 1, 2021.

Note 3: Executive Vice President Yu, Hsiao-Ping resigned on January 15, 2020.

Note 4: Executive Vice President Kuo Jui, resigned on March 31, 2021.

Note 5: Executive Vice President Lin, Tai-Fen leave without pay on July 1, 2020.

Note6: Vice President Lin, Yu-I resigned on February 17, 2021. Tsai, Ching-Wu were newly appointed on February 9, 2021.

(b) Share Transfer to Related Parties: NA

(c) Shares pledged to related parties: NA

8. Information Disclosing the Relationship or Spousal or Kinship Relationships within the Second Degree between any of the Company's Top Ten Shareholders

As of April 19, 2021/Unit: Shares; %

NAME/TITLE	Personal shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		The relationship between any of the company's top ten shareholders (name/title)		REMARKS
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name /title	Relationship	
Chang, Hsien-Ming	13,693,540	12.38%	3,120	0.00%	4,279,000	3.87%	Chang, Yuezhao Chang, Wen-Lung	brothers and sisters	
PJ Asset Management Co., Ltd. Representative: Lin, Chen-Hai	10,759,739	9.73%	-	-	-	-	-	-	
Jiayuan Investment Co., Ltd. Representative : Wu, Su Chiu	8,599,315	7.77%	-	-	-	-	-	-	
Rui Sheng Industry Co., Limited Representative: Chang, Hsien-Ming	4,279,000	3.87%	-	-	-	-	Chang, Hsien-Ming	-	Nominee shareholder
Yongguan New Material Co.,Limited Representative: Li Chang, Yueh-Yun	1,600,000	1.45%	-	-	-	-	-	-	
Chang, Yuezhao	1,296,035	1.17%					Chang, Hsien-Ming Chang, Wen-Lung	brothers and sisters	
Chang, Wen-Lung	1,207,050	1.09%	-	-	-	-	Chang, Hsien-Min Chang, Yuezhao g	brothers and sisters	
JPMorgan Chase Bank N.A., Taipei Branch maintains the Vanguard Emerging Market Stock Index Fund Investment Account of the Vanguard Group Company Manager entrusted	1,032,180	0.93%	-	-	-	-	-	-	
Yu, Song-Yu	960,771	0.87%	-	-	-	-	-	-	
JPMorgan Chase Bank N.A., Taipei Branch maintains custody account of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds.	952,217	0.86%	-	-	-	-	-	-	

9. Number of shares held and consolidated shareholding ratio of the company, directors, supervisors, executives, and businesses directly or indirectly controlled by the company in the same joint venture business

As of December 31, 2020/Unit: 1,000 Shares; %

Joint venture business	Investments by the company		Investments by directors, supervisors, executives, and businesses directly or indirectly controlled by the company		Total investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Yeong Guan Holdings Co., Ltd.	194,000	100.00	—	—	194,000	100.00
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	37,500	75.00	—	—	37,500	75.00
Yeong Guan International Co., Ltd.	805,000	100.00	—	—	805,000	100.00
Shin Shang Trade Co., Ltd.	50	100.00	—	—	50	100.00
Yeong Chen Asia Pacific Co., Ltd.	Note	100.00	—	—	Note	100.00
Dongguan Yeong Guan Mould Factory Co., Ltd.	Note	100.00	—	—	Note	100.00
Ningbo Yeong Shang Casting Iron Co., Ltd.	Note	100.00	—	—	Note	100.00
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	Note	100.00	—	—	Note	100.00
Jiangsu Bright Steel Fine Machinery Co., Ltd.	Note	100.00	—	—	Note	100.00
Ningbo Yeong Chia Mei Trade Co., Ltd.	Note	100.00	—	—	Note	100.00
Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd.	Note	95.1	—	—	Note	95.1
Qing Dao Rui Yao Building Material Co., Ltd.	Note	50.00		50.00	Note	100.00
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	Note	100.00	—	—	Note	100.00

Note: Limited liability company that has not issued any shares

IV. Capital Overview

1. Capital and shares

(a) Source of Capital

1. Capital formation process

Month/ Year	Par value	Authorized capital		Paid-in capital		Remarks		
		Shares (1000 shares)	Amount (1000 dollars)	Shares (1000 shares)	Amount (1000 dollars)	Sources of capital	Capital Increased by Assets Other than Cash	Other
2008.1	-	Common shares 1,000	HKD 100	1,000	HKD 100	Company establishment	NA	
2008.9	-	Common shares 985,000 Special shares 15,000	HKD 100,000	50,000	HKD 5,000	Organizational restructuring	NA	
2009.5	USD 2.08	Common shares 1,000,000	HKD 100,000	57,822	HKD 5,782	Cash capital increase	NA	
2009.8	USD 1.51	Common shares 1,000,000	HKD 100,000	77,683	HKD 7,768	Cash capital increase	NA	
2010.3	-	Common shares 120,000	NTD 1,200,000	80,000	NTD 800,000	Conversion of capital into NT dollars	NA	
2012.4	NTD 53	Common shares 120,000	NTD 1,200,000	88,889	NTD 888,890	Cash capital increase	NA	
2012.9	-	Common shares 120,000	NTD 1,200,000	100,889	NTD 1,008,890	Capital increase from earnings	NA	
2014.8	NTD 118	Common shares 120,000	NTD 1,200,000	104,889	NTD 1,048,890	Cash capital increase	NA	
2015.3	NTD 153	Common shares 120,000	NTD 1,200,000	105,793	NTD 1,057,930	Convertible bond conversion	NA	
2015.4	NTD 153	Common shares 120,000	NTD 1,200,000	105,862	NTD 1,058,622	Convertible bond conversion	NA	
2015.6	NTD 149	Common shares 150,000	NTD 1,500,000	111,212	NTD 1,112,118	Convertible bond conversion	NA	
2015.7	NTD 149	Common shares 150,000	NTD 1,500,000	112,151	NTD 1,121,507	Convertible bond conversion	NA	
2015.8	NTD 149	Common shares 150,000	NTD 1,500,000	112,155	NTD 1,121,545	Convertible bond conversion	NA	
2015.10	NTD 168	Common shares 150,000	NTD 1,500,000	117,155	NTD 1,171,545	Cash capital increase	NA	
2015.10	NTD 148.6	Common shares 150,000	NTD 1,500,000	117,830	NTD 1,178,303	Convertible bond conversion	NA	
2015.11	NTD 148.6	Common shares 150,000	NTD 1,500,000	117,845	NTD 1,178,451	Convertible bond conversion	NA	
2015.12	NTD 148.6	Common shares 150,000	NTD 1,500,000	117,980	NTD 1,179,796	Convertible bond conversion	NA	
2016.1	NTD 148.6	Common shares 150,000	NTD 1,500,000	118,126	NTD 1,181,263	Convertible bond conversion	NA	
2016.2	NTD 148.6	Common shares 150,000	NTD 1,500,000	118,299	NTD 1,182,986	Convertible bond	NA	

						conversion		
2016.3	NTD 148.6	Common shares 150,000	NTD 1,500,000	118,702	NTD 1,187,023	Convertible bond conversion	NA	
2016.4	NTD 148.6	Common shares 150,000	NTD 1,500,000	118,771	NTD 1,187,709	Convertible bond conversion	NA	
2016.6	NTD 148.6	Common shares 300,000	NTD 3,000,000	118,782	NTD 1,187,824	Convertible bond conversion	NA	
2016.8	NTD 148.6	Common shares 300,000	NTD 3,000,000	118,818	NTD 1,188,175	Convertible bond conversion	NA	
2018.3	-	Common shares 300,000	NTD 3,000,000	111,618	NTD 1,116,175	Writing-off of repurchased treasury shares	NA	
2019.3	-	Common shares 300,000	NTD 3,000,000	105,618	NTD 1,056,175	Writing-off of repurchased treasury shares	NA	
2020.10	NTD 80	Common shares 300,000	NTD 3,000,000	110,618	NDT 1,106,175	Cash capital increase	NA	

2. Type of stock

April 19, 2021

Share type	Authorized capital			Remarks
	Issued shares	Unissued shares	Total shares	
Common	110,617,519 shares	189,382,481 shares	300,000,000 shares	

3. Information for the shelf registration system: NA

(b) Shareholder Structure

As of April 19, 2021; Unit: Persons; Shares; %

Shareholder structure / Number	Government agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions& Natural Persons	Total
Number of shareholders	0	7	57	79	11,754	11,897
Number of shares	0	691,943	26,600,457	8,943,939	74,381,180	110,617,519
Shareholding ratio (%)	0%	0.63%	24.05%	8.08%	67.24%	100.00%

Note: The shareholding ratio of Mainland Chinese capital in this company is zero

(c) Shareholding distribution status:

As of April 19, 2021; Unit: Persons; Shares; %

Shareholding classes	Number of shareholders	Number of shares	Shareholding Ratio (%)
1 ~ 999	1,405	207,262	0.19%
1,000 ~ 5,000	8,368	16,282,911	14.72%
5,001 ~ 10,000	1,092	8,169,007	7.39%
10,001 ~ 15,000	379	4,672,516	4.22%
15,001 ~ 20,000	182	3,282,160	2.97%
20,001 ~ 30,000	168	4,204,068	3.80%
30,001 ~ 40,000	80	2,847,312	2.57%
40,001 ~ 50,000	53	2,455,773	2.22%
50,001 ~ 100,000	87	6,013,625	5.44%
100,001 ~ 200,000	41	5,668,933	5.13%
200,001 ~ 400,000	20	5,420,346	4.90%
400,001 ~ 600,000	7	3,601,387	3.26%
600,001 ~ 800,000	5	3,412,372	3.08%
800,001 ~ 1,000,000	2	1,912,988	1.72%
1,000,001 or more	8	42,466,859	38.39%
Total	11,897	110,617,519	100.00%

(d) List of Major Shareholders

As of April 19, 2021; Unit: Shares; %

Name of major shareholder \ Number of shares and shareholding ratio	Number of shares	Shareholding ratio (%)
Chang, Hsien-Ming	13,693,540	12.38%
PJ Asset Management Co., Ltd.	10,759,739	9.73%
Jiayuan Investment Co., Ltd.	8,599,315	7.77%
Rui Sheng Industrial Co., Limited	4,279,000	3.86%
Yongguan New Material Co.,Limited Representative: Li Chang, Yueh-Yun	1,600,000	1.45%
Chang, Yuezhao	1,296,035	1.17%
Chang, Wen-Lung	1,207,050	1.09%
JPMorgan Chase Bank N.A., Taipei Branch maintains the Vanguard Emerging Market Stock Index Fund Investment Account of the Vanguard Group Company Manager entrusted	1,032,180	0.93%
Yu, Song-Yu	960,771	0.87%
JPMorgan Chase Bank N.A., Taipei Branch maintains custody account of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds.	952,217	0.86%

(e) Market Price, Net Worth, Earnings, and Dividends per Share in the previous two fiscal years

Unit: NTD; 1000 shares

Item \ Year			2019	2020	Up to March 31, 2021
Market price per share	Highest		91.3	110.50	85.50
	Lowest		47.3	48.20	74.40
	Average		62.22	75.35	80.30
Net worth per share	Before distribution		72.54	77.81	79.60
	After distribution		72.04	76.31	—
Earnings per share	Weighted average shares		105,896	106,683	110,618
	EPS		1.54	4.81	1.13
Dividends per share	Cash dividends		0.5	1.5	—
	Stock dividends	—	—	—	—
		—	—	—	—
	Accumulated undistributed dividends		Nil	Nil	—
Return on investment	Price-Earnings Ratio (Note 1)		40.40	15.67	—
	Price-Dividend Ratio (Note 2)		124.44	50.23	—
	Cash dividend yield rate (Note 3)		0.8%	2.0%	—

Note 1: Price-Earnings Ratio＝Average closing price per share in the respective year/Earnings per Share

Note 2: Price-Dividend Ratio＝Average closing price per share in the respective year/Cash dividends per share

Note 3: Cash dividend yield rate＝Cash dividends per share/Average closing price per share in the respective year

Note 4: The 2020 Earnings Distribution Proposal was approved by board resolution on March 16, 2021and will be submitted to the shareholders' meeting for ratification on June 17, 2021

(f) Dividend Policy and Implementation Status

1. Dividend policy as prescribed in the Articles of Incorporation

Dividends are paid to shareholders based on their shareholding ratios upon approval by ordinary resolution of the shareholders' meeting, or in accordance with the conditions specified in Article 11.4(a) of the Articles of Incorporation by supermajority resolution of the board provided that the Articles of Incorporation and directions of the shareholders' meeting are not violated. Dividends may be paid in form of cash, shares, or fully or partially in different types of assets. The value of these assets is determined by the board of directors. The company does not pay interest on undistributed dividends.

The board of directors may resolve to distribute all or part of the dividends from designated assets (shares or securities of other companies) and shall deal with problems generated by this distribution. The board of directors shall determine the value of said specified assets under condition that the aforementioned general provisions are not affected. It may also resolve to pay dividends to certain shareholders in cash in place of designated assets and may decide to convey said designated assets to a trustee under appropriate conditions.

Unless stipulated otherwise in relevant laws, Article 11.4 (a) of the Articles of Incorporation, the

Articles of Incorporation, or the rights attached to shares, the company may distribute earnings in accordance with board earnings distribution proposals approved by ordinary resolution of the General Shareholders' Meeting. The company may not pay dividends or make other distributions unless based on realized or unrealized earnings, share premium accounts, legally authorized reserves, or other funds. Unless rights attached to shares stipulate otherwise, all dividends shall be calculated based on the number of held shares and amounts paid by shareholders. If share issue conditions prescribe the calculation of dividends from a specified date, calculations shall be made accordingly.

Where the Company earns profits in a fiscal year (as defined below), 2% - 15% shall be allocated as employee bonuses. The beneficiaries of such compensations shall include employees of subsidiaries who meet certain conditions. A maximum of 3% of the aforementioned profits may be allocated as director compensations. The employee bonus and director compensation proposal shall be approved by resolution of a majority of directors with a minimum of 2/3 of all directors in attendance and shall be reported to the shareholders' meeting. In case of accumulated losses, a specified amount shall be retained for compensation prior to the allocation of employee bonuses and director compensations in accordance with the aforementioned ratios. The term "profits" shall refer to earnings before tax. The term "earnings before tax" shall refer to the amount prior to payment of employee bonuses and director compensations.
As for the determination of dividend policies, the board of directors determines the amounts of dividends and other distributions (if applicable) in each fiscal year based on a clear understanding of the maturity of the company's operations and services and the stable income situation and sound financial structure of the company and requests approval by the shareholders. The board of directors shall:

(a) take into account the earnings, overall development, financial planning, capital demands, industry outlook, and future prospects of the company in the respective fiscal year to safeguard the rights and interests of the shareholders and;
(b) Shall make allocations from net income in the current quarter for (i) reserves for the payment of taxes in the respective fiscal year (ii) compensation of losses (iii) 10% general reserves and (iv) reserves as determined by the board of directors pursuant to Article 14.1 of the Articles of Incorporation or special reserves required by authorities in charge of securities pursuant to regulations for public companies.

The board of directors shall allocate a minimum of 20% of the distributable amount as shareholder dividends upon allocation of amounts deemed appropriate by the board of directors as employee bonuses and director compensations in accordance with relevant regulations set forth in Article 13.4 and the dividend distribution policy specified in Article 13.5 under the premise of legal compliance. Dividends shall be subject to approval by resolution of the shareholders' meeting.
Shareholder dividends and employee bonuses may be paid out to employees or shareholders as cash, unissued shares purchased with said amount, or a combination of these two methods. Issued cash dividends shall make up at least 10% of the total dividends paid to shareholders. The company does not pay interest on undistributed dividends and bonuses.

2. Dividend distribution in this fiscal year:
The board of directors approved the 2020 Earnings distribution proposal on March 16, 2021 with a planned distribution of cash dividends amounting to NT$ 1.5 per share. Earnings are to be distributed as follows:

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of the quarter	495,011,044
plus: Net income after taxes for this quarter	513,143,216
plus: Revolving Special Reserve (Note)	9,604,814
minus: 10% legal reserve	(51,314,322)

Distributable earnings in this fiscal year	966,444,752
Distribution items:	
Cash dividend－NT$1.50 per share	165,926,279
Undistributed earnings at the end of the period	800,518,473

Note: Details on special reserves: Exchange differences generated by translation of foreign financial statements

(g) Impact of stock dividends proposed by this shareholders' meeting on business performance and EPS:
The 2020 Dividend Distribution Proposal was approved by board resolution on March 16, 2021. It is planned to submit it for resolution by the shareholders' meeting on June 17, 2021. Due to the fact that only cash dividends of NT$ 1.5 per share will be issued to shareholders, no significant impact is expected on the future operating performance of the Company.

(h) Compensation of employees, directors and supervisors
1. Quotas or range of compensations of employees, directors and supervisors as specified in the Articles of Incorporation: Please refer to Paragraph (f) 1.
2. Estimation basis for employee bonuses and compensations of directors and supervisors for this quarter, calculation basis for number of shares allocated as stock bonus, and accounting procedures in case of discrepancies between actually distributed amounts and estimated figures: A proportional basis for the distribution of payable employee bonuses and director compensations in 2019 shall be determined based on the distribution intervals of 2%~15% and 3% after allocation of 10% legal reserves and special reserves from net income after tax (minus employee bonuses and director compensations). In case of major changes of distribution amounts determined by the board of directors after year end, the originally allocated annual expenses shall be adjusted. Further changes on the date of the shareholders' meeting resolution shall be handled as accounting estimate changes. Annual adjustments shall be entered into accounts by resolution of the shareholders' meeting. If the shareholders' meeting resolves to pay out employee bonuses as stock, the number of shares allocated as stock dividends shall be determined based on payable bonus amounts divided by fair stock value. The term fair stock value shall refer to the closing price on the day prior to the shareholders' meeting resolution date (upon consideration of ex-right/ex-dividend impacts)
3. Compensations approved by the board of directors:
(1) Employee bonuses and director and supervisor compensations in form of cash payment or dividend distribution. Where there is a discrepancy between such compensations and recognized fees and estimated amounts, the actual difference as well as the reasons and handling thereof shall be specified: The board of directors has approved employee compensations of NT$ 10,000,000 distributed in cash.
(2) Amount of employee bonuses paid as distributed dividends/ratio of employee bonuses paid as dividends to after-tax net income as stated on the individual financial statement and total employee bonuses: NA
(3) Pro-forma EPS upon deduction of proposed employee bonuses and director/supervisor compensations: The Company has already taken into account employee bonus expense estimates in the 2020 Financial Statement. Calculated EPS is therefore identical to the financial statement.
4. Actual distribution of employee, director, and supervisor compensations in the previous year (including number and value of distributed shares and share price); where there is a discrepancy between actual compensations and approved amounts, the actual difference as well as the reasons and handling thereof shall be specified: NA

(i) Repurchase of shares by the company: NA

2. Issuance of company bonds:

1. Issuance of company bonds

Type of Corporate Bond		2nd Issue of Domestic Unsecured Convertible Bonds	3rd Issue of Domestic Unsecured Convertible Bonds
Issue (offer) Date		August 18, 2015	September 3, 2020
Denomination		NTD$100,000 each	NTD$100,000 each
Issuing and Traction Place		Taipei Exchange	Taipei Exchange
Issuing Price		fully issued at par price	fully issued at par price
Total Amount		NTD$2,500,000,000	NTD$1,500,000,000
Interest Rate		0%	0%
Deadline		5-year period; Due Date: August 18, 2020	5-year period; Due Date: September 3, 2025
Guarantee Agency		None	None
Trustee		Trusts Department of Land Bank of Taiwan	Trusts Department of Land Bank of Taiwan
Underwriter		KGI Securities Co. LTD.	CTBC Securities Co., Ltd
Certified Lawyer		Attorney Ya-Hsien Wang from Lee an Li Attorneys-At-Law	Attorney Ya-Hsien Wang from Lee an Li Attorneys-At-Law
Certified Accountant		Deloitte Touche Accountants Dong-fong Lee and Zhe-li Gong	Deloitte Touche Accountants Chih-Yuan, Chen and Ching-Jen, Chang
Payback method		Except for redemption by the company or or the exercise of put option or conversion by the bondholders, the sum to be repaid at maturity will include the face amount of the bonds plus coupon payment at 102.53.% of the par value (annual yield is about 0.5%) in a one-off cash payment.	Except for redemption by the company or or the exercise of put option or conversion by the bondholders, the sum to be repaid at maturity will include the face amount of the bonds plus coupon payment at 102.53.% of the par value (annual yield is about 0.5%) in a one-off cash payment.
Outstanding Principles		NTD$0	NTD$1,500,000,000
Provisions of redemption and prepayment		Please refer to the issuance and conversion plan.	Please refer to the issuance and conversion plan.
Restrictions		None	None
Credit rating agency, credit rating date, and corporate bond rating results		None	None
Other rights	None	No conversion has occurred as of August 18, 2020.	No conversion has occurred as of April 10 2021.
		Please refer to the market observation post system for bond issuance information	Please refer to the market observation post system for bond issuance information
Issuance and conversion, exchange and subscription, possible dilution on stock equity and impact on shareholder's equity from issuance conditions		This bond has matured on August 18, 2020.	According to the current conversion price of NTD$99.5, if all bonds are converted to common shares, 15,075,376 shares need to be issued. The impact on shareholders' equity is limited so far.
Commissioned agency for exchanged object		Not applicable	Not applicable

2. Convertible bond data

Corporate bond type		(15892)2nd Issue of Domestic (ROC) Unsecured Convertible Bonds	
Item \ Year		2020	Current year until April 30, 2021
Market price of convertible bonds	Highest	—	—
	Lowest	—	—
	Average	—	—
Conversion price		195.1	NA
Issue (offer) date and conversion price on issue date		Issue date: August 18, 2015 Conversion price on issue date: 217	NA
Conversion method		Issuance of new shares	NA

Note: The company bond already matured on August 18, 2020.

Corporate bond type		(15893)3rd Issue of Domestic (ROC) Unsecured Convertible Bonds	
Item \ Year		2020	Current year until April 30, 2021
Market price of convertible bonds	Highest	116	111.5
	Lowest	105	104
	Average	110.14	107.98
Conversion price		99.5	99.5
Issue (offer) date and conversion price on issue date		Issue date: September 3, 2020 Conversion price on issue date: 217	Issue date: September 3, 2020 Conversion price on issue date: 217
Conversion method		Issuance of new shares	Issuance of new shares

3. Exchange of corporate bond date: NA

4. Shelf registration of issued corporate bonds: NA

5. Corporate bonds with attached warrant: NA

3. **Preferred shares: None**

4. **Overseas depositary receipts: None**

5. **Employee stock option certificates: None**

6. **Restricted Employee Shares Compensation: None**

7. **Status of New Shares Issuance in Connection with Mergers and Acquisitions: None**

8. **Implementation of fund utilization plans:**

To work with localization development schedule for offshore wind power industry prescribed in Taichung Port "Establishment of Offshore Wind Power Industry Assembly Park" by the Ministry of Economic Affairs of Taiwan as well as to meet customer's demand for casting product order, the Company shall continue to proceed with its Taichung Casting Iron Factory building plan. From this fund raising project, NTD2,861,906 thousand dollars and NTD2,366,064 thousand dollars are expected to be utilized on factory building and purchase of machine and equipment.

As of the first quarter of 2021, the cumulative expenditures for the planned construction of factories and the purchase of machinery and equipment were 1,824,056 thousand yuan and 1,905,906 thousand yuan, respectively. The scheduled cumulative implementation progress was 63.74% and 80.55%, respectively, and the total scheduled cumulative amount was 3,729,96 thousand yuan. The total planned cumulative execution progress is 71.35%; the actual cumulative amount of expenditure is 1,758,161 thousand yuan and 1,974,315 thousand yuan, and the actual cumulative execution progress is 61.43% and 83.44% respectively; the total actual cumulative amount of expenditure is 3,732,476 thousand yuan, and the actual cumulative amount of expenditure is 3,732,476 thousand yuan. The total progress is 71.39%

The Company has no uncompleted plans of issuance or private placement of securities or completed plans without significant benefits within the most recent three years.

V. Operations Overview

1. Business activities

(a) Business scope

i. Main areas of business operations
The company's operations mainly focus on the manufacture and sale of spheroidal graphite cast iron and gray cast iron including hubs and bases for wind turbines, gearbox components, thermal power generation exhaust hoods, injection molding machine components, and castings for machine tools and other industrial machinery. The company has a casting production capacity of nearly 200,000 tons per year, and is dedicated to providing clients with a horizontal and vertical integration of one-stop procurement service for the purpose of offering casting, processing, spraying and assembly services to clients.

ii. Revenue distribution

Main product categories	2019		2020	
	Net sales	% of total sales	Net sales	% of total sales
Energy castings	4,379,577	55.43%	5,562,951	67.97%
Injection molding machine castings	1,579,157	19.99%	1,144,634	13.99%
Other castings	1,941,252	24.58%	1,476,688	18.04%
Total	7,899,986	100.00%	8,184,273	100.00%

iii. Current product categories

Main product categories	Application areas
Low-temperature high-tensile spheroidal graphite iron castings and gray cast iron castings for energy applications	Large-scale wind turbines (hubs, gear boxes, and bases) Steam turbine components for large-scale power plants
High-grade spheroidal graphite iron castings for injection molding machines	Plastic injection molding machine
Other applications of high-grade spheroidal graphite iron castings and gray cast iron castings	Large-scale high-precision machine tools Air compressor Very large-scale rapid color printing machine Medical equipment (cancer therapeutic apparatus, gamma knife therapeutic apparatus)

iv. Planned development of new products: Engineering, mining, and marine equipment castings

(b) Industry overview

i. Industry overview and development

<u>Wind Power Industry</u>

Global competition in the field of renewable energy

During the past 10 years, renewable energy has developed from a niche technology to a global industry. With the rise of environment issues to the top of global and regional agenda, the two major clean energies, renewable energy and solar energy, have been competing with each other for respective countries' market shares. Different incentive policies from different countries often bring about relatively huge impact to wind power and solar power equipment vendors. As a result, solar energy vendors will face huge amount of deficits when overall power generation costs for wind power come with competitive advantage, and vice versa. Therefore, it is not just wind power equipment vendors or parts suppliers are facing enormous pressure. Rather, this is a fight for survival battle between the whole wind power industry and solar energy industry.

Investment amount for global renewable energy in 2019 was USD398.5 billion dollars, an 13% increase over the one for 2018. This means renewable energy investments exceed USD400 billion dollars for 5 years in a row. According to statistics from Bloomger New Energy, investment for global wind power in 2019 reached USD159.8 billion dollars, an 8% increase over the one for 2018. Renewable energy investment for the first half of 2020 has reached USD187.6 billion dollars.

Frost & Sullivan's recent analysis, Growth Opportunities from Decarbonization in the Global Power Market, 2019-2030, reveals that the 2020s will be crucial for all the participants in the power industry as the transition toward renewable energy is expected to increase, while coal takes a downturn in most developed markets. Falling costs and renewable-friendly energy policies adopted by several countries in the six major geographies-North America, Latin America, Europe, the Middle East, China, and India-are prominent reasons why solar photovoltaic (PV) and wind capacity additions are expected to soar this decade. An estimated $3.40 trillion will be invested in renewable energy during the next decade, including $2.72 trillion in wind and solar. By 2030, 54.1% of installed capacity will be renewable (including hydropower), and 37.9% will be a combination of solar and wind.

Conventional power plant operators will require extreme physical and digital agility to compete with alternative power sources and stay profitable in the longer term. In this regard, digital solutions will enable conventional thermal power plants to increase operational efficiency and asset utilization to meet the present and future needs of a smart power grid. Growth opportunities for market participants will vary considerably, depending on the region:

North America: High energy costs drive strong market growth for energy service and performance contracting, which will more than double its size during the decade to be worth $19.14 billion in 2030.

Latin America: Population and GDP growth, coupled with increasing electrification and industrialization, are forecast to drive electricity demand by 3.15% per annum to 2030.

Europe: By 2030, $12.91 billion is expected to be invested annually in battery energy storage. Total installed capacity is expected to go up from 2.91 GW in 2019 to 70.02 GW by 2030.

India: Renewable energy will account for 72.04% of capacity additions in India during the next decade. Competitive solar PV and wind project costs will be key to future investment.

China: Adoption of energy storage will accelerate rapidly in China. The country accounts for 62% of global battery storage production capacity and is investing to boost capacity further. This will benefit the energy storage sector, as it should enable battery prices to decline.

Middle East: Bolstered by Saudi Arabia's shift in energy policy, the solar power market in the Middle East will witness a surge in activity levels in the 2020s. Saudi Arabia, the UAE, Qatar, and Iran are expected to be major markets for solar PV.

Injection molding machine

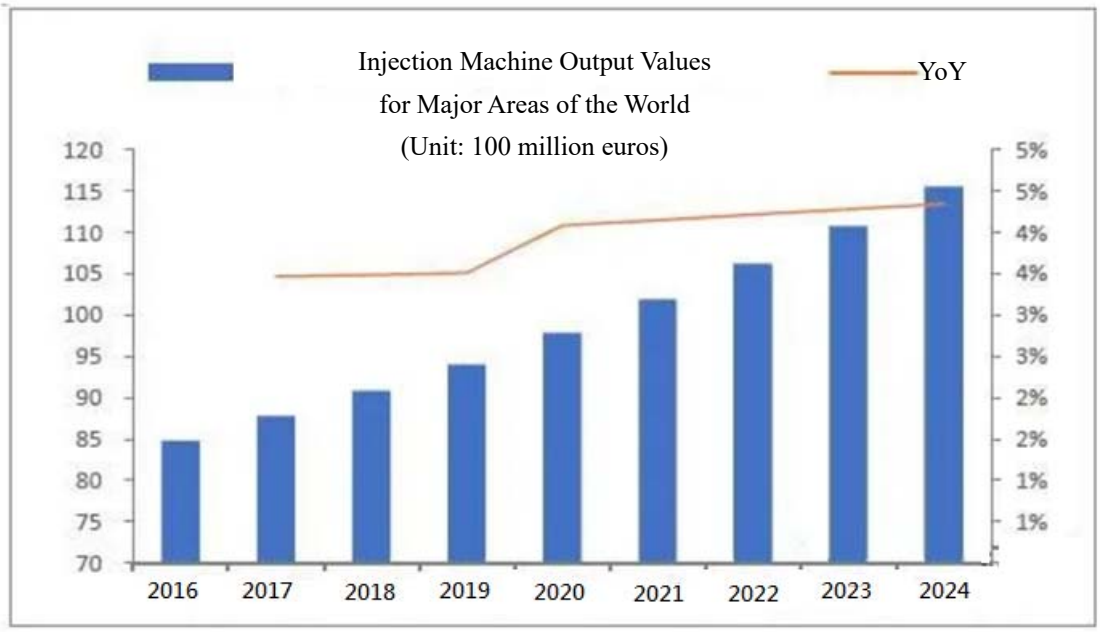
The application range of injection molding machines is very wide and includes the fields of household appliances, food products, automobiles, construction, pharmaceuticals, aviation, national defense, petrochemistry, and the casing of cell phones, cameras, notebook computers, and other digital devices. The evaluation of plastic goods is mainly based on three factors: 1. Outer appearance including integrity, color, and luster 2. Accuracy of dimensions and relative positions 3. Physical, chemical, and electrical properties correspond to the purpose. Quality and size requirements vary based on different usage locations.

Injection machine is a critical branch of plastic machine. It is a plastic machine product with the biggest amount of output, the highest amount of output value (roughly 32%) and the biggest amount of exports. From the perspectives of the whole world, three major categories for plastic machines are injection machine, extruder and blow molding machine. Their combined output value accounts for more than 80% of total output value for plastic machine, with output value for injection machine accounting for roughly 40%.

Manufacturing countries for injection machine are mainly Germany, Austria, US, Japan and China. Europe and Japan's injection machines are mainly high-tech and high added-value models of precision injection machine and large injection machine. After years of introduction of technology and technology innovation, manufacturing standards for China's injection industry in the realm of low-end injection machines have almost rivaled the ones from developed countries. Together with the advantage of labor price, export of China's low-end injection machine has already occupied half of the world's market. Additionally, China's injection machine industry not only made great progress during the last 10 years, it has also obtained critical breakthrough in the realm of high-end injection machine. Market share for China's injection machine is expanding every year.

Analysis of injection machine industry is as follows:

In terms of global perspective, growth in the injection machine industry is relatively stable. Global injection machine market is expected to grow steadily from 8.482 billion euros in 2016 to 11.557 billion euros in 2024, with compound annual growth rate of nearly 3.94%.



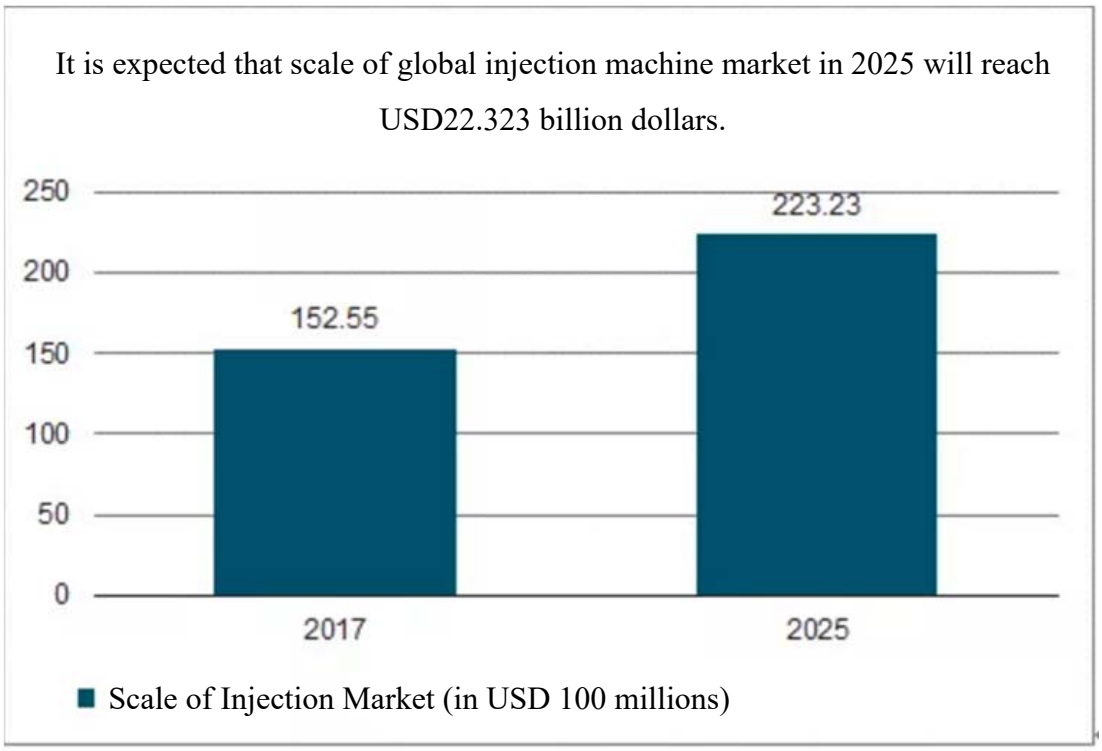
- A rising demand for lightweight and complex automotive and electronic components will further stimulate the market demand for injection molding machinery
- Constantly increasing industrialization, technological innovations, and expanding infrastructure will provide further momentum for the injection molding machinery market
- The 5G era generates new opportunities for the injection molding industry due to the ability of related machinery to manufacture high-precision and highly effective packaging for fragile and complex products such as electronics and smartphones. A constantly growing demand for such products will drive growth in the injection molding machinery market.
- In the upcoming years, large-scale production of automotive and consumer products and electronics will further boost the global market demand for injection molding machinery.

From global perspective, production of plastic injection machine from major countries of Germany, Austria, US, Japan and China accounts for roughly 80% of the world's total production. Manufacturing power houses of Europe and Japan emphasize a lot on innovation in the field of plastic machine. Over 45% of plastic machine patents in the world are held by European companies, and more than half of exports come from Europe. Precision injection machines and large injection machines made by European countries, specifically Germany, all come with high levels of technology, added value and profit margin. They almost have monopoly over high end market. Electric injection machines made by Japan have a market share as high as 30% in the north America. They possess obvious advantages mainly in the fields of fast-molding cycle and high-precision micro injection machines.

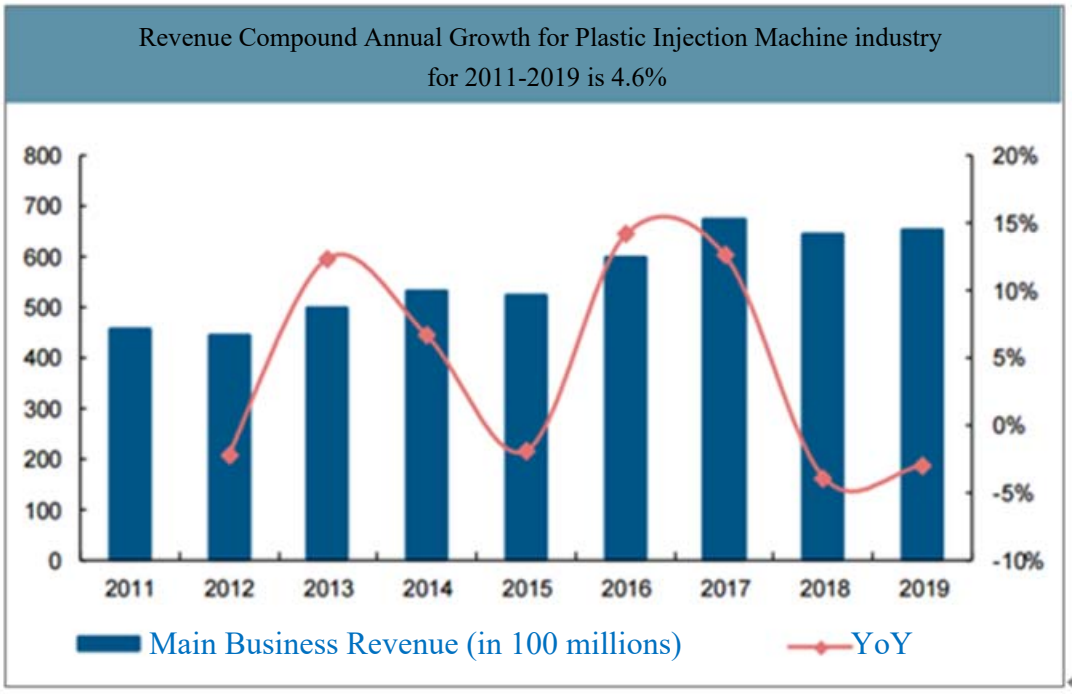
Scale and Forecast for Injection Machines in Major Regions of the World

Time /Region	Europe		Asia		America	
2013	Germany	2800	China	4200	US	3500
	Turkey	1700	Japan	35000	Brazil	2300
	Russia	1500	Korea	3000	Mexico	1300
2020	Germany	3000	China	35000	US	5000
	Turkey	2000	Japan	4000	Brazil	3000

	Russia	2000	Korea	3000	Mexico	2000



China injection machine industry has been growing steadily with cyclical fluctuations after its explosive growth in 2010. Market scale in 2017 was RMB 45 billion Yuan with an YoY growth of 16.5%. Revenue compound annual growth rate for domestic plastic injection machine industry from 2011 to 2019 is 4.6% which demonstrates a small cyclical fluctuation. Compound annual growth rate for China injection machine market from 2017 to 2020 is 6%. China's injection machine market reached RMB53.6 billion Yuan in 2020.

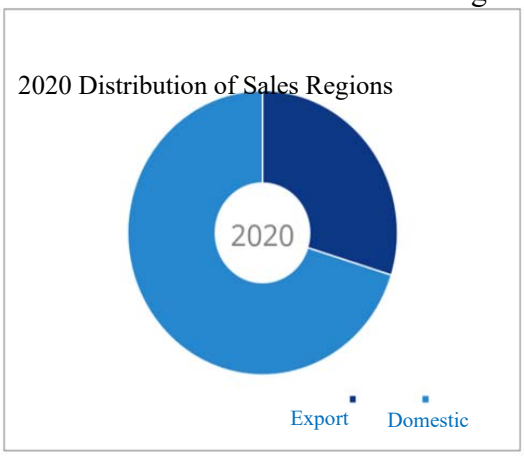


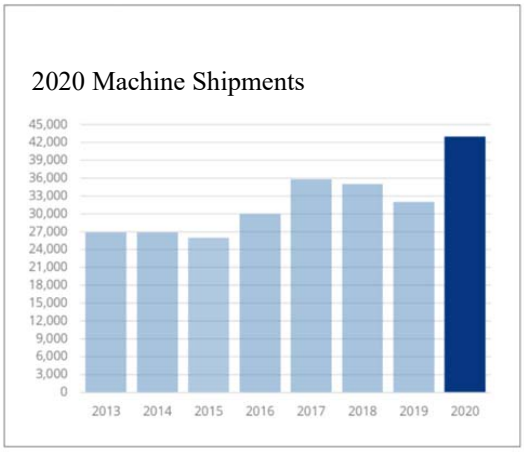
From the perspective of growth, industrial robot (2013-2019 CAGR25.74% for 2013-2019) > laser (CAGR22.54%) > injection machine (CAGR8.82%) > metal forming machine tool (CAGR 0).

However, overall fluctuation cycles are relatively consistent. Economies for 2014 and 2017 are relatively better while economies for 2015, 2018 and 2019 are relatively worse. Automatic equipment YoY growth fitting is applicable.

In terms of China's domestic market, injection machine industry has formed tow industry clusters in Yangtze River Delta and Pearl River Delta. For Ningbo area of Yangtze River Delta, Haitian is the leading enterprise with more than 43,000 machines sold in 2020. It is a growth of 32.3% compared with the one for the same period of 2019. The company accounts for more than 50% of domestic injection machine's total output and one-third of the global injection machine's output. Haitian International in Ningbo belongs to the first tier team in China's domestic market with output and output value accounting for 35% and 43% respectively. Chen Hsong, Yizumi, Borche, Tederic and L.K. belong to the second tier team.

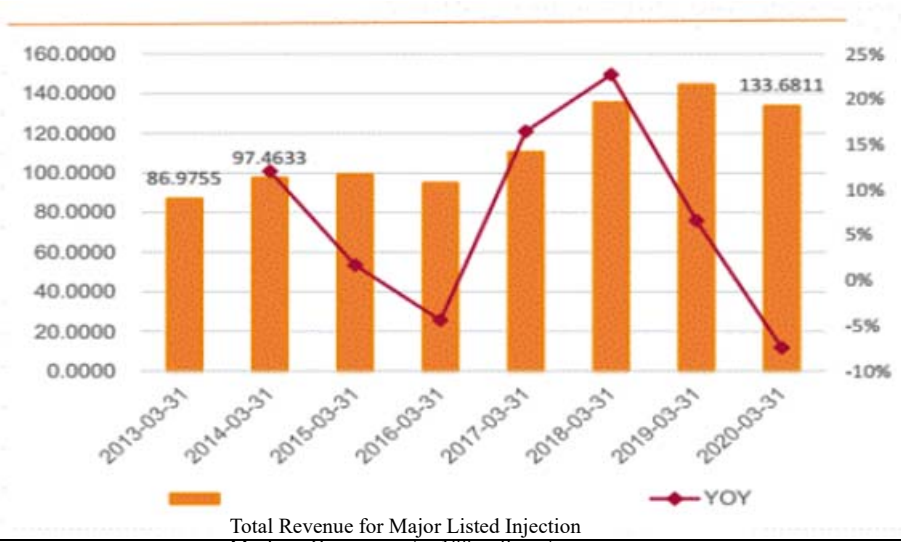
Distribution of Sales Regions & Machine Shipments for Ningbo Haitian in 2020





The following table is total revenue from financial statements of four listed injection machine equipment companies (Haitian, Yizumi, L.K. Technology, Chen Hsong Group. Accumulated growth from 2012 to 2019 is 53.7%.

Chart: Injection Machine Sales Revenue Over the Years



Total Revenue for Major Listed Injection Machine Companies (in 100 millions)

China's domestic injection machine enterprises are all constantly expanding their markets. Percentage of Haitian International's offshore market sales revenue fluctuates at around 30%. Yizumi has already set up factories in US, Vietnam and India and production for these factories have already started. The company's subsidiaries in Germany and Brazil have also been established one by one. Percentage for offshore sales revenue continues to grow. Tederic Machinery's offshore market sales revenue fluctuates between 30% to 40%. with products exported to roughly 80 countries and regions of the world through 35 offshore agents.

However, from the perspective of global plastic machine market, there is still a relatively large gap between Chinese enterprise's technology level and offshore brands. Export of equipment is still focused on low-end models. Average price for China's imported injection machine in 2019 was USD104,700 dollars per unit. However, average price for exported inject machine was USD27,400 dollars per unit. This was only a quarter of the price for imported equipment. In terms of deployments in offshore markets, destinations for China's export goods are relatively dispersed. They are mainly in non-developed regions and a wide-spread and in-depth production and distribution network has not been formed yet. From this perspective, Chinese enterprises to a large extent still rely on domestic market. Differences between domestic plastic machine enterprise's facing with competitors in international market and the one for them in domestic market are not so huge. In terms of middle and long term perspective, injection machine industry's room for growth is relatively higher given the benefits of the rising potential in China's per capita consumption in plastics. Additionally, with the enhancement of domestic injection machine's competitiveness in global market, there is an established trend of replacement on import and export to offshore markets. China's enterprises are expected to gain a larger market share in global market.

Industrial Machinery

The industrial machinery sector is of fundamental and strategic importance for every nation and is the mother of all industries. The machinery sector is closely connected to other sectors and provides suitable and highly efficient production equipment and facilities to satisfy the demand of other industries. The machinery industry covers a wide range and can have a wide or narrow meaning. The wide definition of machinery industry includes the five main categories of general machinery, electrical machinery, transportation tools, high-precision machinery, and metal goods, while the narrow definition only refers to production machinery and facilities and auxiliary equipment directly used by different industries

including metal processing machinery, industrial machinery, special and electrical manufacturing machinery, general machinery, transportation and automation facilities, metal molds, and other machinery and components.

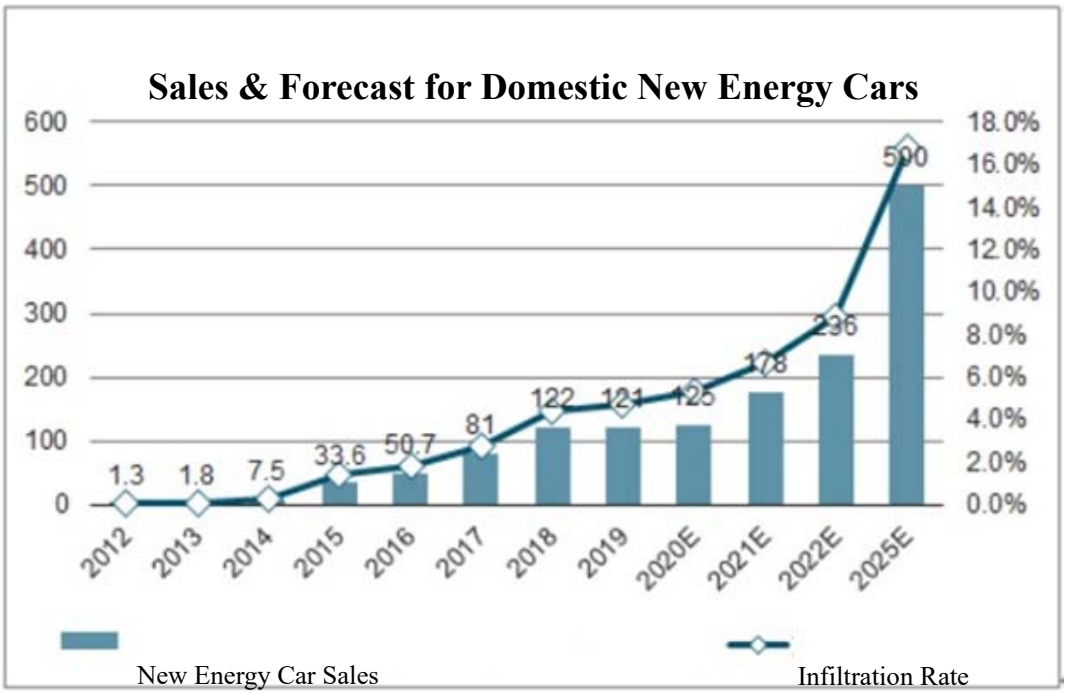
A few issues worth mentioning in current industry trend:

A. Smart green energy automobiles

According to data from Intelligence Research Group's "2020-2026 China New Energy Car Industry Development Risk Assessment and Development Prospect Analysis Report," pandemic has impacted economy of the first half of the year, and it is expected that economy will recover gradually in the second half of the year.

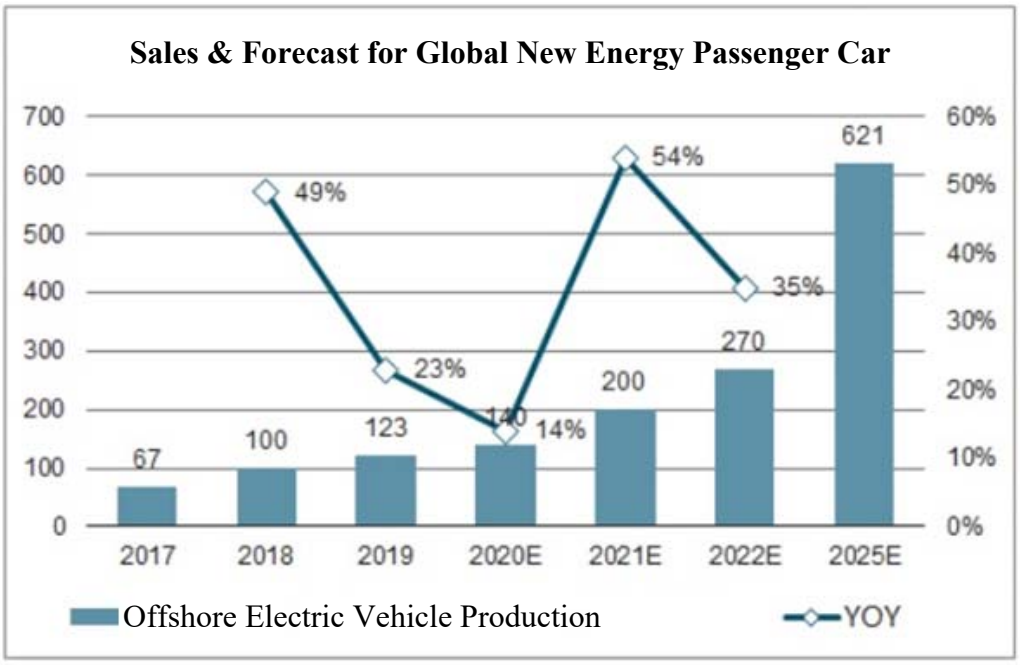
Both production and sales for new energy cars have suffered negative growth for three quarters in a row since the 3rd quarter of 2019. Industry prospect tends to be lower in the short term. During the first half of 2020, pandemic has impacted individual car purchase consumption as well as needs from operation side. On an YoY basis, sales for new energy car from January to April were -52%, -76%, -58% and -26% respectively. Declines were mitigated a bit in April and MoM figures have started to improve. It is expected that there will be certain pressure in May and June. In the second half of 2020, it is expected that there will be improvements over the basis of lower basic figures from the same period of last year, and sales for the whole year is expected to be low in the first half and high on the second half. Main reasons for this are: 1. Enhancement of incentive environment. Respective local governments have launched consumption support policies. Basic subsidy for new energy cars in areas where incentives have already been launched is RMB10,000 yuan per car. Purchase restrictions in Shanghai, Tianjin, Hangzhou, Guangzhou and Shenzhen have been lifted; 2. Purchase needs for private car have recovered after the pandemic; 3. Launch of new models speed up in the second half of the year.

New energy car is a direction for national strategy with definite trend of mid/long term growth. Although prospect for the industry is a little bit low in the short term, the direction of a long term supporting policy remains unchanged. Industry policy moves from direct subsidy to indirect support during transition. Promotion measures of "dual points," restricted purchase and restricted driving, infrastructure construction, safety inspection and battery post processing are expected to drive the industry to develop in a healthy way. Total sales for this industry from 2020 to 2022 are expected to be 125, 178 and 236 million cars with YoY figures of +7%, +42% and +33% respectively.



Growth in long term needs from EU market is definite. On May 19th, 2020, European Commission intended to launch Green Economy Recovery Program which planned to waive value-added tax on zero-emission cars. Currently, value-added tax for new energy cars in major European countries is around 20%. Electric vehicle price will be further lowered to rival fuel car price and end demands will be stimulated if the policy is implemented.

On May 26th, 2020, French president announced an 8 billion euros car industry aid plan which includes measure of 7,000 euros subsidy to consumers purchasing electric vehicle. In Germany, value-added tax rate for cars in the second half of 2020 will be lowered from 19% to 16%. For those who purchase new energy car priced below 40,000 euros, government subsidy will be raised from previous 3,000 euros per car to 6,000 euros per car. Subsidy to enterprise remains unchanged at 3,000 euros per car. Funds for projects of building charging station and production of support power battery will increase by 2.5 billion Euros. With the support of policies in Europe, sales of new energy cars in Europe is expected to recovery steadily in second half of the year. Sales of electric vehicles in Europe market for 2020-2021 are expected to be 850,000 thousand cars and 1.25 million cars respectively. In the meantime, sales of electric vehicles in offshore markets for 2020-2022 are expected to be 1.4 million cars, 2 million cars and 2.7 million cars respectively. It is expected to exceed 6 million cars in 2025. With car industry's recovery from bottom as well as reform of new energy policy, demands for industry equipment of machine tool equipment, plastic machine equipment, automation equipment and stamping press equipment are heating up.



Source of Data: China Industry Information Website

B 5G development facilitates growth in integrated circuit industry. Industry is in a booming stage.

Integrated circuit is the basis for IT industry. It has been accounting for over 80% of sales for global semiconductor products and has been hailed as the "food for industry." It involves fields of computer, home appliances, digital electronics, automation, electricity, communication, transportation, medication, aeronspace and so on, and it is utilized in almost all electronic equipment. In terms of growth over the years, rise and fall extent for memory chips exceeds the ones for other product categories and integrated circuit industry as a whole. That is, cycles for memory chips are more obvious. Growth for integrated circuit in 2020 was 24% YoY. YoY increases for analog chips is 10.9%, 5.5% for micro-control chips and 11. 7% for logic chips. Memory chips have become the fastest-growing integrated circuit product due to its drastic increase of price, with YoY increase of 61.5% and sales revenue reaching USD123.974 billion dollars. YoY growth is expected to be 11.6% in 2021. In terms of market scale, sales for global integrated circuit in 2020 was USD343.186 billion dollars with an YoY increase of 24%. Sales in 2021 is expected to grow by 9.5% to USD375.899 billion dollars. Going forward, 5G, internet of things, artificial intelligence, industrial robot and smart wearable device will bring new power of growth for integrated circuit. Being the world's biggest integrated circuit market which is still growing, self-sufficient capability of our nation's integrated circuit is very low, and the problem of "chip shortage" remains to be solved urgently. On the other hand, domestic integrated circuit market is expanding rapidly given the speedy development of front-end application fields of automotive electronics and smart cell phone.

Development of integrated circuit industry relies entirely on the guidance of applications. Therefore, rapid developments in automotive, industry, medication, education and specifically online economy and digital economy have provided very broad markets for the development of integrated circuit. High speed development has facilitated needs for stamping press industry equipment.

C. Future development trend for medical equipment packaging

With the deterioration of the world's environment as a result of human industry, plastic's harm to our habitat is also getting worse. Two-thirds of global medical packaging is plastic packaging. Plastic will continue to be a popular material in making medical packaging products. Development of medical packaging is moving towards directions of child-proof and senior-friendly packaging.

According to data released by China National Pharmaceutical Packaging Association , Compound Annual Growth Rate (CAGR) for our nation's medical packaging market from 2014 to 2019 is 10.6%. In 2019, scale of medical packaging market in our nation reached RMB117.5 billion yuan. Growth potential for this market is enormous. It is therefore estimated that needs for packaging equipment will increase in the future.

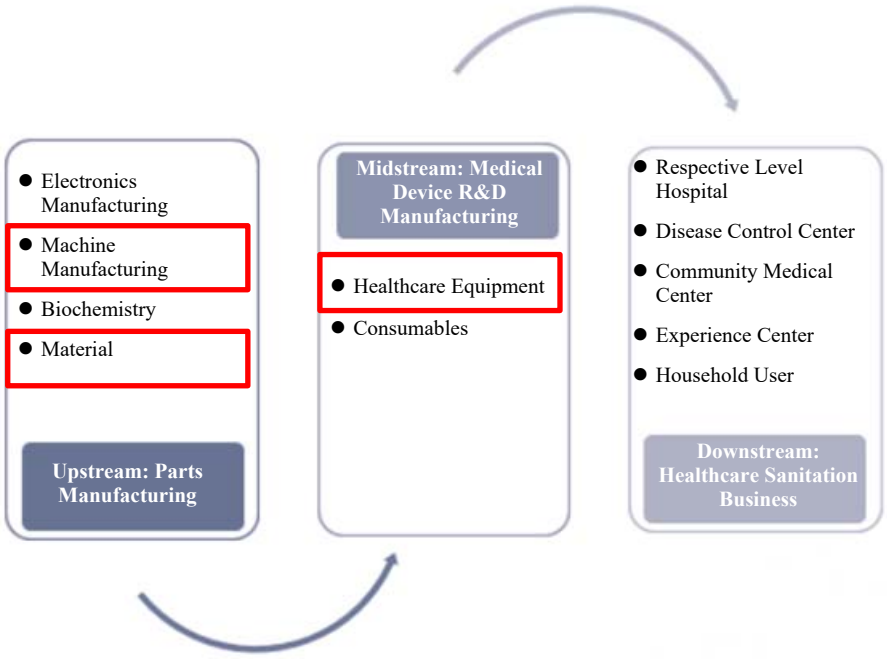
Medical Equipment

Medical device industry is an important part for respective countries' healthcare service system.

Healthcare technology, medicine and medical device are three major pillars in constituting a healthcare service system. Specifically, medical device involves industries of machinery, electronics, plastics and medicine as well as nearly one hundred disciplines. Its production skills are relatively complicated with higher barrier of entrance. It is an internationally recognized high-tech industry which comes with features of high-tech intensive, extensive interdisciplinary and technology integration. It represents a nation's comprehensive strength in high new technology and it is an industry specifically encouraged for development by the nation. COVID-19 gave the world's economy a huge blow in 2020. However, this has made medical device an "against the wind" investment new favorite in 2020.

In terms of industry chain, medical device industry's upstream mainly includes industries of machine manufacturing, electronics manufacturing, biochemistry and materials; midstream is R&D and manufacturing for medical device and downstream includes hospital of respective levels, disease control centers and physical examination centers.

Medical Device Industry Chain

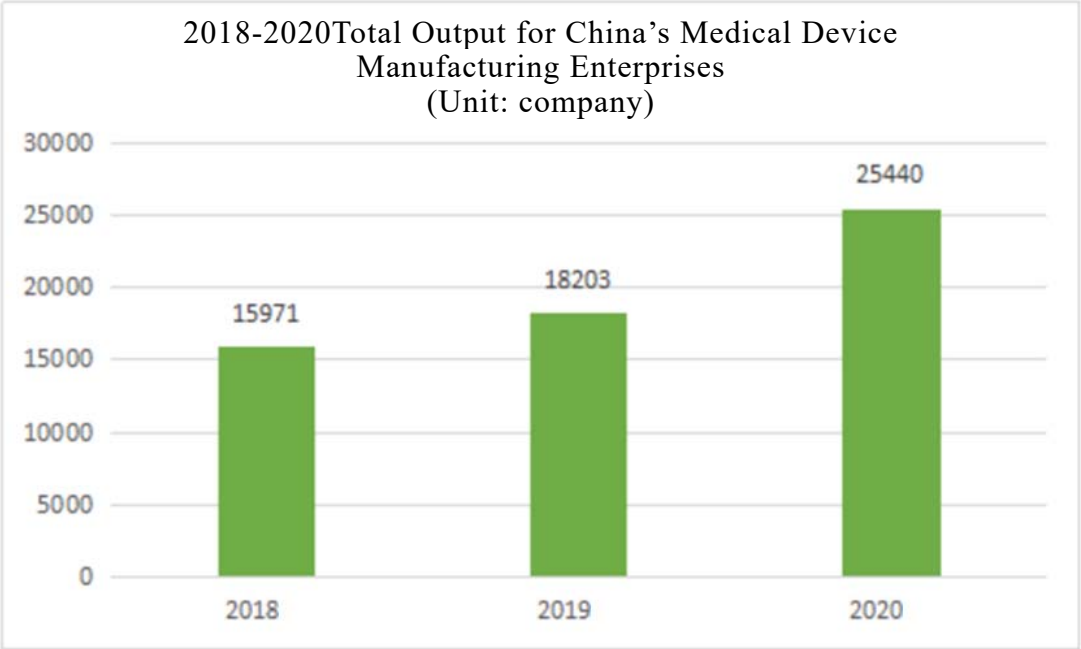


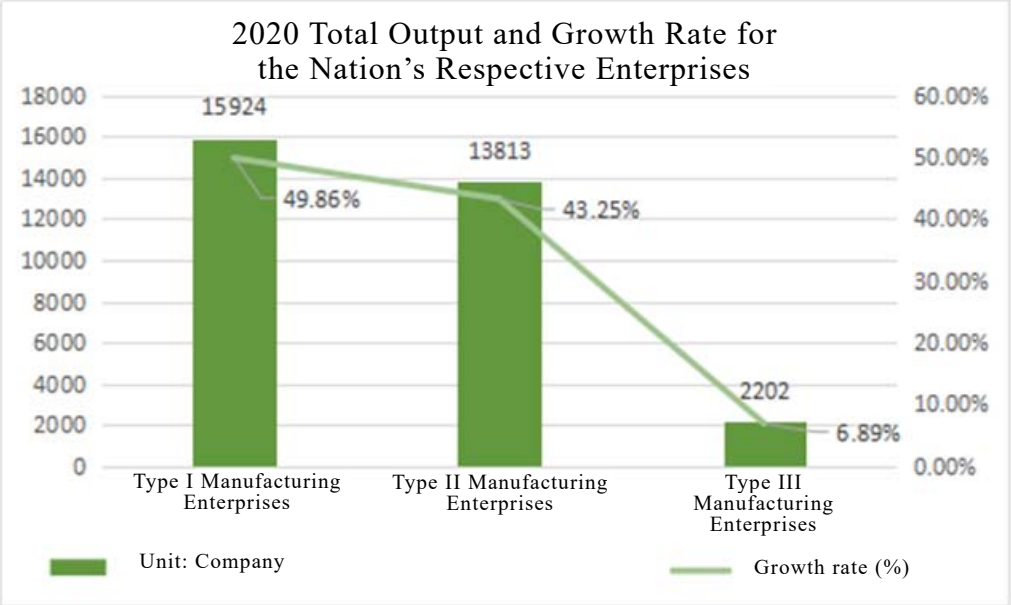
Policy Drives Medical Device Industry Development

Take China for example, policies to encourage industry development and enhance industry supervision are launched frequently for the purpose of promoting the industry to develop in an orderly manner. For instance, China's State Food & Drug Administration issued "Announcement on the Guidance for Medical Device Registrants to Conduct Adverse Events Monitoring" in April, 2020 to strengthen guidance and supervision on medical device registrants and applicants. In the meantime, Central Committee Meeting of Communist Party of China also vows to enhance support for research and development in reagent, drug and vaccine and promote speedy developments of biomedicine, medical equipment, 5G network and industrial internet. Consequently, medical device industry is now having an excellent development opportunity against the backdrop of the national promotion of "new infrastructure" development in China.

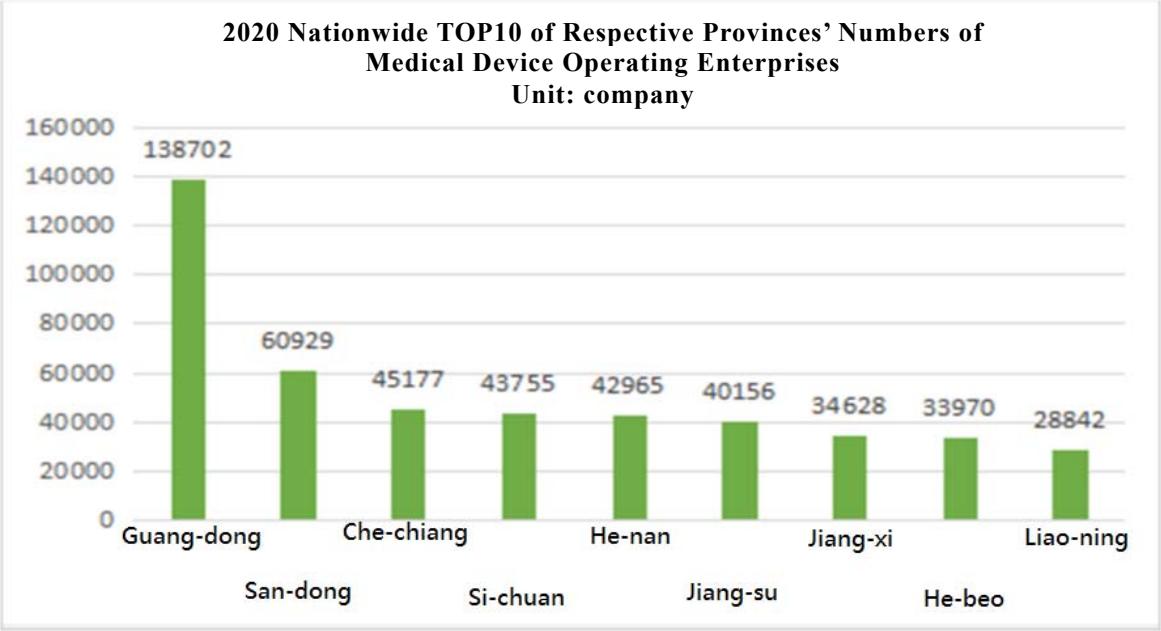
China's medical device industry is developing rapidly with industry development remaining the trend of high speed growth. An industry system which comes with professional and comprehensive categories, enhanced industry chain and solid industry foundation has been established initially. Even in 2020 when COVID-19 hit mercilessly, development for China's medical device industry still maintained a promising trend with continuous expanding of market scale. COVID-19 pandemic has even promoted industry technology's continuous innovation and breakthrough. In 2019, scale for China's medical device market was RMB629.0 billion yuan which has doubled the RMB308.0 billion yuan in 2015. In 2020, China's medical device market still maintains speedy growth. Take listed enterprises for example, total revenue from 95 medical device A-share listed enterprises in the first 3 quarter has reached RMB165.814 billion yuan which comes with a YoY increase of 52.25%.

In the end of 2020, the number of China's medical device manufacturing enterprises reached 25,440 with an YoY increase of 39.76%. Among them, 15,924 enterprises, which account for 49.86%, are capable of manufacturing type I products. 13,183 enterprises, which account for 43.25%, are capable of manufacturing type II products. 2,202 enterprises, which account for 6.89%, are capable of manufacturing type III products.

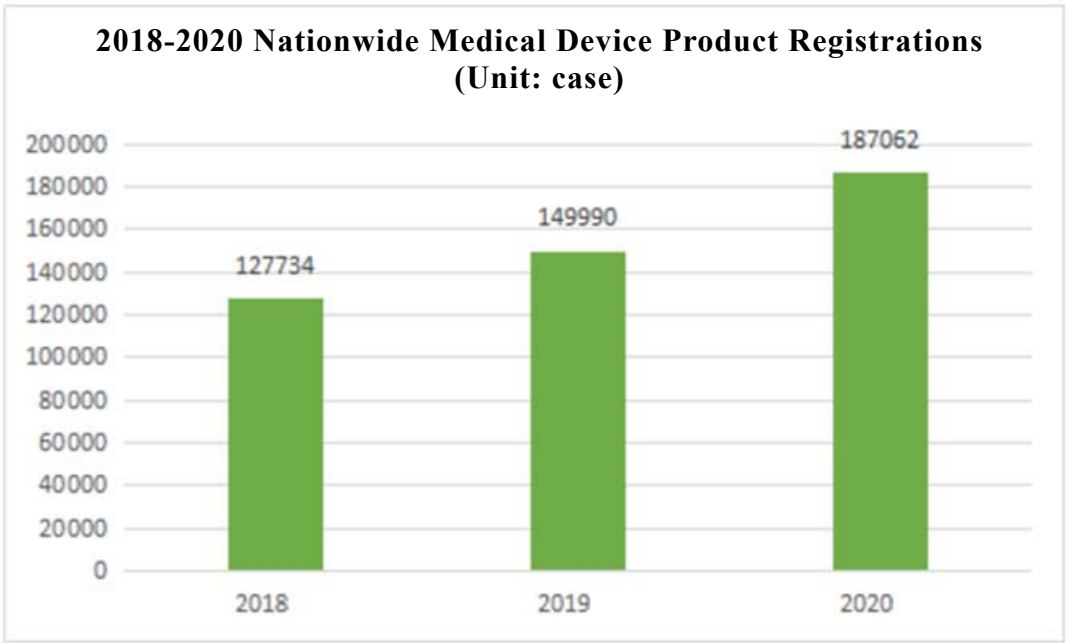


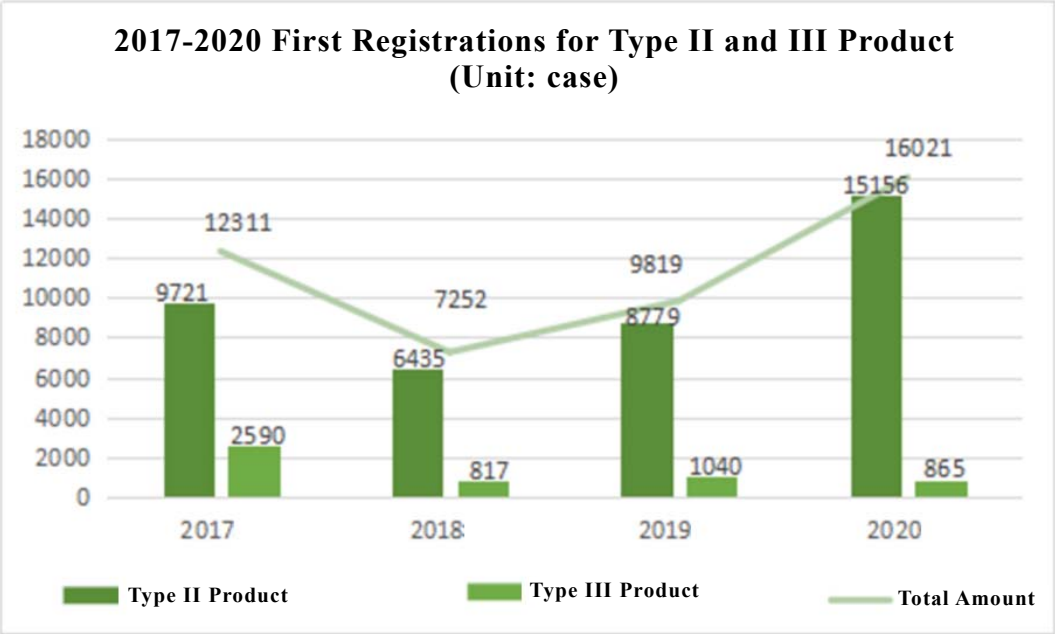


In terms of enterprise layout in respective provinces across the nation, Guangdong Province ranks as No. 1 with 1,387,702 operating enterprises. Shandong Province ranks as No. 2 with 60,929 operating enterprises. Zhejiang Province ranks as No. 3 with 45,177 operating enterprises. Provinces of Sichuan, Henan and Jiangsu have all entered the nation's top ten list. Coastal provinces have relative advantages in operating medical device. Inland provinces of Sichuan, Henan and Jiangxi have become critical areas for medical device industry's transferal and upgrading.



In terms of medical device product, number of effective product registrations across the nation has reached 187,062 cases with an YoY increase of 24.7% at the end of 2020. Among them, first registrations for type II product is 15,156 cases while first registrations for type III product is 865 cases.





China's Accelerated Substitution of Imports

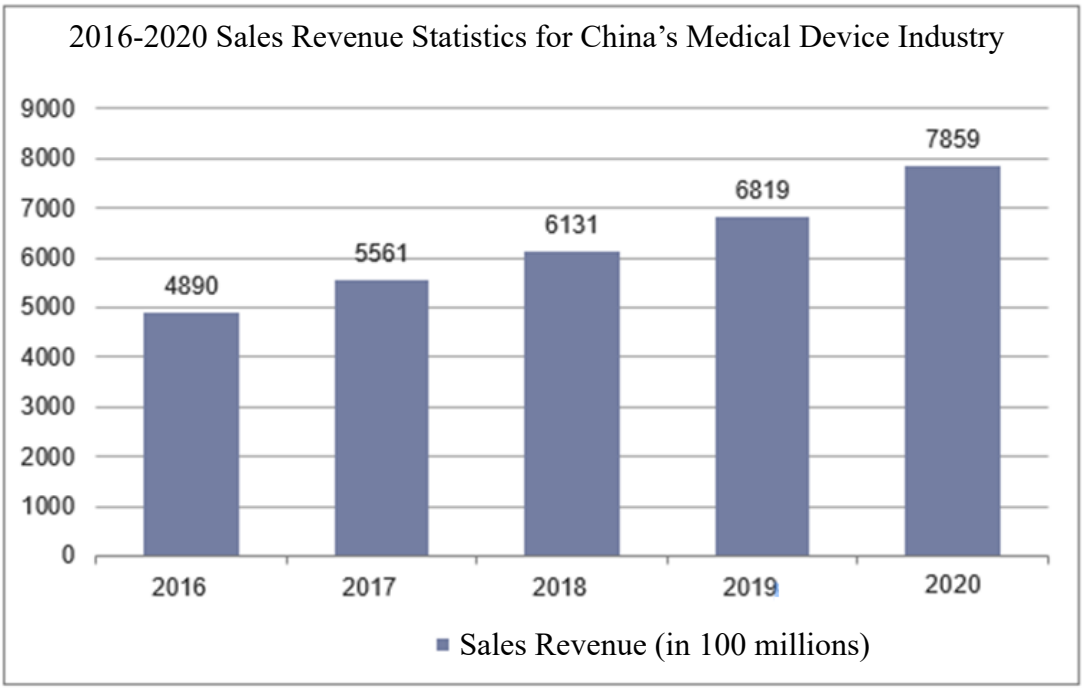
For a very long time, products imported from offshore occupied major part of medical device market because developments for disciplines of digital photography, basic material science and medical technology were falling behind.

In recent years, however, with China's speedy developments in basic science and manufacturing of precision instrument equipment, domestic medical device industry has obtained continuous breakthroughs in technology and domestic product's substitution of imported product has become a logical trend for this industry. More and more domestic medical device enterprises are starting to speed up their R&D in order to accelerate their pace in substituting imported product.

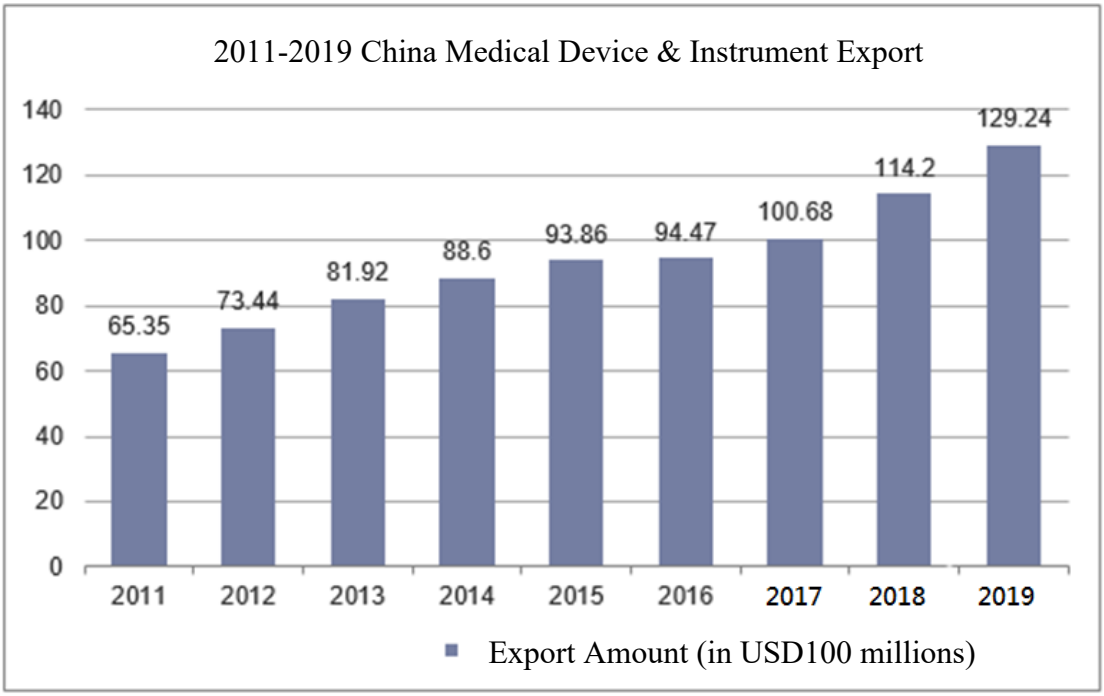
Take localization of Type II products for example, more than 700 categories of China's medical device products have reached more than 70% of localization rate. There were only 62 categories of products with zero localization percentage.

Localization Rate (%)	No. of Product Categories (Item)
> 70	701
60-70	76
50-60	56
40-50	68
30-40	48
20-30	41
10-20	28
0-10	10
0	62

Demands from medical device industry's downstream are growing continuously: With further improvement and enhancement of people's life quality, universal strengthening of healthcare awareness as well as the ensuing huge amount of investments in healthcare expenses, China's healthcare market continues to expand. According to statistics, sales revenue for China's medical device industry from has increased from RMB489 billion yuan in 2016 to RMB681.9 billion yuan in 2019. It is expected that the industry's sales revenue for 2020 will reach RMB785.9 billion yuan.



In terms of export, statistics indicate that export for our nation's medical device and instrument continues to grow over the years from 2011 to 2019. In 2019, export for medical device and instrument reached USD12.924 billion dollars with an YoY increase of 13.17%.



Our main client for medical equipment is one of the leading manufacturers of radiation therapy equipment in the world. The company's product range encompasses neuroscience, oncology, brachytherapy. In addition, the company has developed highly sophisticated systems in the field of radiation therapy and software to enhance the efficiency of the cancer treatment process. The China Food and Drug Administration (CFDA) approved the sale and marketing of the Flexitron®

brachytherapy platform in China. The company will maintain its focus on North America and will actively develop the Latin American, Chinese, and Japanese markets. Elektra currently has a US market share of 24%. Our clients request more flexible delivery times and adjustment of business models in accordance with their needs and wishes. Make-to-stock has been transformed to make-to-order and orders will be less visible in the future. This new business model affects short- and long-term operative goals. We are committed to enhancing our own competitiveness to provide the best quality at highly competitive prices in response to market developments.

All radiation therapy equipment manufacturers are actively searching for more effective therapy methods. Since there is a serious lack of such equipment, all radiation therapy equipment manufacturers make determined efforts to ensure that over 50% of all cancer patients can enjoy the benefits of radiation therapies. This therapy is only one of the numerous available choices, but it is also the most widely adopted method. Effective therapies can extend the human life span. An effective improvement of the quality of therapies for cancer patients is coupled with the safeguarding of shareholder rights and interests. Constant improvement represents a main element of the corporate culture of our customers.

Elekta Group Elekta Group places utmost emphasis on the following four dimensions:

1. Assumption of a leadership role in the field of technological innovation
2. Pursuit of sustainable operations and development on the basis of cost competitiveness
3. Enhancement of holistic therapy experiences of patients
4. Constant pursuit of process improvements and deep commitment to corporate values

The leading manufacturers of radiation therapy equipment are as follows:

Figure 9: Varian and Elekta Versatile Linac offer

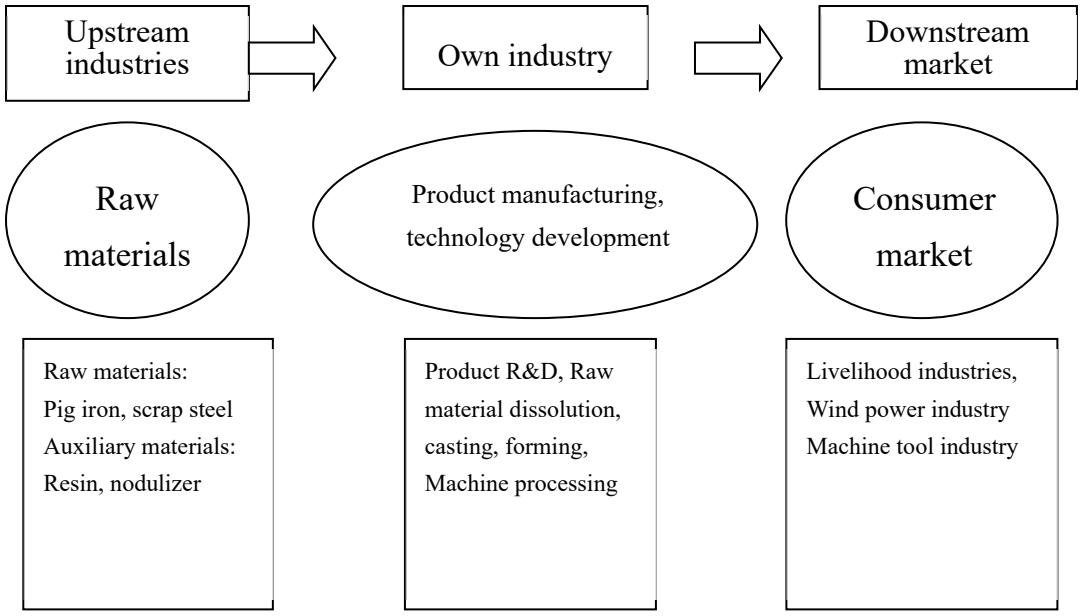
Source: Pr. Hannoun-Levy

SBRT(Stereotactic Body Radiation Therapy)

Figure 19: Dedicated SBRT solutions

Source: Pr. Hannoun-Levy

2. Relationship between up- mid- and downstream industries



Castings have a very wide application range which currently includes the hardware, machinery, and electronics industry with a constantly expanding range of uses. Castings are used in construction, hardware, equipment, engineering machinery, and other large-scale machinery as well as the machine tool, shipping, aerospace and aviation, automobile and motorcycle, and electronic appliance industries.

3. Overall economic and industrial development trends and market competition conditions

Wind power industry

Bloomberg New Energy Finance forecasted that global wind power installation capacity for 2019 would exceed 60GW with an YoY increase of one-third. In 2020, this figure would reach over 65GW. There are multiple factors contributing to onshore wind power's booming in these two years. With this development trend and termination of incentive policy,

developers are starting to look for new channels to enter market. Development trend for onshore wind power industry's commercialization will continue to go deeper. Given the fact of recent lower transaction prices for onshore wind power auction, we expect that future operation profits from these onshore wind power projects will be impacted.

Short-Term On-Shore Wind Power Needs Forecast

Driven by respective regions' on-shore wind power development, global on-shore wind power 2019 new installation capacity would reach 61.8GW. In 2020, this figure would reach the a record-breaking high of 65.5GW. We predict that global wind power new installation capacity in the mid-future (from 2021 to 2023) will reach 52GW – 59GW. Although there will be more development opportunities for onshore wind power commercialization in the 20's of this century, auction shall still dominate global wind power market.

Offshore Wind Power

According to our forecast, global offshore wind power new installation capacity shall reach 8GW-9GW as of 2020. In the mid-20's of this century, global offshore wind power annual new installation capacity shall reach two digits. One thing specifically worth mentioning is that total project capacity from global auction and bidding in the 2nd quarter of 2019 will reach nearly 10GW, which is close to half of current global offshore wind power total installation capacity.

China

Base on three market-entry channels showing up in China, we have conducted forecast on its onshore wind power market. These three channels are: rush installation from approved and subsidized projects; simultaneous speedy promotion of onshore wind power price competitions from multiple regions; and realization of parity internet through promotion of GW level onshore wind power projects. Currently, our forecast on China market is relatively conservative. However, it's possible that changes in policy could make ultimate development results better than expected ones.

Europe

Europe is receiving prosperity period for onshore wind power development. Its onshore wind power new installation capacity in 2019 would reach 14.6GW with an YoY increase of two-thirds. For this year, spot lights for Europe onshore wind power market will be in Spain (new installation capacity 2.5GW), Sweden (1.8GW), Netherlands (1.1GW) and Norway (1.1GW). Developments for large onshore wind power projects and enterprise's purchase of renewable energy will promote prosperity and development for aforementioned European countries' onshore wind power markets.

North America

US onshore wind power market maintains steady growth which is consistent with our short-term forecast. We expect that US market will demonstrate a certain extent slide in 2021. However, increase in enterprise's scale of renewable energy purchase as well as development opportunities for renewable energy commercialization will keep US onshore wind power market from crushing completely. In addition, due to cancellation of Mexico onshore wind power auction, we have lowered our forecast on Latin America market.

Injection Machine Industry

In terms of technology development for injection machine, currently there are several trends in 2021 as follows:

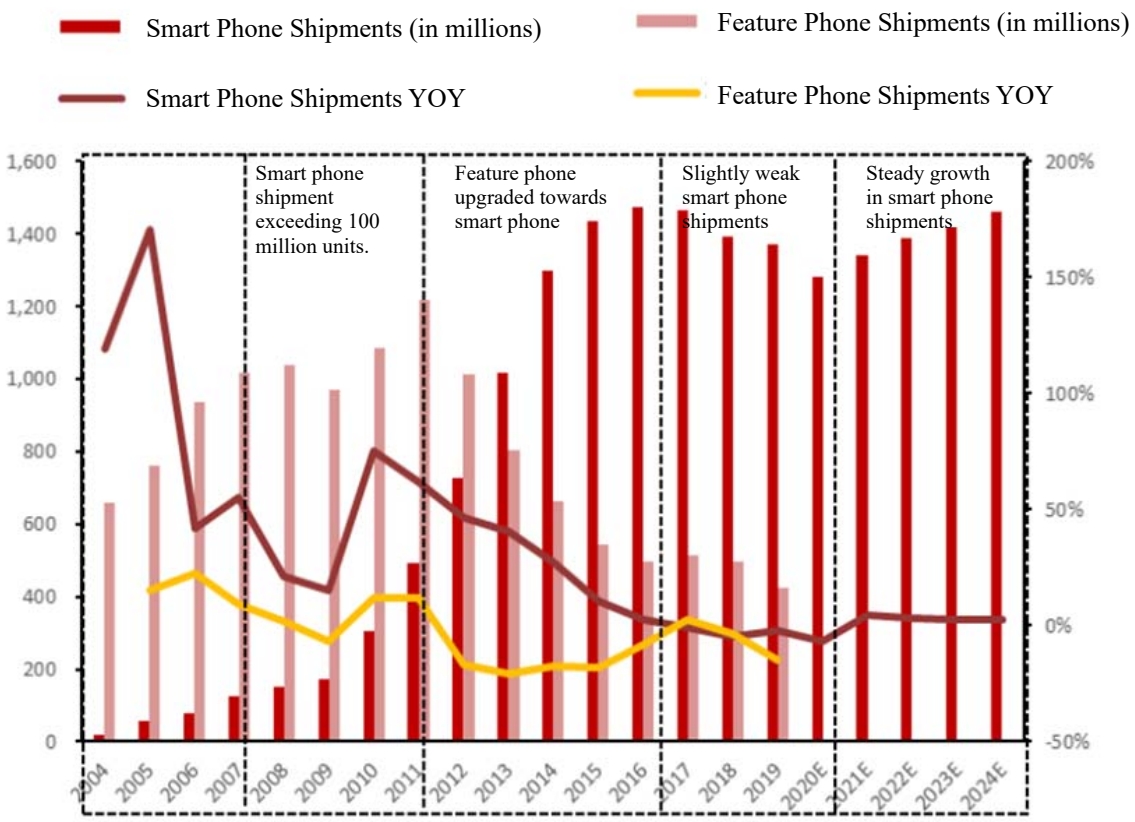
With the rise of downstream new applications such as plastic back cover for 5G cell phone and automotive light-weight components, injection machine is expected to usher in a new round of booming cycle. It is expected that the industry's prosperity will continue to rise in 2021, and injection market will usher in a wave of price surge.

5G communication technology will involve the replacement of materials in multiple fields supported by the plastics industry. The paramount task of the plastics industry lies in the development of high-performance and high-usage materials to meet the demands of 5G infrastructure.

Metallic back covers of smartphones will be replaced with plastics. The MIMO technology employed by 5G requires the installation of a large number of antennas inside smartphones. However, metallic parts currently used for smartphone manufacture lead to signal interferences. In response to irreversible trends of 5G communication, smartphone manufacturers are therefore forced to gradually abandon metallic back covers and replace them with covers made of ceramics, glass, or plastic. Plastics enjoy a growing popularity among manufacturers due to properties such as excellent drop resistance, durability, light weight, and low cost.

Against the backdrop that global pandemic is expected to mitigate gradually and new infrastructure is developed vigorously, construction for 5G base station has been accelerated. Industry chain's support capability continues to enhance and ASP for 5G cellphone is dropping. These are expected to push 5G cellphone to a high speed growth in 2021. According to IDC's forecast, shipments for global smart phone in 2021 will increase to 1.34 billion units (+4.4% YoY). Compound Annual Growth Rate (CAGR) is about 3.4% from 2020 to 2024. CAGR for 5G shipments may reach 37% and infiltration rate will increase by 40pcts as compared with the one for 2020 to 58%.

Chart 1: Global Smart Phone Shipment's Entering into New Phase after Three-Step Movement



Source of Data: Summary of publicly available data

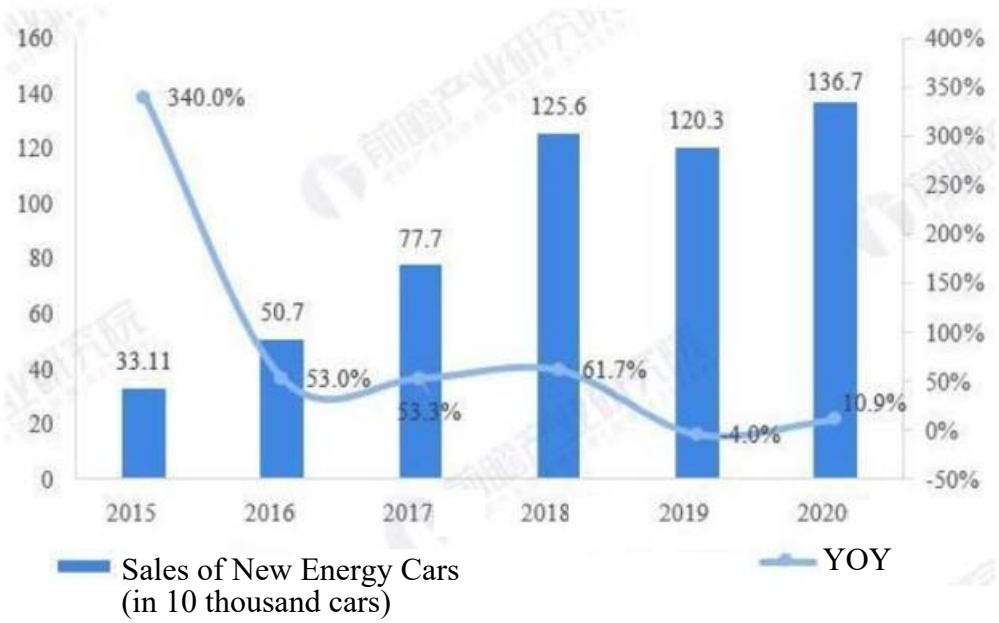
Changes of Automotive Industry: New four modernization of "Electrification, Internet Connection, Intellectualization, Sharing" will bring profound changes to global automotive industry. Car manufacturing moves towards extension of service. It is now in a process of transforming quantitative change to qualitative change.

New energy car industry has been elevated to the national strategic development level, and this become an irreversible direction for development. In 2020, China launched multiple policies to encourage new energy car development, lowered entry barrier for new energy enterprises, raised requirements on products, completed mandatory standards and extended financial incentives for new energy car. In October of 2020, Standing Committee Meeting of State Council approved the "New Energy Car Industry Development Plan (2021-2035)," which has established a solid foundation for developments of 15 years going forward. In the meantime, local governments have also launched policies to encourage consumption on new

energy car. Policy systems for the national and local governments have become matured gradually. This has given enormous support to new energy car industry's development. It is expected that domestic support policies will still play an indispensable role within 5 years going forward.

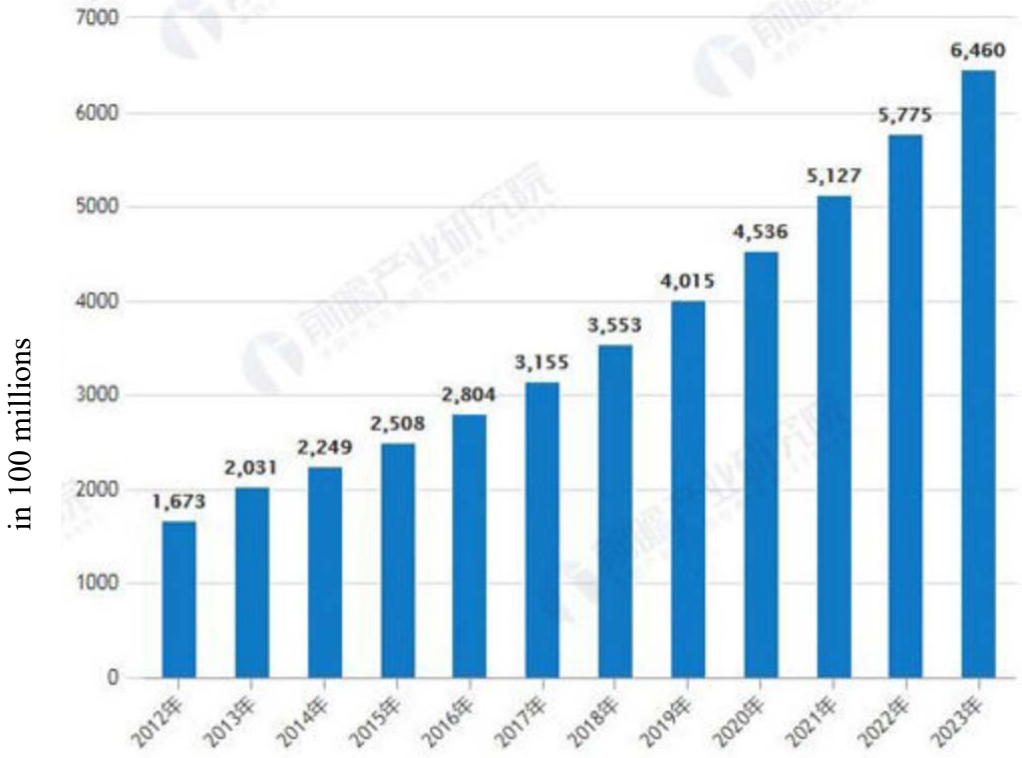
According to China Automotive Statistics Data, production and sales of new energy cars in 2020 have completed 1.366 million cars and 1.367 million cars with YoY increases of 7.5% and 10.9% respectively.

2015-2020 China New Energy Car Sales and Speed of Growth
(Unit: 10 thousand cars, %)



Source of Data: Summary from the Forward Industry Research Institute of China Association of Automotive Manufactures

Smartification of the household appliance industry: Consumption upgrades and rising demand for plastic substitutes are the most significant trends. In response to the smartification of the household appliance industry and relevant requirements in the fields of high performance, safety, and eco-friendliness, plastic parts are more and more widely applied as substitutes for metal parts in the household appliance industry.



Small Appliance Market Scale in China
(in 100 millions)

In recent years, the technical performance of Chinese injection molding machinery (both standard and special purpose machinery) has been greatly enhanced. Numerous performance indicator values of fully electric machinery, hybrid machinery, and large-scale two-platen machinery approach or equal Japanese and Taiwanese standards. In addition, Chinese machinery manufacturers have a significant price and service advantage over their Japanese and Taiwanese counterparts. Against the backdrop of an unfavorable economic climate, a rising number of enterprises select injection molding machinery produced by Chinese companies, which has a considerable negative effect on Japanese and Taiwanese machinery.

In the face of these transformations and reshuffling of the injection molding machinery industry, Yeong Guan Group actively develops promising injection molding machinery manufacturers in Japan and China. The first development stage has already been completed.

Industrial Machinery

China manufacturing industry is the key to the supply chain of global manufacturing industry. Manufacturing industry PMI for March of 2021 released by National Bureau of Statistics has recorded 51.9 points. This is an increase of 1.3 percentage points compared with the one for the previous month and it ended a 3-month falling trend. Both supply and demand in manufacturing industry continue to expand but speed of expansion has slowed down for 4 months in a row.

China manufacturers continue to expand their production in March. However, overall speed of increase has slowed down slightly to the lowest level in 11 months. Enterprises have universally reflected the market's further recovery after pandemic. Increase in customer's order has supported recent increase in output. Demands for export have become the spotlight for March. For the first time in 2021, new export order index is in the expansion zone.

According to enterprises interviewed, mitigation on offshore pandemic leads to obvious increase in offshore demands.

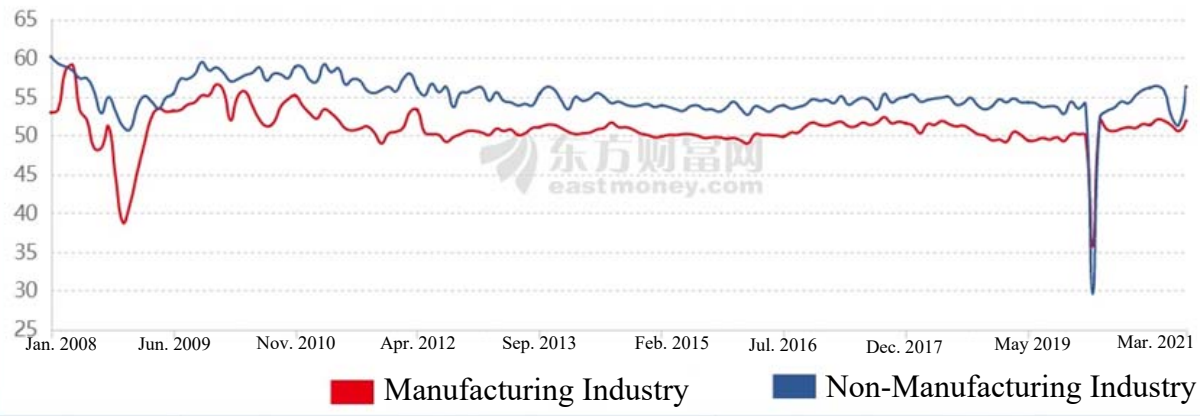
Job market continues to be suppressed from the impact of slowdown in supply and demand. Employment index in March is in the contraction zone for 4 months in a row with slightly mitigation on contraction level. According to enterprises, motive to actively replenish labor is not strong upon employee's termination of employment. Price index continues to surge vehemently and pressure on inflation has further increased.

Raw material prices for industrial metal, crude oil and so on have continued to rise, leading to drastic increase of costs for manufacturing industries. Purchase price index for March recorded the highest value since December of 2017. Pushed by rising costs, ex-factory prices for enterprises have also increased dramatically. Ex-factory price index for manufacturing industry has risen to the highest value in expansion zone since December of 2016. According to enterprises interviewed, increase in price has inhibited further recovery of demands.

Looking towards the future one year, manufacturing industry is universally convinced that output will continue to grow. Extent of optimism has lowered a bit compared with the one for February. However, it is still in a relatively higher level for the past 7 years.

Industry's expectation on growth is generally considered to be connected with anticipation factors that pandemic is about to end and global demands will recover.

China Purchasing Manager's Index (PMI)



月 份	Manufacturing Industry		Non-Manufacturing Industry	
	Index	Year-on-Year Growth	Index	Year-on-Year Growth
March 2021	51.9	-0.19%	56.3	7.65%
Feb. 2021	50.6	41.74%	51.4	73.65%
Jan. 2021	51.3	2.60%	52.4	-3.14%
Dec. 2020	51.9	3.39%	55.7	4.11%
Nov. 2020	52.1	3.78%	56.4	3.68%
Oct. 2020	51.4	4.26%	56.2	6.44%

Nikkei Index's surging well over 30,000 points seems to be a signal which shows a sign of recovery for Japanese economy. On March 1st local time, Jibun Bank/IHS Markit released s survey indicating that Japan's PMI finalized value rose from 49.8 in January to 51.4 in February, a new high since December of 2018. Specifically, new order experienced the

fastest speed of growth since October of 2018 while output enjoyed the first ever growth recorded since December of 2018.

This has been a promising sign for manufacturing industry's PMI reading for several months in a row. Back in December of last year, manufacturing industry's PMI reading for Japan had already risen from 49 points in November to 50 points. This was the first touch of threshold 50 since April of 2019 and it ended the downward trend which lasted for 19 months. Back then, economist Usamah Bhatti of IHS Markit expressed that "At the time when a volatile year is coming to end, operation conditions for Japan manufacturing industry has indicated a sign of generalized stabilization."

Manufacturing industry's PMI nowadays has surged beyond the 50 threshold. It has further proved the recovery of manufacturing industry's activities. This survey result is consistent with the January output and last year's 4th quarter GDP data released last month. It shows that Japan manufacturing industry has successfully survived impact from pandemic prevention emergency measures and benefited mainly from strong demand for high-tech parts and components from abroad.

Initial statistics released by Japanese cabinet on February 15th indicate that Japan's economy for last year's 4th quarter increased 3% compared the one for previous quarter but shank by 4.8% for the whole year. Compared with the ones for previous quarter, equipment investment and residence investment by Japanese corporate in the 4th quarter had increased rather than decreased. Increase in export has also accelerated, with equipment investment increased by 4.5% and export increased by 11.1%. This is also Japan economy's expansion for two quarters in a row.

When analyzing economic growth for the 4th quarter of 2020, Japan Broadcasting Corporation (NHK) emphasized that "in terms of export, it has achieved 11.1% dramatic growth due to increase of electronic components and cars exported to China." Contribution from manufacturing industry is self-evident.

Nikkei Index surges obviously higher against this backdrop and investors are also bullish on the trend of Japan's economy. For the first time since August of 1990, Nikkei Index surged well over 30,000 points and closed at 30,088 points on February 15th. Marcel Thieliant, senior economist from Capital Economics, asserted that "although most economists expect Japan's economy for the 1st quarter of 2021 to shrink again due to implementation of the 2nd state of emergency, we consider that output for the first quarter of this year will remain roughly the same. Economic growth for this year will be stronger than almost everyone's expectation."

However, although multiple indicators are promising, it doesn't mean that we can just sit back and relax. In terms of components for the economy, personal consumption, which accounts for as much as half of Japan's economy, is still a little bit sluggish. Its speed of increase is obviously slowing down with only 2.2% of increase over the previous period in the 4th quarter of last year.

From the perspective of a whole year, monthly actual consumption expenditure for Japanese families of more than two members in 2020 decreased by 5.3% compared with the one for last year. It is the biggest drop since statistics data were available in 2001. Currently, Japan's Tokyo Prefecture, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture are still under state of emergency which is expected to last until March 7th. This means consumption index may not be too satisfactory for this quarter.

For fiscal year 2021, both Bank of Japan and Japan cabinet predict that there may be better growth ahead, with 3.6% from Bank of Japan and 4% from the cabinet respectively. However, whether these goals can be achieved mainly depends on the pandemic. Today, there are both downsides and upsides in terms of the pandemic. On one hand, vaccination has already started but, on the other hand, it is difficult to predict offshore pandemic control situation. Meanwhile, it will be relatively difficult for Olympic games to promote tourism and service industry. Therefore, in terms of recovery for Japan's economy, we can only be cautiously optimistic and we think that it will be better than 2020.

PMI in Eurozone has also been hit hard. Initial value for Eurozone manufacturing industry PMI for March is 44.8, a new 92-month low. According to China Federation of Logistics & Purchasing, PMI for global manufacturing industry in March of 2021 was 57.8%, an increase of 2.2% over the one for last month. It has been over 50% for 9 months in a row and an increase over the previous month for 2 months in a row. In terms of situations in respective territories, increases in manufacturing industry from respective continents are all faster compared with the ones from last month. Manufacturing industry PMIs for both Asia and Africa have increased slightly while manufacturing industry PMIs for both Europe and America have enjoyed more obvious increases over the ones for last month. To summarize changes in these values, increase from global manufacturing industry continues to speed up compared with the one for last month and global economy recovery is getting stronger.

For Yeong Guan Group's current client categories, all clients are classified as industry machinery except for energy type, injection molding machine and medical equipment. Application for major clients include machine tool, air compressor, marine equipment, nut machine, gear cutting machine, printing machinery, rubber machine, paper making equipment, tile making machine, cement machine equipment, valve (waterway), transportation equipment parts and so on. Descriptions of the Company's major clients classified as industry machinery products and applications – industry development summary are as follows:

A. Machine tools

The term machine tools refers to motive power manufacturing equipment which is used for precision cutting of metals to manufacture other machines or processed metal parts. Machine tools are commonly known as "the mother of all machines" or "mother machines". Machine tools may be used for molding, cutting, and bonding. Machine may be divided into the following categories based on usage purposes: lathes, milling machines, grinding machines, and drilling machines. Based on the level of computerization they may also be divided into traditional metal cutting machines, numerical control (NC) machines (equipped with automated control but not with digital control), and computerized numerical control (CNC) machines which have wide application in the machinery, automobile, electronics, mold, and, aerospace industries. Complexity, precision, efficiency, and flexibility of machine tool processing directly determines the market positioning of products. The development and design of key technologies and key components therefore represents the main objective of machine tool manufacturers. In addition, higher added value, larger sizes, and higher complexity are major trends in machine tool development.

Favorable factors for machine tool industry's development in 2021 are as follows:

I. Conditions for macro economic environment remain positive.

II. Cyclical rebound in the market. Currently, we are at the industry's recovering

uptrend cycle.

III. Third: Take auto industry as an example, development for critical downstream market is positive and market demands are expanding.

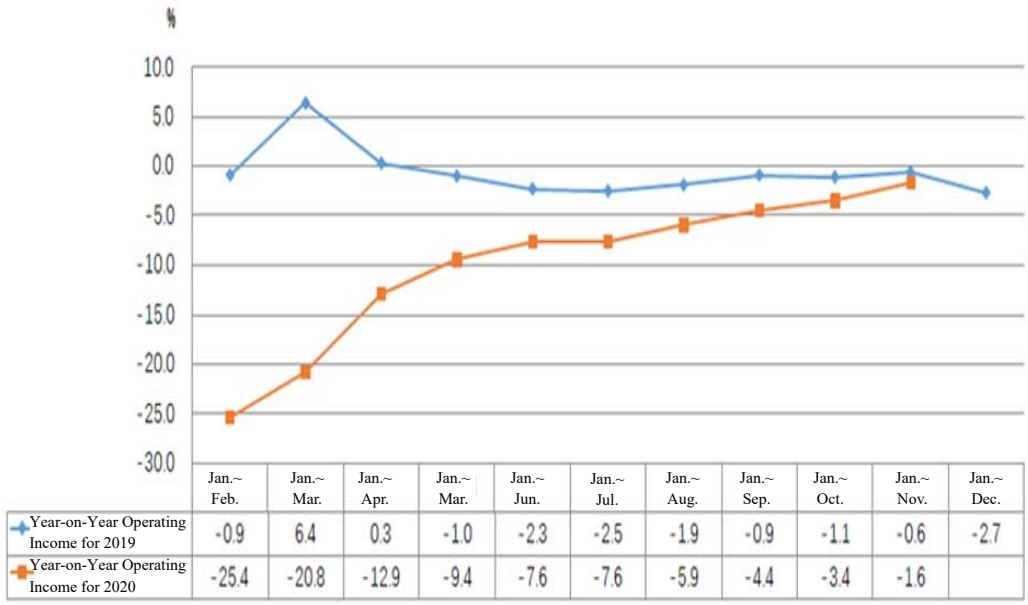
IV. Italy: Statistics from the Machine Tool Industry Association of Italy indicate that, compared with the same period of last year, machine tool order in the 4th quarter of 2020 dropped by 18.1%. Situations are expected to improve in the 1st quarter of 2021.

COVID-19 pandemic has entered into accommodation period. In the meantime, some countries have already initiated their vaccination programs. Related demands from the Company's clients of DMG, HAAS and so on have already entered into stable growth period.

年・期・月		受注							
		総額	前年比	内需	前年比	外需	前年比	販売	受注残
		百万円	%	百万円	%	百万円	%	百万円	百万円
19年	9	98,973	64.5	46,065	71.5	52,908	59.4	148,088	628,667
	10	87,453	62.6	33,423	58.0	54,030	65.9	95,698	620,422
	11	81,669	62.1	31,369	54.5	50,300	67.9	105,787	596,304
	12	90,114	66.5	37,307	65.3	52,807	67.4	131,954	561,265
20年	1	80,777	64.4	29,586	63.3	51,191	65.1	88,094	553,948
	2	77,224	70.4	31,997	76.8	45,227	66.4	92,301	539,905
	3	77,447	59.3	34,246	63.5	43,201	56.3	126,681	490,671
	4	56,143	51.7	21,149	48.6	34,994	53.7	67,769	479,045
	5	51,239	47.2	18,192	42.6	33,047	50.2	66,801	463,483
	6	67,190	67.9	23,362	62.0	43,828	71.6	83,578	447,095
	7	69,788	68.9	24,808	60.3	44,980	74.8	75,749	441,134
	8	67,980	76.8	23,069	61.5	44,911	88.2	71,173	437,941
	9	84,099	85.0	30,270	65.7	53,829	101.7	102,636	419,404
	10	82,211	94.0	28,892	86.4	53,319	98.7	74,529	427,086
	11	88,680	108.6	27,042	86.2	61,638	122.5	81,818	433,948
	12	99,057	109.9	31,842	85.4	67,215	127.3	102,487	430,794
21年	1	88,627	109.7	26,405	89.2	62,222	121.5	73,345	445,803
	2	105,593	136.7	30,470	95.2	75,123	166.1	85,596	465,800
	1-2	194,220	122.9	56,875	92.4	137,345	142.4	158,941	465,800
資料		(一社)日本工作機械工業会							

2月トピックス

Year-on-Year Revenue Increase
for Machine Tool Industry for Last Two Years



	Jan.~ Feb.	Jan.~ Mar.	Jan.~ Apr.	Jan.~ Mar.	Jan.~ Jun.	Jan.~ Jul.	Jan.~ Aug.	Jan.~ Sep.	Jan.~ Oct.	Jan.~ Nov.	Jan.~ Dec.
Year-on-Year Operating Income for 2019	-0.9	6.4	0.3	-1.0	-2.3	-2.5	-1.9	-0.9	-1.1	-0.6	-2.7
Year-on-Year Operating Income for 2020	-25.4	-20.8	-12.9	-9.4	-7.6	-7.6	-5.9	-4.4	-3.4	-1.6	

Data Source: National Bureau of Statistics

CMTBA www.cmtba.org.cn

B. Air compressors

Air compressors are capable of converting mechanical energy into gas pressure energy and compressed air pressure. Based on the compression methods, compressors can be divided into Positive Displacement Compressors and Dynamic Compressors. Based on the cooling method air compressors can also be categorized into water-cooled and air-cooled types. In addition, compressors can also be classified into lubricated and non-lubricated types based on the fact whether or not air is mixed with lubricating oil during the air compression process. Lubricating oil has a lubricating and cooling effect on any machinery equipment. In lubricated air compressors, it also has a sealing effect and thereby enhances the volumetric efficiency of air compressors. From an energy conservation perspective, the efficiency of lubricated air compressors is much higher than that of non-lubricated compressors. However, it is impossible to completely remove the oil gas from the compressed air through a meticulous filer mechanism. Despite the higher energy efficiency of lubricated air compressors, the purchase costs and pressure loss generated by the precise filter mechanism as well as the energy loss are also quite significant. Most clients therefore favor non-lubricated air compressors. In the upcoming years, the petroleum, chemical, metallurgy, shipping, environmental protection, and clean energy industries will continue to develop and the demand outlook in the compressor market is still expected to be positive.

The Company's main products are special casting products of cover and rotor for compressor. These are products with higher added value, huge demand and lower replaceability on markets. As such, it is a critical type of industry emphasized by the Company over long time.

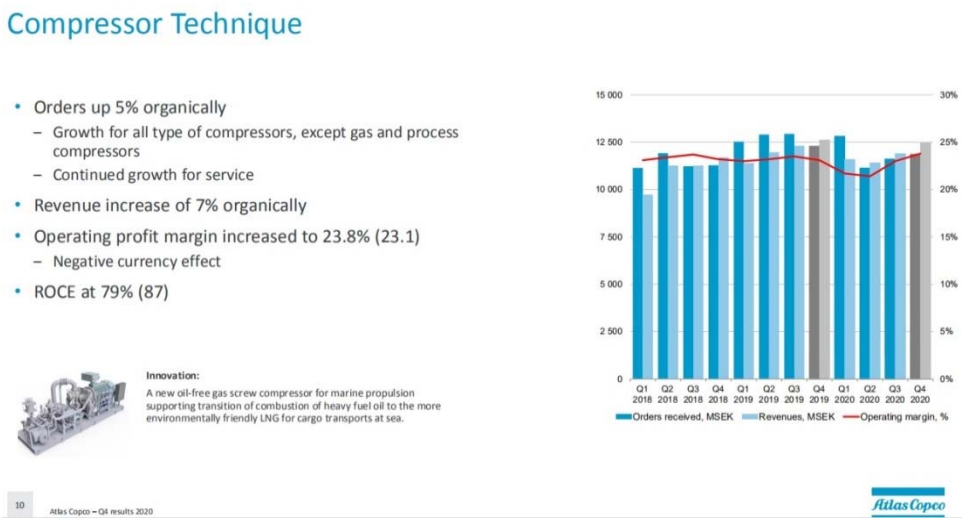
According to the following table on air compressor entity for the 1st quarter of 2020, major client Atlas Copco has enjoyed continued growth in both orders and revenue. Mats

Rahmström, Atlas Copco's chairman and CEO, has made comments over the newly released 4th quarter mid-term report and 2020 conclusion report.

Mats Rahmström indicated that "Despite global challenges that we face, stable financial performance for the 4th quarter and the whole year of 2020 is the result of our continued dedication to create values for customers."

Compared with the ones for last year and previous quarter, overall demands for Atlas Copco's products and services have improved. With the exception of slightly decreased orders from north America region, orders for equipment and service have both achieved year-on-year increase. For 4th quarter, demands from semi-conductor industry are very strong. In the meantime, orders from other product categories, for instance, industrial air compressor, medical equipment and car application equipment, have also increased. This is because of increased investments in the fields of electric-car, battery production and electric power equipment.

In the 4th quarter, orders we've obtained have increased to SEK25.738 billion (25.625 billion) with an organic growth of 7%. Business revenue is SEK25.738 billion (27.319 billion) without organic growth. Return of Investment (ROI) is 23% (30).



Source: Financial Statements from Atlas Copco Official Website

C. Marine Equipment

In terms of marine equipment market, global economic growth has encountered the most severe strike since great depression in 1930s of the 20th century. Growth of economy in developed economies of US., Eurozone and Japan all suffered the biggest drop in decades. IMF predictes that global economy will shrink by 4.4% in 2020 and recession is inevitable. Meanwhile, global politics has entered into a period of volatility and changes. Struggle between China and US continues to escalate. Protection of offshore investments and offshore interests by enterprises of our nation is facing ever stringent situation. Complex and changing global political and economic situations have led to increased volatility in global maritime trade. Commodity market of international energy and mines as well as securities financial market's confidence on short term demand is very weak. Although some nations' economic activities have recovered and trading volume from numerous sub-sectors is improving gradually, the overall fragility is still visible. Clarkson predicts that maritime trading volume for the whole year will shrink by 4% (in terms of tons) and maritime trade is acing extreme pressure. Increases in speculative demand and strategic reserve needs from

low oil price in 2020 have led to increase in oil maritime trade volume and freight rates have skyrocketed irrationally. Ship owners are harvesting profits accordingly and orders for new ships are heating up.

Prospect for future market: New opportunities incubated from changes
In 2021, although there are still relatively higher uncertainties for environment developments in the fields of global pandemic situation, international trade and geopolitics, prospect for our nation's economy recovery is promising given the fact that global vaccination competition has already started. Favorable factors such as RCEP agreement, China-EU trade agreement and change of US leader have increased gradually. Fundamentals for global new shipbuilding market is expected to improve to support rebound of global needs for new ships.

New ship trading volume is expected to have a recovery rebound. With global economy recovery in 2021, international maritime trade is expected to get back to the right track gradually. Industry confidence will be boosted again and shipowners' demands for new shipbuilding will be released. Together with new opportunities from domestic circulation and RCEP agreement, new ship trading volume for 2021 is expected to receive a recovery rebound.

There are rooms for increase in new shipbuilding prices. For this coming year, rebound in new ship demand is expected to mitigate fierce competition of "price war for order." In the meantime, with the mitigation of pandemic impact and reactivation of economy, fundamental costs such as raw material will go up gradually and this will increase costs in shipbuilding. Furthermore, application of new eco-friendly and modern maritime support equipment is also a critical factor in supporting new shipbuilding prices. To sum up, new shipbuilding prices for 2021 are expected to increase to certain extent.

Man and Wartsila are the Company's major clients and they are the main vendors of marine engines in the world. In the low-speed market, Man has a market share of about 80% while Wartsil has a market share of 16%. For the middle-speed market, Man has a market share of 16% while Wartsil has a market share of 27%.

Medical Equipment

The global medical market has always been in a relatively positive development status. From the perspectives of historical experience and materials, rates of increase for medical big health industries are roughly two times higher than the average increase rates for global GDP. This trend is expected to continue. Rate of growth may maintain above 5.6% for 5 to 10 years in the future, and China's compound rate of growth may reach above 10% or even 15%.

Medical Design and Outsourcing, a website for offshore renowned medical equipment subcontractors, released lists of "Top 100 Medical Device Manufacturers" and Top 10 Medical Device Companies. Sales revenue in the latest fiscal year for Top 100 Medical Device Manufacturers is USD420.486 billion dollars.

THE TOP 100 MEDICAL DEVICE MANUFACTURERS (Year 2020)			
Rank	Manufacturer	Revenue (USD)	2019 rank / change
1	Medtronic	$28, 913, 000, 000	2019 rank: 1 (no change)
2	Johnson & Johnson	$25, 963, 000, 000	2019 rank: 2 (no change)
3	Philips	$21, 808, 150, 800	2019 rank: 3 (no change)
4	GE Healthcare	$19, 942, 000, 000	2019 rank: 4 (no change)
5	EssilorLuxottica	$19, 466, 366, 000	2019 rank: 10 (+5)
6	Siemens Healthineers	$16, 186, 524, 000	2019 rank: 6 (no change)
7	Cardinal Health	$15, 444, 000, 000	2019 rank: 7 (no change)
8	Stryker	$14, 884, 000, 000	2019 rank: 9 (+1)
9	Medline Industries	$13, 900, 000, 000	n/a
10	Danaher	$13, 512, 600, 000	2019 rank: 8 (-2)
11	Abbott	$12, 239, 000, 000	2019 rank: 11 (no change)
12	Baxter	$11, 362, 000, 000	2019 rank: 12 (no change)
13	Boston Scientific	$10, 735, 000, 000	2019 rank: 14 (+1)
14	Henry Schein	$9, 985, 803, 000	2019 rank: 15 (+1)
15	Olympus	$9, 210, 939, 000	2019 rank: 13 (-2)
16	BD	$8, 680, 000, 000	2019 rank: 16 (no change)
17	B. Braun	$8, 363, 373, 220	2019 rank: 17 (no change)
18	Zimmer Biomet	$7, 982, 200, 000	2019 rank: 18 (no change)
19	Alcon	$7, 508, 000, 000	2019 rank: 19 (no change)
20	3M Health Care	$7, 431, 000, 000	2019 rank: 20 (no change)

Given various differences in medical device products' performance, price and brand, tiers of competing teams have formed in medical device industry as follows:

◆**The first tier of team is composed mostly of foreign-capital enterprises.** These enterprises possess relatively stronger advantages in brand, product design and sales channels. Specifically, they have received universal recognition by international medical community and enjoy relatively higher brand awareness due to their long-term operations. Currently, they have dominant positions in our nation' s implantation medical industry.

◆**The second tier of team is composed of domestic medical device enterprises with annual revenue above USD30 million dollars.** Generally, these enterprises possess unique competitive advantages in certain sub-sectors. This allows them to gradually expand their business scales. In the meantime, these enterprises are demonstrating characteristics of brand building phase. Through constant effort, they have elevated operation scales of these enterprises.

◆**The third tier of team is composed of medical enterprises which account for a larger percentage in the total number of domestic enterprises.** Operation scales for these enterprises are smaller due to their limited capital and technology. Therefore, in their competition with foreign capital enterprise and domestic leading enterprises, enterprises in third tier team are facing relatively heavier pressure.

Trend of development for medical device industry is promising

(1) Application of innovative achievements in smart medical device is speeding up

Overall acceptance of smart products in China medical care system has not been high for a long time. This pandemic has fully exposed numerous issues such as severe phenomenon of "information deserted island" and generally lower standards in digitalized and smart medical care in China's public health system. Devices of Artificial Intelligence (AI) imagery, AI drug screening and healthcare robot have released gigantic potential in the fields of enormous disease data processing, marker screening

and unmanned operation. This will further activate application energy of smart healthcare technology in building up China's long term public health system.

(2) Explosive trend on demands for remote healthcare

Under impact from this pandemic, remote healthcare has released tremendous potential against the backdrop of depleting medical resources and non-contact diagnosis. Increase for related needs has skyrocketed. According to incomplete statistics from the China International Medical Equipment Fair (CMEF) during the pandemic, over 200 public hospitals have already launched COVID-19 free internet/online consulting services. It is expected to break barriers from current policy and truly realize equalization and popularization in healthcare service opportunities as well as convenience in operations. With this, experts point out that future prospect for our nation's internet healthcare market in the future is enormous. There are still more technical space to be developed and explored in terms of effective exploitation of numerous performances in remote healthcare. With the nation's continuous launching of favorable policies, gradual maturity of 5G technology, standardized and regulated development of business models and process systems, remote healthcare industry is expected to usher in an era of speedy development.

(3) Development of family medical device moves towards a fast lane

Given the fact of severity and irreversibility in China's aging trend, civilian's needs for health management and awareness for chronicle disease prevention are increasing everyday. This is expected to further stimulate innovation energy and investment potentials for family medical device market. Currently, proportion of family medical device industry in China is only one-third of the one for developed countries. In general, it is in an initial development stage with ample room for growth. Against the backdrop of the nation's devoted assistance in developing big health industry, family medical device industry's consumption features same as the ones for general small appliances and relatively lower technological barrier, this industry is expected to have a round of speedy expansion in the future. Wit this, domestic leading companies will therefore usher in a good opportunity for development.

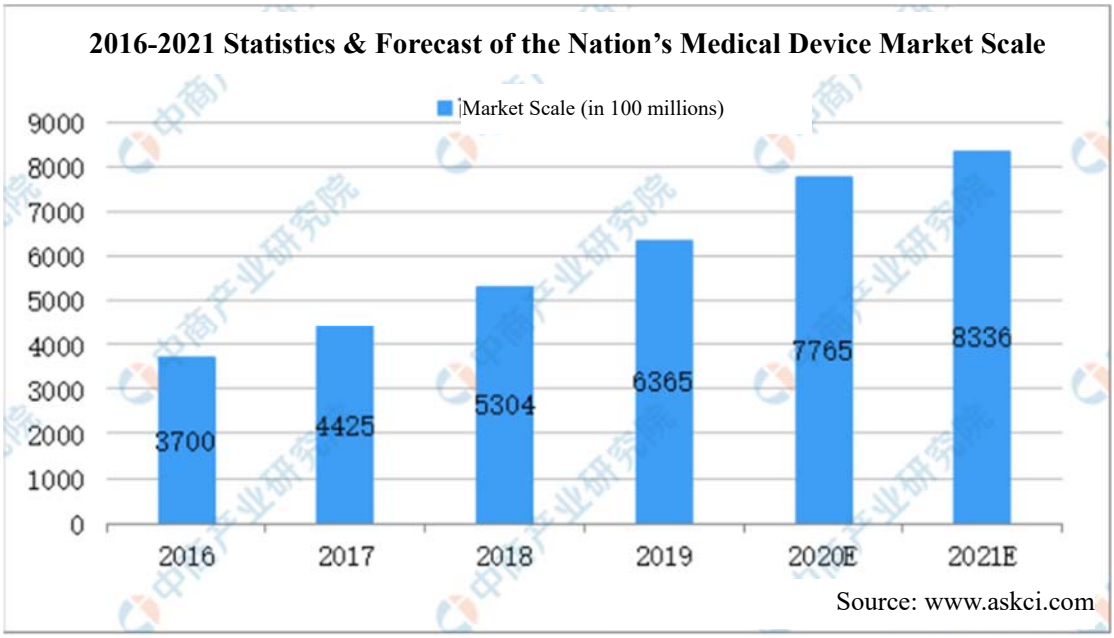
Being Yeong Guan's major client for medical equipment, Elekta is now providing digital solution to improve clinical process, fully satisfy clinic's needs, and provide real-time, safe and usable data. Elekta's development in this field will speed up collection of big data, enhance processing system's process capability and provides opportunity for AI to be developed in IT system. Digital Transformation also requires Elekta to constantly enhance product performance and after-sale service for equipment.

Currently, China's medical device is in a time of high-speed development. Using local medical device to replace imported goods starts from low-end market and this has already infiltrated to high-end market. Although there are still differences in high-end product R&D, R&D technology in some fields are already in the front end of the world. For instance, China's local ultrasound products have already replaced imported products. Currently, sales of local ultrasound products in China's low-end, mid-end and high-end ultrasound markets are 76%, 24% and 4% respectively. Under the condition of same technology, cost-performance ratio for "Made in China" product is far higher than the one for imported product.

In the meantime, under guidance and promotion from policies of "Health China 2030," "Made in China 2025" and ("13th Five Year Plan" National Strategic Emerging Industry Development Plan), development of China's medical device industry presents a promising trend. Industry development still makes the industry full of expectation.

In 2020, although COVID-19 pandemic brought a huge blow to medical device industry, China's medical device industry has survived the test. On one hand, it handed out a satisfactory answer sheet to the world during the fight against the pandemic. On the other hand, the medical device industry has maintained a good development trend. It even achieved new technology breakthrough during the pandemic.

Chinese Academy of Industry Economy Research predicts that China's medical device market will reach RMB833.6 billion dollars in 2021.


2016-2021 Statistics & Forecast of the Nation's Medical Device Market Scale
Market Scale (in 100 millions)
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
3700
4425
5304
6365
7765
8336
2016
2017
2018
2019
2020E
2021E
Source: www.askci.com

(c) Overview of Technologies and R&D

1. Research and development expenses and R&D investments as share of revenue in recent years up to the first quarter of 2020

Unit: 1000 NTD; %

Item \ Year	2019	2020	First Quarter of 2021
R&D expenses(Note)	222,926	275,826	89,328
Revenue	7,899,986	8,184,273	2,145,708
Share of revenue (%)	2.82%	3.37%	4.16%

Note: R&D expenses are manpower and mold costs generated by technology improvements and development of new products

2. R&D Achievements

Technology or product type	Properties and functions
Molding flask	Based on the contour of the mold, these specially designed flasks guarantee the use of suitable amounts of sand to reduce sand-iron ratios and cooling times and improve turnover rates of flasks.
Iron ball	This sphere-shaped object is hollow and is added during stages of molding and core making processes that consume large amounts of sand. These balls can be recycled and reused and help reduce sand costs.
Inoculants with Bi conent	Improve the grade of nodulization and enhance the mechanical properties and quality of castings
EN-GJS-350-22U-LT	Utilized in wind power and gas turbine products to ensure high elongation rates, excellent low-temperature impact properties, and high fatigue resistance
EN-GJS-400-18U-LT	
Anti-overflow gate riser	The effect of inertia when molten iron is poured into the mold cavity from the ladle during the casting process which leads to overflow at the gate riser and an expanding area of molten iron. This technical improvement prevents the overflow of molten iron at gate risers onto the surface of sand mold.
Core-wire injection nodulizing equipment	Enhances the molten iron nodulization effect and quality
Unpluggable pouring basin	Allows the pouring of molten iron of a weight equivalent or approximate to the casting into the basin above the mold cavity and ensures that impurities in the molten iron float to the surface. When the plug is removed and the molten iron flows into the cavity, the impurities are kept in the basin and out of the casting.
ASME U STAMP(Certified by American Society of Mechanical Engineers)	Permission certificate for export of pressure vessels to Europe and the US
PED(pressure equipment directive)	Permission certificate for export of pressure vessels to Europe
Ceramic tube runner	Decreases slag flowing into castings and enhances product quality
CNC wooden pattern	Machine tools are employed for 3D programming of processing

Technology or product type	Properties and functions
processing	patterns. This enhances the accuracy of the dimensions of the pattern and the surface flatness, increases the service life of the pattern, reduces the impact of human negligence and facilitates the production and measuring of complicated shapes which cannot be created manually.
PFMEA - Process failure mode and effect analysis	Increases the ability to control production processes and reduces process reject ratios.
Optimization of gating systems	Reduced use of ceramic tubes, decreased labor costs and intensity, and enhanced yield rate
Minimization of allowances for pouring weight	Enhances the usage rate of molten iron and reduces energy consumption
Promotion of the use of chips in all plants	The computerization of mold data enhances the consistency of scheduling and production and reduces human error during production processes
Wind turbine hub rotary fixture	Implementation of simultaneous setup and machining of three flanges to effectively reduce processing times and enhance production efficiency.
Hollow core support technology for wind turbine hub castings	Reduced consumption of core sand, decreased sand-iron ratio, convenient core making operations and facilitate ventilation during casting.
Ventilated and anti-leakage flask	Guarantees sufficient ventilation during the casting process and facilitates mold closing and sand enclosing operations and prevents leakage
Standardization of the base plate of pattern	Reduce pattern costs and shorten pattern making times
Air-cooled iron core technologies	One end of the sand core is exposed to cold air and the other end releases hot air to accelerate the cooling of heavy castings and enhance the quality of castings
Ductile iron castings(energy-type gas turbines)MT, UT Special inspection code	Refined inspection process to guarantee product inspection quality
Universal assembly and welding device/tool	Reduces assembly and welding times, enhances production efficiency, and guarantees product quality
Styrofoam cylinder molding technology	Cylinder-shaped Styrofoam rapid molding tool for increased production efficiency
Special tapping clamping cutter	Enhanced efficiency and reduced costs
Converter	Face mill cutter head is converted and clamped to boring shank for reduced costs
C5 High-grade anti-corrosion coating technology	Improved and optimized coating techniques allow the highest C5 grade corrosion protection and provide enhanced coating quality
EN-GJS-600-10U-LT	Wind power and gas turbine products are characterized by excellent elongation characteristics and low-temperature impact resistance as well as high fatigue resistance and weight reduction
Casting dimension scanning technology	Enhances the accuracy and efficiency of casting dimension detection
Coating automation	Enhances the quality consistency and efficiency of spray coating for castings

(d) Long- and short-term development plans

i. Short-term development plans

(1) Customer territory and after-sales service: In this post-pandemic era, the Company will target potential customers in China market and explore respective industries' needs in China's import market. The Company will continue to increase its exploration of sales opportunities in markets of Japan and North America in a bid to enhance balance of footprints in export markets and speed up capabilities in market exploration, infiltration and after-sales service.

(2) Expansion into new product areas and vertical services: Provision of vertically integrated services for existing products such as precise processing services for injection molding machines, assembly capabilities for existing products for which processing services are already available, and provision of more comprehensive services. In 2017 it is planned to add precise processing services for wind turbine gearbox castings. Components include the gearbox body, planetary brackets, and torque arms. Provision of processing services for finished products other than castings with higher demands for processing accuracy (an additional processing workshop with temperature and humidity control has therefore been established and a European/Japanese high-precision processing lathe was added to enhance product competitiveness). In addition, expansion is also pursued in the field of assembly capabilities. Services are intensified in the healthcare industry and with strategic partners and service offerings have been extended to project assembly. For instance, injection molding machinery and wind power clients all consider cooperation in this area.

(3) Horizontal expansion into new industries and product areas including promising emerging industries such as AI, automated machinery, robots, and new energy vehicles and industries with existing customers such as the shipping industry, agricultural machinery, castings for the automobile industry, and the health care industry as well as horizontal expansion through acquisition of new customers in the same industry or cross-industry cooperation with existing customers. Expansion of sales to same-industry businesses upon successful initiation of cooperation with top-ranked enterprises.

(4) Energy industry: In view of the fact that the wind power market shifts toward offshore wind turbines, the company is searching for suitable locations for the production of large-scale castings. The next step in the planning of marketing strategies for the group lies in the planning of factories with integrated production processes that include casting, processing, spray coating, and assembly capabilities. This year, orders have been placed by key clients for the development of offshore wind turbines and deployment of capacities for future production bases is being planned.

(5) Production strategies: Processes are improved, yield rates and production efficiency are increased, production costs are reduced, and current production flows are optimized to increase production capacities and satisfy rising customer demands. A continued focus on supplier management and development allows the maintenance of positive and stable interactions with suppliers. In addition, the company also actively seeks cooperation with large international suppliers of raw materials to ensure a stable source of raw materials under conditions of wide price fluctuations in countries of origin.

ii. Medium-term

Expansion of existing production capacities and production bases: In addition, to increased efficiency and production capacities at existing production bases, it is also planned to establish new production bases in Thailand and the Taichung Harbor area in Taiwan within the next 3-5 years to face the challenges of market volatility and uncertainty.

(1) Taichung Harbor Plant:
The main purpose of this expansion project is to satisfy the future demand of the global offshore wind power industry as well as the demand for castings of the heavy industry. The plant is located in the vicinity of the harbor and therefore enjoys a significant competitive advantage because no additional costs for land transportation are incurred.

(2) Thailand plant:
Significant planning advantage: A large plot of land has already been acquired and Environmental Impact Assessment Approval has been obtained. Construction can be planned in stages. In addition, the Company is entitled to tax exemption for eight years in the context of investment promotion and incentive policies of the Thai government. Automated equipment will be added in the future, while investments in new production capacities through industrial machinery will be planned in stages in response to supply chain transfer trends in the future. The goal is to strengthen deployment in ASEAN region and thereby enhance the company's risk resistance capacity in the face of rapid industrial transformations.

iii. Long-term:

(1) Pioneering investments and solid implementation of an EHS (Environment, health, and safety) system: All plant areas affiliated to the group have earned the approval and support of local governments. The establishment of an EHS system is a key review criterion of multinational corporate clients. Investments that will generate long-term environmental cost advantages are planned in stages and the Company will pioneer the adoption of environmental protection equipment that meets the highest standards.

(2) Promotion of GSI (Green Supplier Initiative): The goal lies in achieving conformity to national and international standards and norms in the fields of environmental protection, energy conservation, and emission reduction at an early date

(3) Adoption of a Manufacturing Execution System (MES): Processes involving transparency of manufacturing data and management and constant refinement and optimization of Lean production are promoted to constantly enhance production efficiency.

(4) Continued implementation of training and inheritance programs of the Group from top management to the lowest ranks and building of the Group's core competitiveness including strengthening of professional technical competence, comprehensive user solutions, and continued skill development

(5) Corporate social responsibility: The Company aims to contribute to environmental protection, society, and corporate governance (ESG) and fulfill its corporate social responsibility (CSR) through its development and planning efforts and its core competitiveness to achieve the goal of sustainable development and business operations.

2. Market and sales overview

(a) Market analysis

1. Main products and sales regions

Unit: 1000 NTD; %

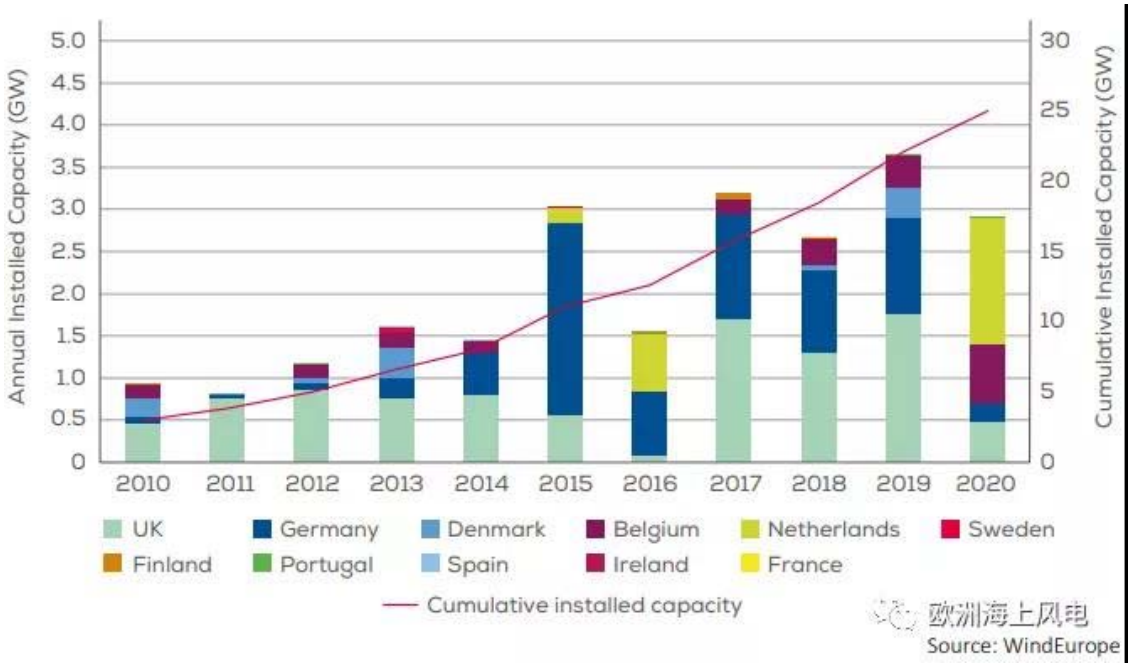
Year / Region	2019		2020	
	Amount	%	Amount	%
Europe	2,418,785	30.62%	1,524,780	18.63%
China	3,467,538	43.89%	5,122,446	62.59%
USA	509,099	6.44%	547,226	6.69%
Asia	1,504,564	19.05%	989,821	12.09%
Total	7,899,986	100.00%	8,184,273	100.00%

2. Future supply conditions and growth potential of the market

Wind power industry

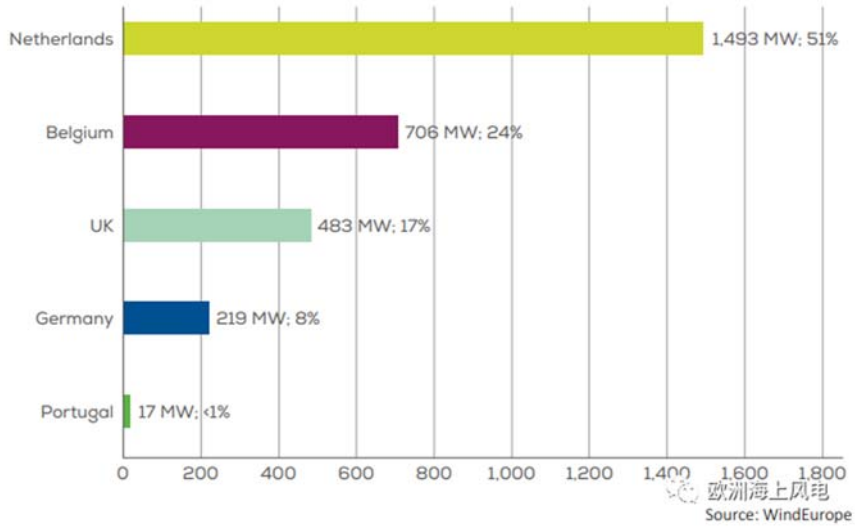
Europe Onshore/Offshore Wind Power

Wind Europe released Europe offshore wind power statistics for 2020. Europe added 2.918GW offshore wind power in 2020, a reduction of more than 0.7GW compared with the one for 2019. However, accumulated installation still exceeded 25GW with the scale ultimately reaching 25.014GW.



According to statistics, Europe added 356 wind power grid turbines in 2019. That involved 12 offshore wind farms and 5 countries. Specifically, Netherlands ranked as the top one for the first time with capacity of 1.493GW for more than half of all new installations. This is due to one by one commencement of production from Borssele 1-5 wind power clusters. Belgium ranks as number two with newly added capacity of 0.706GW which accounts for 24.2% of newly added capacity and a 100% increase compared with the one for last year. United Kingdom, which has always been the top one in terms of newly added installations in Europe, has fallen to the third place with capacity of only

483MW of power grid. German has also reached its lowest level in ten years with new installation of 291MW. Although Portugal only added 17MW of new capacity, it has brought surprises to the whole offshore wind power community. Windfloat Atlantic has integrated 2 Vestas 8.5MW floating wind turbines, bringing floating wind turbine one step closer toward commercialization.



Based on fundamentals of newly added wind farms, Siemens Gamesa' s SG 8.0-167 DD and Vestas' V164-9.5 MW have gradually become mainstream machines. Although GE Haliade-X turbine is not commercialized, the company has received the biggest order ever – providing 190 13MW turbines for Dogger Bank (A and B).

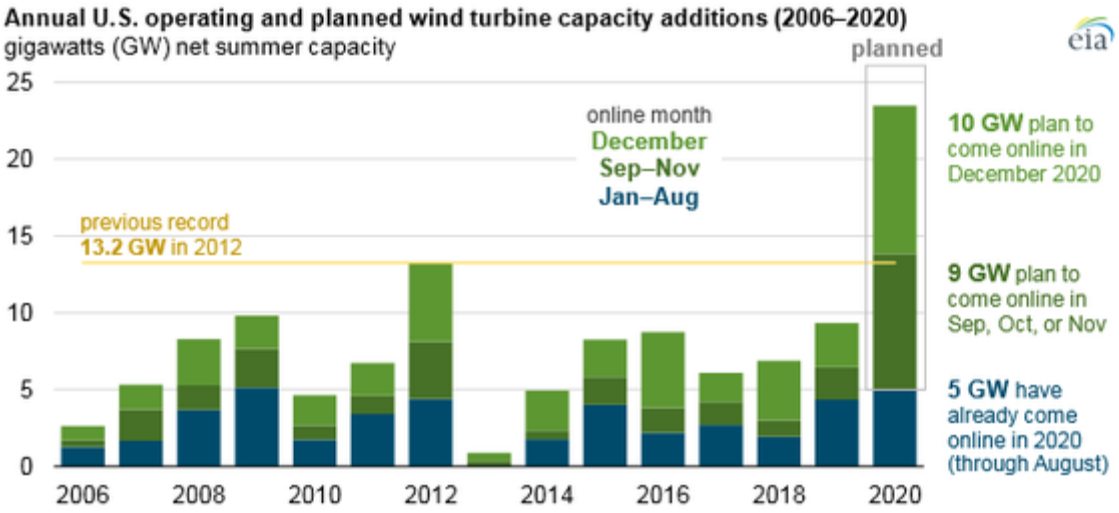
With the exception of jacket pipe frame used by UK's East Anglia One and floating foundation used by Portgual's Windfloat Atlantic wind farm, monopile still dominates offshore wind power market in Europe and it has not exited the market so quickly as expected.

COUNTRY	WIND FARM	CAPACITY CONNECTED IN 2020 (MW)	NUMBER OF TURBINES CONNECTED	TURBINE MODEL	TYPE OF FOUNDATION	STATUS[3]
Netherlands	Borssele 1&2	752	94	SG 8.0-167 DD	Monopile	●●●●●
	Borssele 3&4	722	60	V164-9.5 MW	Monopile	●●●●●
	Borssele 5	19	2	V164-9.5 MW	Monopile	●●●●○
Belgium	Seamade	487	58	SG 8.4-167 DD	Monopile	●●●●●
	Northwester 2	219	23	V164-9.5 MW	Monopile	●●●●●
UK	East Anglia One	483	69	SWT-7.0-154	3-Legs Jacket	●●●●●
	EnBW Albatros	112	16	SWT-7.0-154	Monopile	●●●●●
	Trianel Wind-park Borkum 2	101	16	Senvion 6.2M152	Monopile	●●●●●
Portugal	Windfloat Atlantic	17	2	V164-8.4 MW	Semi-Sub	●●●●●

欧洲海上风电
Source: WindEurope

US Onshore/Offshore Wind Power

According to data collected by US Energy Information Agency (EIA), US is expected to add installations of new wind turbine with capacity exceeding 23GW in 2020. This is far more than 13.2GW record set in 2012.

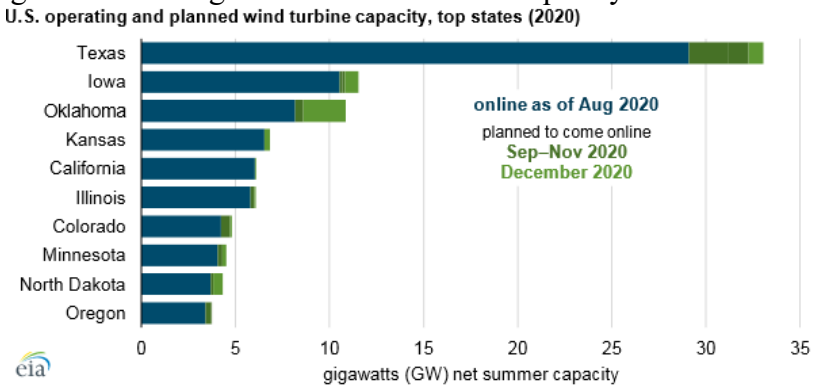


According to data collected by the U.S. Energy Information Administration (EIA), only 5.0 GW of capacity has come online in the first eight months of this year, but as is typical with wind turbine installations, most of the annual capacity additions come online in the final months of the year. Another 18.5 GW plan to come online in September through December, according to project timelines reported to EIA by power plant owners and developers.

The 5.0 GW of capacity added in the first eight months of 2020 is already more than the capacity added in the first months of any year. Developers expect to add another 18.5 GW in the final four months of 2020: 8.9 GW in September through November and 9.6 GW in December.

December is typically the month with the most wind turbine capacity additions. In the previous 10 years, 41% of the annual wind capacity additions came online in December.

The impending phaseout of the full value of the U.S. production tax credit (PTC) at the end of 2020 is leading to more capacity additions than average this year, just as previous tax credit reductions led to significant wind capacity additions in 2012 and 2019. Wind turbine projects coming online through 2023 that began construction in 2019 qualify for lower values of the PTC.



Texas has the most wind turbine capacity among states (29.1 GW installed as of August 2020). Project developers in Texas expect to add another 4.0 GW by the end of the year, based on reported online dates. Project developers plan to add 2.7 GW in Oklahoma, increasing the state's wind capacity from 8.2 GW to 10.9 GW.

EIA's November 2020 Short-Term Energy Outlook shows wind's share of U.S. electricity generation increasing from 7.4% in 2019 to 8.8% in 2020-more than any other renewable electricity generation source. EIA forecasts wind's share to reach 10.3% in 2021.

Asian offshore wind market

According to the latest data released by GWEC Market Intelligence, 2020 was a record year for wind power growth in the Asia Pacific. This growth was driven by China, which installed 52 GW of new wind power capacity in 2020 according to initial data – double what the country installed in 2019 and more capacity installed in a single year by any country in history.

In addition to China, Australia (1,097 MW), Japan (449 MW), Kazakhstan (300 MW), and Sri Lanka (88 MW) all had record years for wind power in 2020. Although India (1,119 MW) ranked second in terms of new wind power capacity in the region in 2020, last year was the lowest year on record for new wind installations for the country since 2004 due to regulatory and infrastructure bottlenecks.

Altogether, the region installed 56 GW of new wind power capacity in 2020, a 78 per cent year-on-year increase and nearly the same capacity that was installed globally in 2019. This brings total capacity in the region to nearly 347 GW, which helps to avoid 510 million tonnes of CO2 emissions annually – equivalent to taking 110 million passenger cars off the road.

Feng Zhao, Head of Market Intelligence and Strategy at GWEC commented: "Asia Pacific is the region with the most wind power capacity globally, with the region installing over 60 percent of all new global wind power capacity in 2020. The incredible and rapid growth of wind power in the region has been led by China, which now has more wind power capacity than Europe, Africa, the Middle East, and Latin America combined. We were expecting an installation rush in China last year due to the phase out of the onshore wind Feed-in-Tariff by the end of 2020, but the Chinese wind market exceeded our original forecasts. In the time of parity, China needs to maintain development speed for wind power market in order to guarantee the realization of targets for "emission peak" and "carbon neutrality."

Martand Shardul, Policy Director at GWEC India commented: "While it was a record year for wind power in the Asia Pacific region, India's wind power markets experienced a slowdown in 2020, adding less than half of the capacity that was installed in 2019. Although COVID-19 may have contributed to the slowdown, we have been witnessing a deceleration of market momentum in India since 2018 due to policy, infrastructure, and regulatory challenges. Solving these challenges through collaboration between the private and public sector will be key to make India a wind power leader in the region once again and power a green recovery."

Liming Qiao, Head of GWEC Asia added: "We are beginning to see new wind power markets emerge in the Asia Pacific region, especially in South East Asia, which will become increasingly important growth drivers for the wind industry over the next decade. Markets such as Vietnam have massive wind power potential, but getting the right regulatory frameworks in place will be key to provide a long-term horizon for the market and attract investors."

Chinese wind power market

According to the "Global Wind Report 2021" released by the GWEC, 2020 was the best year in history for the global wind industry with 93 GW of new capacity installed – a 53 per cent year-on-year increase. Today, there is now 743 GW of wind power capacity worldwide, helping to avoid over 1.1 billion tonnes of CO2 globally – equivalent to the annual carbon emissions of South America.

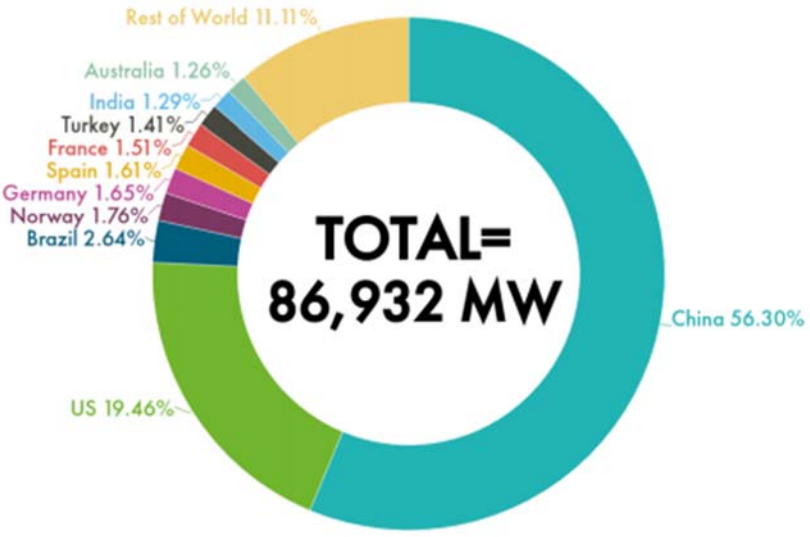
(*Statistics of this report include newly added capacity and total number of installation machines which have already been installed and fully put into use. Number of new installation machines is the sum without decommissioned capacity being deducted. Total number of installation machines is the

net amount after decommissioned capacity is deducted.)

Related Articles: Global Wind Power System Maker Ranking related by GWEC! Vestas, GE, Goldwind are the top three!

GWEC pointed out that through technology innovations and economies of scale, the global wind power market has nearly quadrupled in size over the past decade and established itself as one of the most cost-competitive and resilient power sources across the world. In 2020, record growth was driven by a surge of installations in China and the US – the world's two largest wind power markets – who together installed nearly 75 per cent of the new installations in 2020 and account for over half of the world's total wind power capacity.

However, this report indicates that current speed of growth is still difficult to satisfy the need to realize global zero emission in 2050. According to GWEC's forecast, Global wind power growth must triple over the next decade to avoid the worst impact of climate change. Based on researches conducted by the International Renewable Energy Agency and the International Energy Agency, the world needs to install an average of 180 GW of new wind energy every year in order to keep global warming well below 2°C above pre-industrial levels, and will need to install up to 280 GW annually from 2030 onwards to maintain a pathway compliant with meeting net zero by 2050. This means industry and policy maker need to work together cordially, move fast and speed up their deployment.



On March 3rd, Bloomberg New Energy Finance released rankings of China wind power system markers' new installation capacity for 2020.

According to the data, new installation capacity for China's wind power installation market hit a historical high under the stimulus of existing incentives as well as dual impact from 3060 carbon neutrality. In 2020, China's accumulated new wind power grid capacity was 71,76GW. However, data from Bloomberg New Energy Finance indicated that China's accumulated new wind power grid capacity was as high as 57.8GW, doubling the one for the basis of 2019. Specifically, onshore wind power added 53.8GW with year-on-year growth of 105%. Offshore wind power added 4GW with year-on-year growth of 47%.

Based on new installation capacity for 2020, China's top three wind power system makers are Goldwind Science & Technology, Envision Energy and Ming Yang Smart Energy. This ranking is

generally consistent with the one for 2019. Among top three system makers, changes from Envision Energy is relatively bigger. Its 2020 new installation capacity has almost doubled the 5.1GW for 2019.

Shanghai Electric has risen to No. 4 with its offshore wind power advantage. Zhejiang Windey is listed as No. 5. Among the top 5 system makers, it is the only enterprise which is not involved in offshore wind power business yet. Installation capacities for CRRC Wind Power and Sany Heavy Energy have increased by multiple times and they have climbed to No. 6 and No. 7 respectively. Their changes are most obvious.

Bloomberg New Energy Finance 2020 New Installation Capacity and Market Shares in China Market for Major Wind Power System Makers

Ranking	Wind Power System Makers	2020 New Installation Capacity	2020 Market Share in China
1	GOLD WIND	12.33	21%
2	Envision Energy	10.07	17%
3	MingYang Smart Energy	5.64	10%
4	Shanghai Electric	5.07	9%
5	Windey	3.98	7%
6	CRRC	3.84	7%
7	Sany Heavy Energy	3.72	6%
8	Dongfang Electric	3.11	5%
9	CSSC	2.92	5%
10	Guodian United Power	2.20	4%
	Others (including foreign Wind Power System Makers)	4.92	9%

Source: Bloomberg New Energy Finance
Note: These statistics only reflect various enterprises' installation capacities for 2020 China wind power market verified by Bloomberg New Energy Finance. They do not constitute and shall not be construed as Bloomberg's investment advice or investment recommendations on investment strategy or to "buy" or "sell" or to hold a certain investment.
Please refer to the following disclaimer for details.

2021 Forecast for category-based installations is as follows:
Carryover continued rush-installation projects: estimated 8 to 14GW
Price-bidding projects newly approved in 2019 and 2020: estimated 2GW
Parity grand base and renewable energy demonstration zone: estimated 6 to 8GW
Offshore wind power: estimated 4 to 6GW
Distributed wind power: estimated 2 to 4GW
Non-base small parity project: estimate 2GW

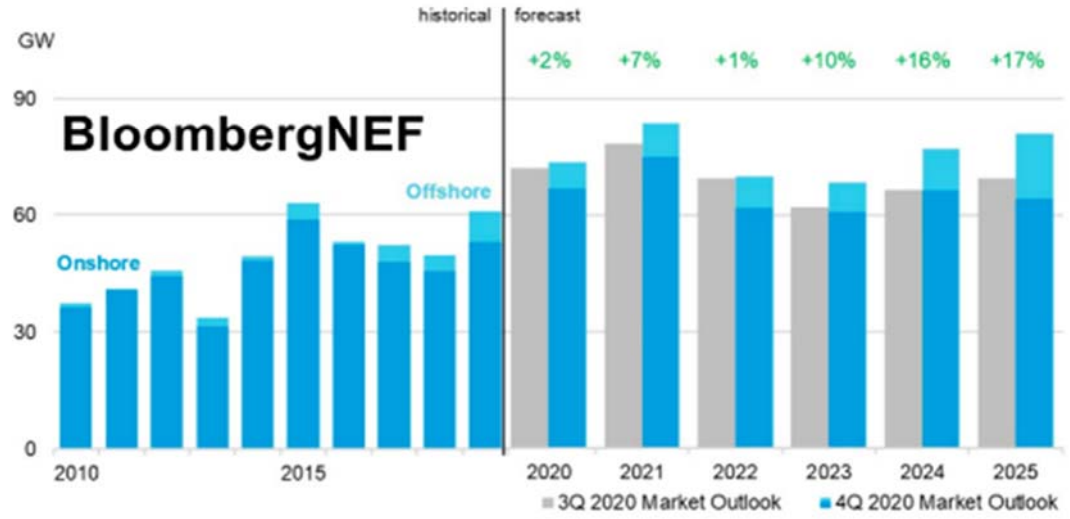
It is estimated that center for 2021 domestic wind power new installation will be in 30GW. The conclusion is that center for 2021 installation capacity will still be high side operation of 30GW (24GW pessimistic, 36GW optimistic). Although this is lower than the one for 2020, it is still higher than the one for 2019. It is expected new installation capacity for 2021 will be 33% to 50% of the one for 2020.

Forecast for Wind Power Industry:

With the slow down of global onshore wind power development, offshore wind power will become the engine of growth for wind power industry from 2025 to 2030.

In 2021, although scales for onshore wind power and offshore wind power new installations continue to decline, wind power accumulated installation scale still presents an upward trend to 84GW. Growth in onshore wind power scale will become stable after 2021 and offshore wind power will become the main engine for growth. New installation scale for offshore wind power will exceed 10GW for the first time in 2024. In 2025, it will increase by nearly 17GW which accounts for one-fifth of new installation capacity for that year.

Historical Data and Adjustments on 3rd Quarter Report Forecast on Global Onshore Wind Power Annual New Installation Scale



Source: BloombergNEF

Injection molding machinery industry

Development trends of Injection molding machinery industry in recent years

A. Development of large-scale and micro machines

International currently focus on the development of large-scale and micro machines. Large-scale and micro machines in China are currently still in a fledgling stage.

The design and manufacture of large-scale and micro plastic machinery is inextricably linked to the national standard of machine production and materials technology. Emphasis must be placed on the establishment of a technology foundation and intellectual property right system in the initial stage. International brands such as Krauss-Maffei have already initiated the research and development of 8,000-12,000 ton models, while the Chinese brand Chende has launched the development of a 6,500 ton models.

Miniaturization represents the main development direction for all product categories. The obvious momentum in the fields of electronics, information, electrical appliances, medical treatment, and biology reflected in rising demand is evidence for this. The demand for production equipment for plastic tubes of a diameter of less than 0.5mm which can be used as artificial blood vessels and high-performance soft packaging film for a wide variety of industry fields such as food products, beverages, and new energy continues to surge. Plastic film multi-layer co-extrusion technologies are constantly innovated. For instance, Nissei currently focuses on the development of micro machinery.

B. Development of energy-saving plastic machinery

In view of a global trend of energy conservation and carbon reduction, the government has formulated new energy conservation benchmarks for all industries. Traditional plastic machinery has a certain potential for energy conservation due to the fact that the focus of past designs often lay on the maximization of machine productivity. The main plastic machinery production bases in China such as Ningbo, Foshan, and Dongguan therefore implement stripped down designs for plastic machinery.

Production rates will no longer be the main consideration for the design of energy-saving plastic machinery, which will instead focus on the energy consumption generated by heavy goods of processing units. Optimized design of machinery structure, control modes, and operation technology conditions is therefore implemented based on the goal of minimization of energy consumption. Advanced energy conservation technologies are adopted. For instance, the power conversion efficiency of motors with variable frequency speed control is much higher than that of motors with electromagnetic speed control or direct current motors. Following the maturity of variable frequency speed control technologies and the decreasing cost of variable frequency speed regulators, these technologies are widely adopted in the field of plastic machinery and extruding equipment in particular.

C. Development of automated smart plastic machinery

The development of automated plastic machinery will greatly increase the stability and reliability of such machines. This will be conducive to the enhancement of high quality, efficiency, and energy conserving production functions and production rates and the reduction of labor intensity and costs as well as the improvement of labor conditions and maximization of equipment usage rates.

A large number of new control devices are being adopted. For instance, Programmable logic controllers (PLC) replace traditional relays. Programmed controllers and micro computers are used for process and parameter control of injection molding machines. These new control methods are extremely important for high-precision molded goods. They can automatically adjust the molding conditions and thereby guarantee the dimensions and quality of finished goods. The production process of machines for the manufacture of generic goods is fully automated from material input to the testing and packaging of finished goods. Machine safety is ensured through relevant safety devices. Safety is fully automated and centrally managed allowing unmanned operation.

AI’s latest technology framework for injection industry is as follows: Identify problems customer want to solve such as increase of yield rate, enhancement of efficiency, reduce of cycle time, screening and elimination of defected products, and so on. Through base-level deployment, basic data including technique parameters, environment parameters, material parameters, mold pressure, mold temperature and so on are collected in real time. After completion of collection, data will be cleaned

and formatted through specific algorithm. Production will be monitored in real time and qualified and defected end products will be earmarked. Based on feedback result and data which have been cleaned and formatted, machine learning pattern will be trained and adjusted to ensure pattern generated through high speed repeated calculation. Based on machine learning pattern, possible occurrence of problems under which kind of changes to data is then predicted in order to send out predictive warning in real time. With results from real time feedback and prediction, preventive adjustments will then be made actively to avoid occurrence of problems.

Huawei Cloud worked together with Zhiyin Tech Company Limited in holding "Marching Forward, Be Smart, Choose Huawei Cloud – Empowering Injection Industry" workshop to explore how to assist enterprises in solving issues of full life cycle smart management on molds. Through establishment of injection cloud MES, injection factory's integrated production plan and factory production process management, quality improvement, equipment integrated management and elevation of corporate smart level will all be realized accordingly. This will constitute refined management capability which is adapted to downstream manufacturing industry.

D. Network-based smart management

The essence of "Industry 4.0" lies in the realization of an industrial Internet, or in other words the linkage of virtual and physical networks to form a highly effective production system. Maximization of competitive advantages of this traditional industry is achieved through the Internet and big data analysis and clustering and linkage of competitive industry chains through innovative information installations In the face of upgrading pressures of the manufacturing industry and disappearance of demographic dividends, the plastic machinery industry realizes its own "Industry 4.0". Industry development is fully linked to the Internet. Network-based management technologies from production management to after-sale services are non-equipment related technologies but are inseparable from relevant equipment. Auxiliary equipment and host machine manufacturers use network-based management systems as one of their equipment control functions.

E. Development of 5G Communication

5G base stations employ advanced technologies including multiple-antenna Massive MIMO (multiple-input, multiple-output) and new LDPC/Polar codes. These base stations must be newly constructed since it is impossible to upgrade 4G base stations to 5G. Plastic is a basic material for radio frequency devices and antenna and chip materials required for the establishment of the 5G industry chain. Metallic back covers of smartphones will be replaced with plastics. The MIMO technology employed by 5G requires the installation of a large number of antennas inside smartphones. However, metallic parts currently used for smartphone manufacture lead to signal interferences. IMT technology which has evolved from IML allows the manufacture of more aesthetic plastic parts. Since plastic surfaces emulate the 3D optical textures of glass back covers, they are favored by many CMF designers. Even if manufacturers select back covers made of ceramics or glass, they still utilize protective covers made of plastic due to the fragility of these materials. These parts most of which are injection molded lead to a significant increase in the demand for plastics.

Industry Machinery

【International Monetary Fund, IMF】released the latest issue of " World Economic Outlook" on January 26th predicting growth rate for world economy in 2021 will rebound to 5.5%, which is o.3% higher than previous forecast, but maintaining 4.2% growth rate forecast for 2022. World economy

shrank by 3.5% in 2020. Extent of recession is smaller than previous forecast (4.4%). This reflects a strong recovery trend for 2nd half of 2020. IMF raised its forecast on world economy growth mainly because multiple vaccines were approved in December of 2020 and some countries have already initiated vaccination programs. This has ignited people's hope that this pandemic will ultimately be over.

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	2020	PROJECTIONS 2021	2022
World Output	-3.5	5.5	4.2
Advanced Economies	-4.9	4.3	3.1
United States	-3.4	5.1	2.5
Euro Area	-7.2	4.2	3.6
Germany	-5.4	3.5	3.1
France	-9.0	5.5	4.1
Italy	-9.2	3.0	3.6
Spain	-11.1	5.9	4.7
Japan	-5.1	3.1	2.4
United Kingdom	-10.0	4.5	5.0
Canada	-5.5	3.6	4.1
Other Advanced Economies	-2.5	3.6	3.1
Emerging Market and Developing Economies	-2.4	6.3	5.0
Emerging and Developing Asia	-1.1	8.3	5.9
China	2.3	8.1	5.6
India	-8.0	11.5	6.8
ASEAN-5	-3.7	5.2	6.0
Emerging and Developing Europe	-2.8	4.0	3.9
Russia	-3.6	3.0	3.9
Latin America and the Caribbean	-7.4	4.1	2.9
Brazil	-4.5	3.6	2.6
Mexico	-8.5	4.3	2.5

The Chinese manufacturing sector actively implements the "Made in China 2025" policy. Ningbo, which is the domicile of the Group in China, has been selected as the first pilot and demonstration city for "Made in China 2025". The government has formulated 22 precise support policy measures to facilitate implementation of said policy. The ratio of the added value of enterprises above the designated size in strategic emerging, hi-tech, and equipment manufacturing industries to the added value of enterprises above the designated size of the whole city increased to 9.3%, 9.0%, and 1.2%, respectively. The ratio of the added value of enterprises above the designated size to GDP rose from 44.1% to 46.1%.

The quality and efficiency of traditional industries has been increased and the pace of conversion of

new and old driving forces is accelerating. A group of SMEs with a long-term focus on the production of key parts and components and development and manufacture of fundamental materials are gradually transforming into “professional, sophisticated, and specialized champion enterprises” of the industry. China relies on the following two competitive advantages in its efforts to realize the goal of turning China into a manufacturing superpower: 1. The ability to concentrate its capabilities on the realization of major achievements 2. Enormous market size. The government therefore insists on choosing the path of smart manufacturing on the foundation of a combination of government guidance and market orientation and the decisive role of the market in the allocation of resources.

Smart manufacturing is one of the key directions of the Chinese manufacturing sector. A research report of the CCID (Shanghai) Advanced Manufacturing Research Institute reveals that the smart manufacturing sector in China has entered a period of reshuffling characterized by accelerated decline which is reflected in a downward trend of the industrial robot and CNC machine tool industries. Despite this rapid decline, the overall outlook of the sector is still considered very positive on the foundation of the active support by the government. The following ten major trends have emerged:

Demand-orientation and focus on pain points will result in a transition of industrial AI from idealism to pragmatism. In contrast to smart industry products which are merely “icing on the cake”, sorely needed technologies are more readily accepted by manufacturing enterprises. For instance, the adoption of technologies such as product quality enhancement interpreted through Machine-vision (MV) surface quality inspection or production efficiency enhancement through Knowledge Graph-based smart CAD will be the favored development direction of enterprises.

Industrial big data will become a core area of smart manufacturing and industrial Internet development. Mr. Dong Kai, executive director of the CCID (Shanghai) Advanced Manufacturing Research Institute points out that the value of digital assets such as core industrial data and key technology patents for enterprises is rapidly increasing. The minimization of data security risks, enhancement of system security, and data security itself are therefore increasingly important reference indicators for digital transformations and upgrades. The guarantee of production and process safety is also a pressing task.

Big data-based industrial intelligence will generate numerous service-based application scenarios. Mr. Dong Kai cites industrial data-based fault diagnosis and predictive maintenance which are rapidly becoming available as perfect examples of such application scenarios.

Smart equipment status management systems will turn into new modes of remote operation maintenance. This will lead to the formation of data-centered closed-loop operation modes encompassing smart collection, analysis, diagnosis, and production scheduling, automated commissioning, push solutions, remote support, and smart testing, followed by a new round of smart collection.

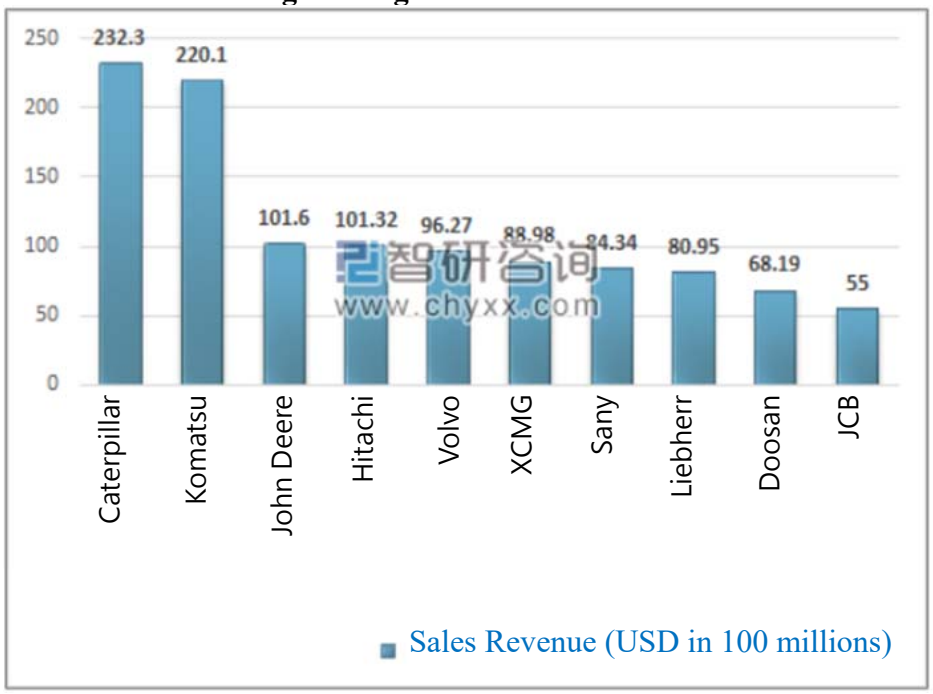
In addition, smart manufacturing development trends also include the following: industrial blockchain services utilized for data security and decentralized smart production networks; cobots as the mainstream application of industrial robots; algorithm-based smart industrial platforms as the main foundation of application scenarios; cloud-edge coordination as the technology roadmap for smart industrial applications; time-sensitive networking (TSN) and 5G technologies as the driving force for industrial network development; smartification of process equipment as a driving force of breakthroughs in the transformation process of the manufacturing sector.

Based on the aforementioned trends, in-depth mining services should be encouraged to create corporate value. This also involves an active search for innovative, profitable, and customer-oriented models. Guidance through government policies and collaborative should be further strengthened to

facilitate creation of smart and innovative remote operation maintenance centers and boost service-centered integration of diversified resources.

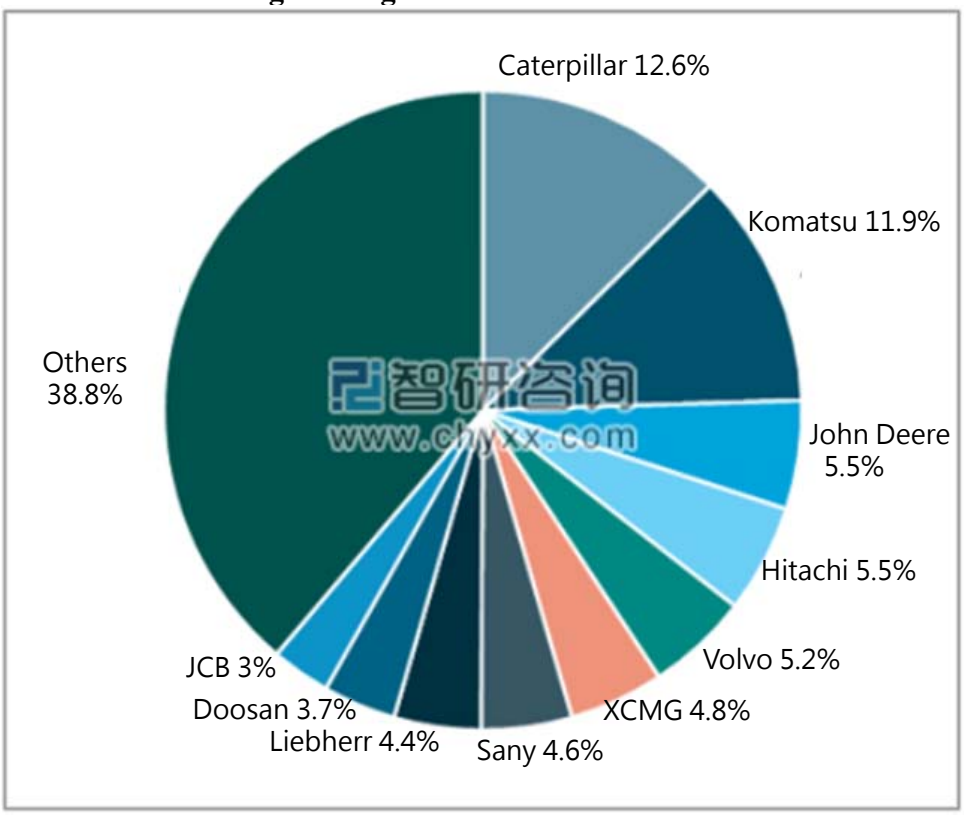
Engineering & construction machinery:
The engineering & construction machinery industry is gradually transitioning toward a new model characterized by “inventory updates + newly added demand”. During this transformation process, equipment replacement cycles and expansion of new application scenarios will generate shifts in demand. Engineering machinery is mostly utilized in the construction industry. Due to the fact that the constant increase of manpower costs is coupled with a constant decrease of machinery costs, the cost gap between these two inputs is narrowing. A significant increase in equipment efficiency in construction operations is another key factor. A rising number of workers will therefore be replaced by equipment based on the human-machine replacement logic.

Sales Revenues for World's Top 10 Engineering Machine Makers in 2019



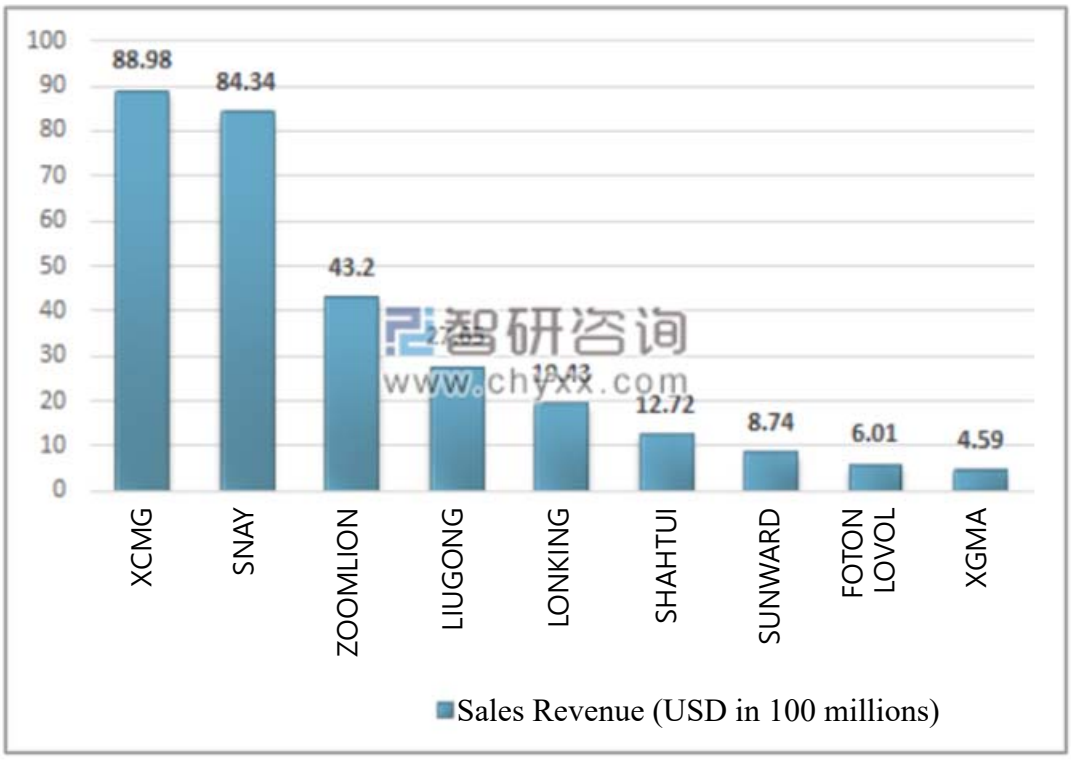
Source: International Construction

Market Shares of Revenues for World's Top 10 Engineering Machine Makers in 2019



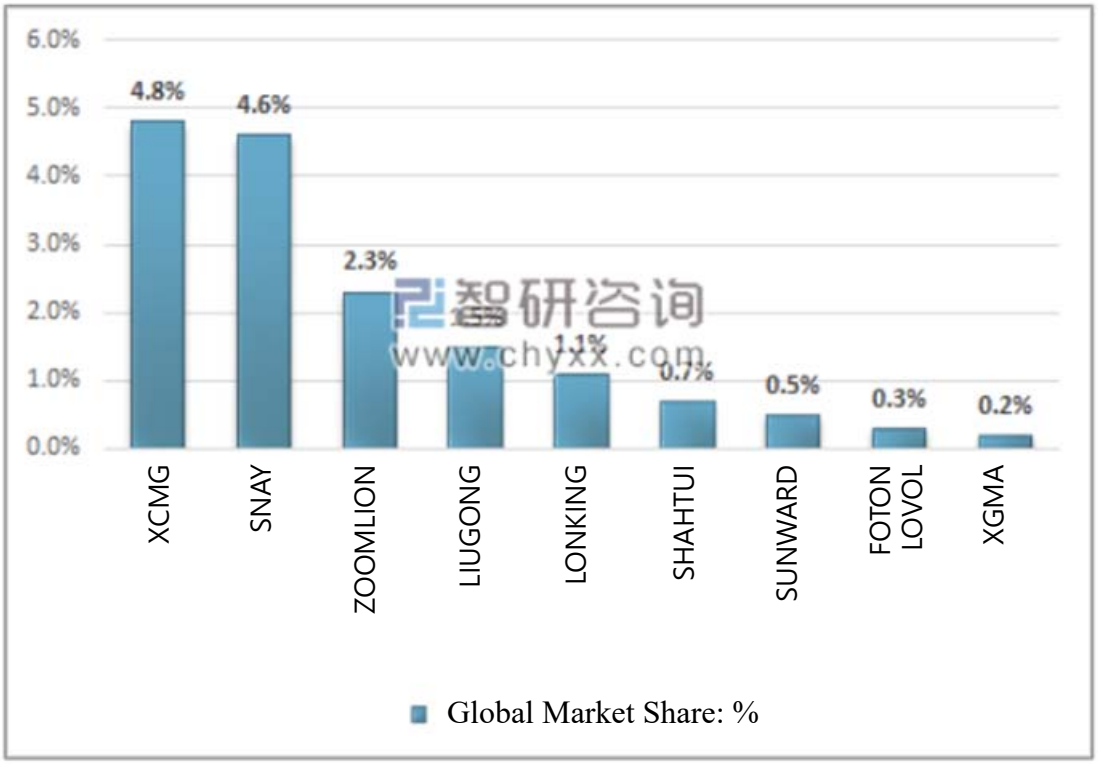
Source: International Construction

Sales Revenues for Chinese Enterprises of World's Top 50 Engineering Machine Makers in 2019



Source: International Construction

Global Market Shares of Revenues for Chinese Enterprises of World's Top 50 Engineering Machine Makers in 2019



Source: International Construction

Machine Tool, Processing Machine:

US: AMT(Association for Manufacturing Technology) report indicates that November order for US machine tool industry declined compared with the one for previous month but slightly increases 1.4% compared with the same period of the previous year. Order for December has started to improve.

Germany: According to statistics from the German Machine Tool Builders' Association (VDW), orders for German machine tool dropped by 30% in 2020. This is the same as the one for 2019. After two years' recession, it is expected that German machine tool industry will grow by 6% in 2021.

Japan: According to Japan Machine Tool Builders' Association, starting from November of 2020, orders have increased by 8.6% compared with the one for previous year. After a period of 26 months which started from September of 2018, orders have improved and started to grow. Orders have increased due to widespread industry needs from infrastructure, smart cell phone and auto industries in China. Orders for machines have hit a 20-month new high. As for North America, orders have slowly improved and increased after a 22-month sluggish period.

China: According to National Bureau of Statistics' data for Enterprise Above Designated Size, accumulate revenue from January to November of 2020 for machine tool industry has declined by 1.6% on a year-on-year basis. Conditions for the industry as a whole are in a state of recovery growth and they are better than expected.

According to China, 2021 is the opening year for the "14th Five Year Plan." The industry as a whole is at a stage of new development. New development ideas will be fully realized; new development layout will be explored aggressively; technology innovative capability and standards for industry supply chain will be enhanced through efforts; and high-quality development will be realized for the purpose concerted promotion of machine and auto industries as well as smart manufacturing.

Air compressors

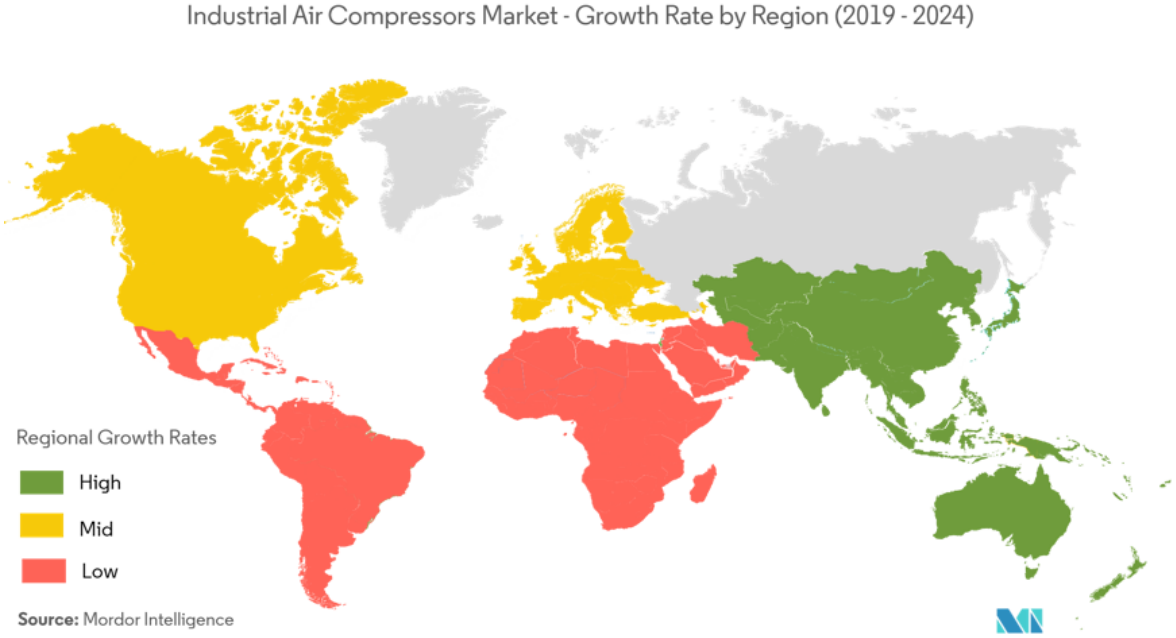
In 2019, industrial compressors had a market volume of US$ 14.04 billion. This value is expected to reach US$ 16.9 in 2025 with a projected CAGR of 3.33% in the forecast period (2020-2025). A constantly increasing demand for energy-efficient compressors will drive development of the market for industrial compressors. These compressors represent a key component of any heavy-duty industrial production line. Application areas range from heavy-duty air compressors utilized by industrial gas and petrochemical departments to simple spray-gun compressors for car manufacturing departments.

Application areas of industrial compressors further include the petroleum and natural gas industry, the food and beverage industry, the general manufacturing and construction industries as well as the mining industry and medical & healthcare industry. Air compressors are considered a safer and more convenient alternative to other types of electric and hydraulic equipment. Compressed air is therefore frequently utilized as an obstacle-free method for generation of motive power in manufacturing environments. Due to the increased use of compressed air systems, industries have adopted highly effective systems in consideration of the fact that highly compressed air usually requires powerful pumps at the backstage to achieve adequate pressure levels. In addition, air compression systems also require additional liquid or air-cooling systems to distribute the generated heat, which adds to the overall cost. The EU and other countries have enacted numerous laws to decrease CO2 emissions and are expected to further promote market and efficiency related research activities.

The Asia-Pacific region will account for a significant market share

The Asia-Pacific Region has seen staggering industrial growth over the past 20 years. According to World Bank estimates, industrial and manufacturing activities contribute over 40% of the Gross Domestic Product of this region. The rapid growth in this region is expected to drive the demand for industrial compressors in the food and beverage, petroleum and natural gas, medical & healthcare, automotive, and manufacturing industries in particular. For instance, planned expansion of the oil refinery plants of Reliance Industries and investments of Russian and Saudi Arabian oil companies are expected to generate additional demand in the petroleum and natural gas industries within the forecast period. Due to high investments of developing countries such as China and India in power plants, the energy and power industries of the region will grow enormously and generate significant momentum for industrial growth, which is expected to stimulate the demand for industrial compressors.

Market forecast for the industrial compressor industry for the period from 2019 to 2024 – the Asia-Pacific Region is characterized by high demand growth



Despite existing uncertainties in the global economy, the sales volume of Atlas, our major client in the field of compressor castings, has increased by 5% compared to 2018. This growth momentum was mainly generated by new product launches and increased market penetration rates, which resulted in a growing order volume for large compressors. Global air compression equipment, air and gas processing equipment, and related service markets are characterized by customer base diversification. Customers demand reliable and highly effective solutions suited for specific applications.

Market trend analysis conducted by Atlas

- Continuing focus on energy efficiency, conservation, and recovery and reduction of CO2 emissions
- Increasing demand for services and monitoring of air compressors
- Focus on total solutions and full life cycle costs
- New applications for compressed air

Marine propulsion

According to the latest estimates, the global marine propulsion engine market will reach a volume of US$ 15 billion in 2024. CAGR is projected at 4.6% between 2016 and 2024. Marine propulsion is

the mechanism or system used to generate thrust to move a ship or boat across water. Certain innovations have led to the development of advanced propulsion engine models which guarantee the safety and cost benefits of marine ecosystems. Ships utilize different types of propulsion engines. Diesel propulsion systems which are most widely used convert thermal into mechanical energy. In recent years, LNG-fueled engines have enjoyed a rising popularity in the shipbuilding industry due to competitive advantages in the fields of emission reduction and cost effectiveness. For years, numerous regulations have offered guidelines on shipping industry's reduction of greenhouse gas emission, ocean population and other discharge. For instance, purpose of "International Ship Population Prevention Convention" ("International Convention for the Prevention of Pollution from Ships") is to monitor ship population through the prevention of pollution caused by accidents and daily operations such as chemical leakage and pollution of oil, garbage and sewage.

The global marine propulsion engine market is broken down by power source, ship type, and geographic location. Power sources include steam turbines, gas turbines, natural gas, and diesel, while cargo ships, oil tankers, bulk carriers, coastal vessels, and passenger ships represent the main ship types.

The marine propulsion engine market can also be broken down by geographic regions including North America, Europe, Asia-Pacific, and Rest of World (RoW). North America encompasses the USA, Canada, and Mexico, while Europe includes Germany, the UK, Italy, and Norway. Asia-Pacific encompasses China, Japan, and Korea, while RoW refers to South America, the Middle East, and Africa.

The main players are Caterpillar, Cummins, Rolls-Royce, Wartsila, MAN Energy Solutions, Hyundai, Misubishi, Scania, Yanmar, and Daihatsu.

The Company has acquired certifications from Lloyd's Register, DNV GL, China Classification Society, and the American Bureau of Shipping. It also has long-term partnerships with Rolls-Royce and Wartsila. Yeung Guan continues to enrich its capabilities in a determined effort to expand its customer base in the shipbuilding industry.

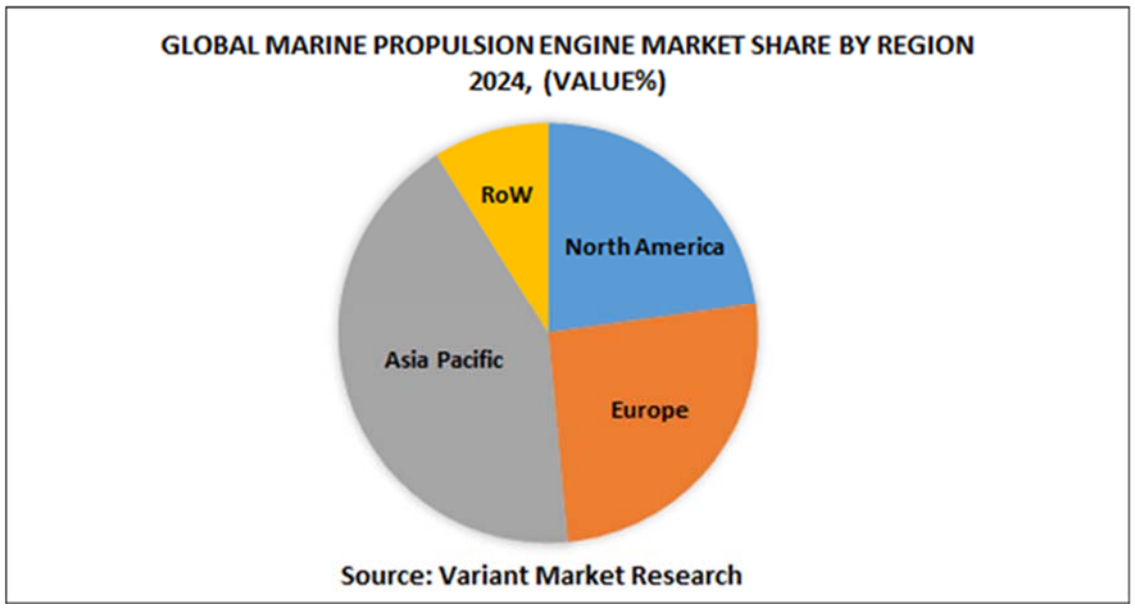
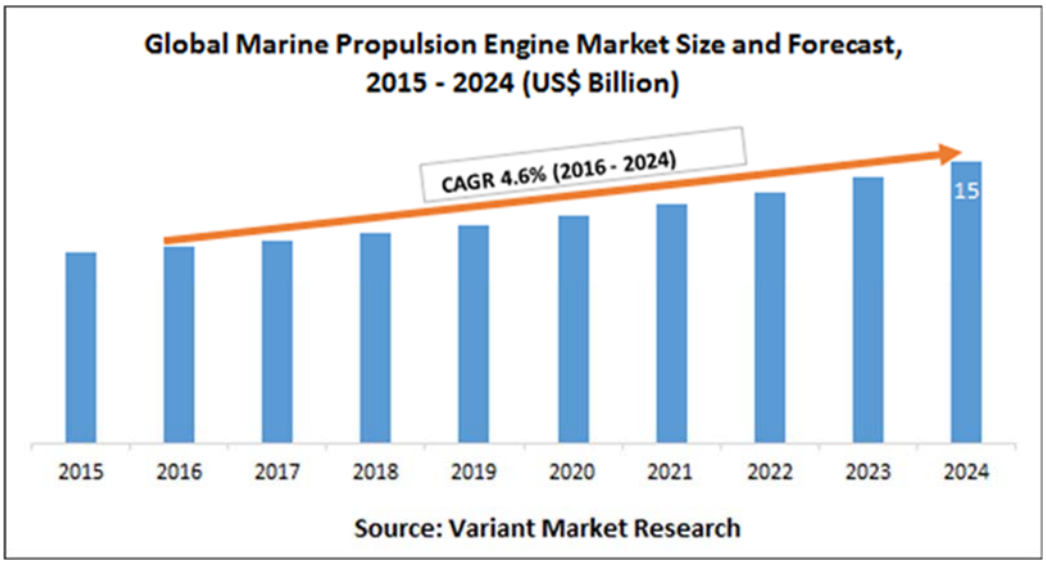


Chart above: Global Marine Propulsion Engine Market Share by Region in 2024
(Source: Variant Market Research)

Chart below: Global Marine Propulsion Engine Market Size and Forecast

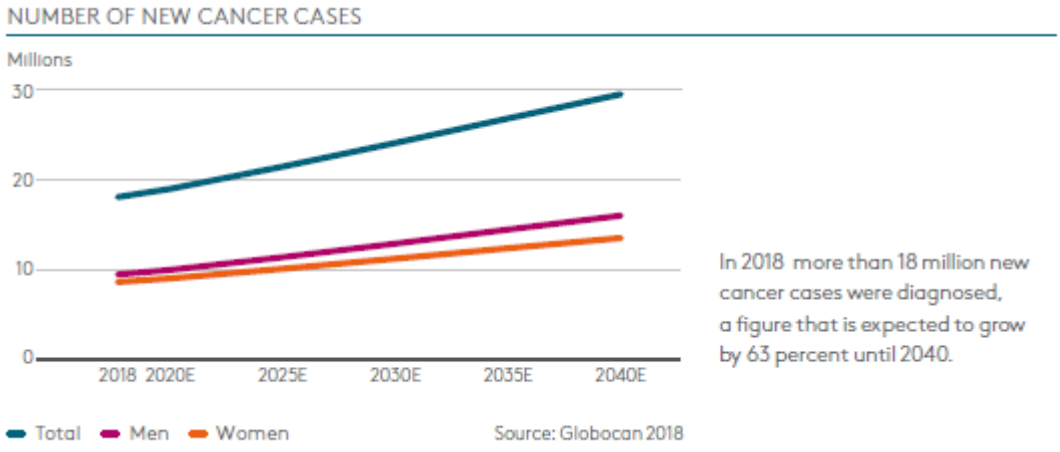
(Source: Variant Market Research)



Medical Equipment

Yeong Guan's main client is one of the leading manufacturers of radiation therapy equipment in the world. The client is firmly committed to providing assistance in clinical care and improvement of patient life quality. Despite the client is a multinational group with employees from numerous countries, a single project team is in charge of cross-departmental and multinational cooperation. The group is committed to concrete action and incorporates the company's vision into concrete business goals. The ultimate goal is to beat cancer and improve the lives of cancer patients through effective treatment of the disease. The client places high emphasis on business ethics and prevention of unethical conduct at the workplace. It needs suppliers (such as our company) that are committed to sustainable development and eco-friendliness. The development direction of the client is therefore consistent with ours.

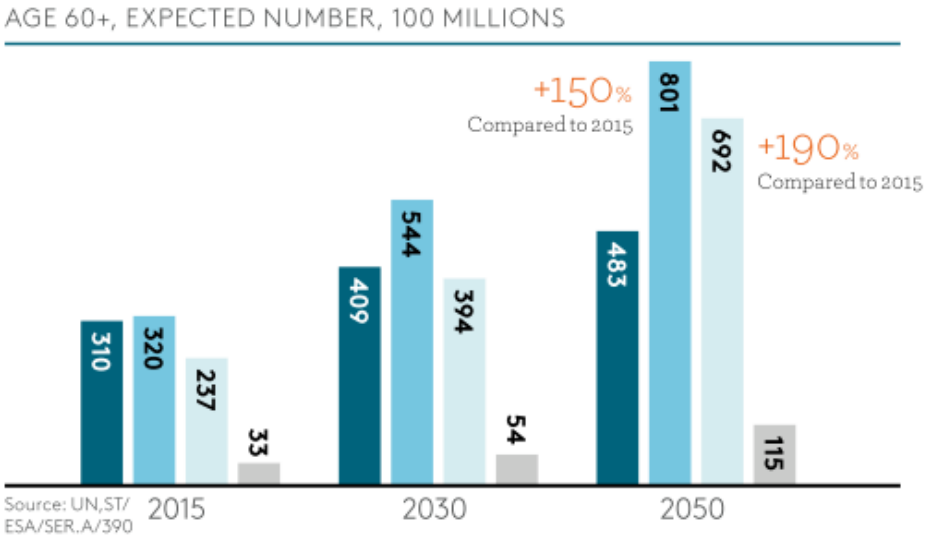
Each year, confirmed new cases of cancer exceed 15 million across the globe. In 2018, the number of newly diagnosed cases exceeded 18 million. This number is expected to increase by 63% until 2040. The world's population and average life expectancy continue to increase as time progresses. As a result, nursing capabilities in the field of cancer care face mounting pressure. Due to the rising number of cancer survivors, there is a growing demand for continued treatment.
Estimated number of new cancer cases across the globe over the past 20 years



A drastic increase in global market demand is driving investments. Elekta has acquired new capabilities in the fields of advanced systems and standardized solutions. Significant population growth in emerging markets will also generate promising opportunities in these markets. The ever-increasing demand for cancer treatment also signals that Yeong Guan must seize this business opportunity through the continued provision of high-quality products and services for its clients.

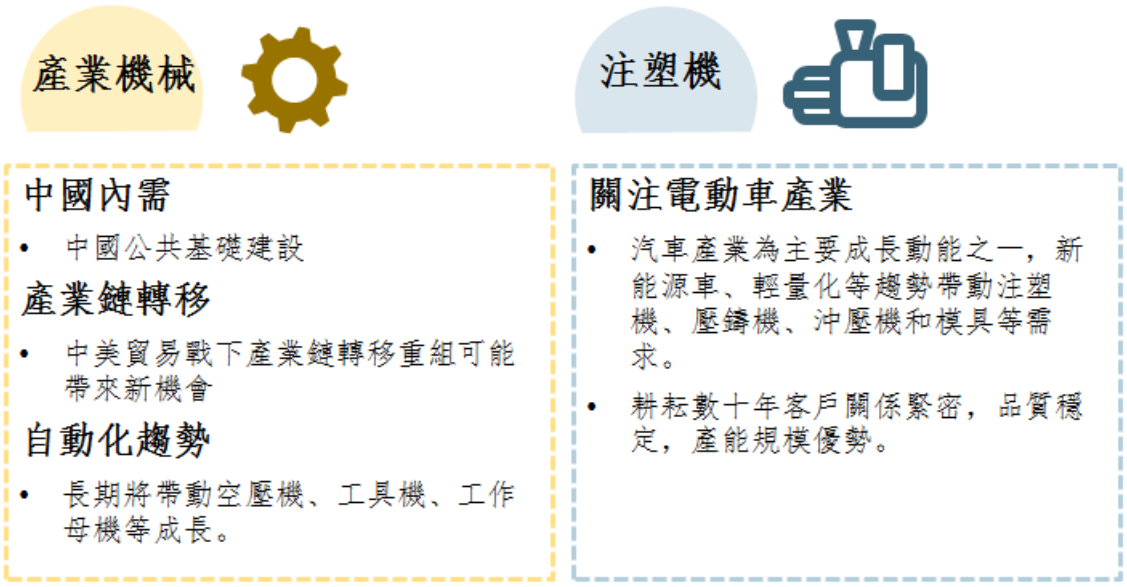
As a consequence of extensions of the human lifespan, accelerating population aging, and strengthening of supporting policies, the medical device market is constantly expanding. A majority of the world population currently lives in countries with below-average income levels. These countries are also the ones with the most rapidly increasing average life expectancy and senior population aged 60 or above. Given the fact that most cancer clinics and linear accelerators are located in high-income countries, the global market has a distinctive need for enhancement of the installation infrastructure for radiation therapy equipment.

Growth of the population aged 60 or above worldwide



Creation of a niche

(1) Due to the group's over forty years' experience in the casting industry, it possesses exclusive metallurgy technologies and provides stable quality occupying a leadership position in the industry. Going forward, we plan to continue to invest in Taiwan Taichung Port and Thailand factory to meet with global wind power demand and ASEAN clients' demand in the future.
(2) In the field of production the group possesses vertically integrated capabilities in the field of casting and processing which enable it to provide customers with higher added-value services and maintain strong partnerships with its customers.
(3) The group continues to develop new products in close cooperation with its clients to maintain its market competitiveness.
(4) The industry has a wide range of application fields. Production, buyers, and application fields can be flexibly adjusted. In addition to existing wind power customers, the Company actively develops new industrial machinery customers and closely monitors the needs of injection molding machinery customers in the fields of e-vehicles and 5G communication equipment.



(5) Due to the fact that most of the group's customers are highly ranked large manufacturers in different fields and the group is cooperating with large-scale international raw material suppliers, the group is able to resist the impact of economic fluctuations in the areas of production and sales.

(6) We have extensive experience in castings production and possess large-scale production equipment, which enables us to satisfy all customer needs in the field of large-sized castings. Through the adoption of SCHIESS GmbH large machine tools, we have gained the ability to meet all customer needs in the field of processing equipment.

4. Favorable and unfavorable factors for long-range development and response strategies

(1) Favorable factors

(A) Components and parts for products with excellent mechanical properties and wide range of product areas

The company is mainly engaged in the manufacture of spheroidal graphite cast iron and gray cast iron high-grade castings and creation of hand-made molds. Products are customized and the main product applications include components and parts for products with excellent mechanical properties such as plastic injection molding machines, large-scale wind turbines, large-scale high-precision machine tools, large-scale gas turbines for power plants, large-scale air compressors, and medical equipment. The company is currently committed to spanning different industries by moving beyond the equilibrium in the field of product areas and increasing product types and categories. Production technologies may be utilized for different product categories to give product technologies a more comprehensive character.

(B) Integration of up-and downstream industries allows an effective reduction of production costs and enhanced delivery efficiency

To achieve a breakthrough in the field of services, Yeong Guan Energy Technology Group not only focuses on casting operations but has also created a main niche through a successful integration of secondary processing of metal. The company has established five casting plants, two processing plants, one assembly plant, and one resource recycling plant (recycled scrap steel is used as a substitute raw material) in Dongguan in Guandong

province, Ningbo in Zhejiang province, Liyang in Jiangsu, and in Taiwan. The group currently provides casting, processing, welding, assembly, and spray coating services and imports advanced processing lathes of international standard from Europe, Japan, and the US. The company also actively seeks cooperation with downstream subcontractors to gain the ability to provide customers with comprehensive and high-quality services and gain a firm grasp of high-end casting technologies with the goal of providing customers with outstanding and highly effective solutions. This enables the company to reduce customer costs, shorten delivery times, and satisfy customer demands in the field of casting and processing and thereby further raise the threshold for industry competition. Continued growth enables the group to gradually widen the gap between the group and same industry competitors as far as business scope and production capacity are concerned. Customer reliance will also gradually increase.

(C) Independent sales capabilities and international competitiveness

The business scope of the company is wider than that of generic same industry businesses and its technical standards are equivalent to European standards. The group has the ability to accept orders from large international manufacturers. The group's customers are leading industry brands with excellent standards. This clearly indicates that the company's technologies and quality are recognized by large international manufacturers. Due to the fact that the operations of these manufacturers are characterized by a high level of stability, the operation of Yeong Guan Energy Technology Group are also more stable than those of its same industry competitors which has earned the company the trust of large international manufacturers. In addition to existing customers in Europe and America, we aim to acquire customers in Japan and Taiwan and strengthen and intensify mutual cooperation. Currently, we already have stable scale of Japanese clients. The Company will also visit global clients regularly to enhance interaction and understand market conditions.

(D) Emphasis on environmental protection and EHS requirements

Small- and medium-sized foundries that fail to conform to environmental requirements of large international manufacturers and tightening requirements in Chinese environmental and emission policies will be gradually eliminated. Since we pursue constantly upgrade and refine our equipment and raise the safety awareness of our personnel, we not only exceed the requirements of local governments but are frequently recognized as a green foundry and hi-tech enterprise. We meet the environmental and safe production requirements of all our customers and aim to provide our employees with safe and comfortable working environment. Constant enhancement of productivity and product quality facilitates the retention of existing and acquisition of new customers.

Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. has been recognized as one of the 100 model enterprises of the "100 million project" of Wujiang District in Suzou City in July 2019. A delegation of leaders of the Emergency Management Bureau of Wujiang District and the Fenhu Hi-Tech Industrial Development Zone proceeded to the Company accompanied by a team of experts to carry out an on-site review of the implementation status of the "100 million project". The results of the acceptance inspection were publicly announced on the WeChat Public Platform of the Emergency Management Bureau of Wujiang District.

In order to realize “Made in China 2025” to promote related requirements from green manufacturing, Jiangsu Bright Steel Fine Machinery Co., Ltd. aggressively echoes the call, and insists on following purposes of “Green Smart Manufacturing and Sustainable Operations” in its continuous enhancement of the Company’s product R&D, optimization of manufacturing skills, reduction of raw material consumption, dramatic increase of product added-value, speed up the Company’s energy saving revamp, enhancement of environmental protection technology steps and realization of energy saving and green development. The Company shall also strengthen corporate internal management and encourage employees to save energy and reduce consumption. In the meantime, it will also speed up establishment of a joint community between employees and corporate green development of work benefits.

For the first half of 2019, the Company complied with requirements of green manufacturing system construction from the Industry and Information Technology Department of Jiangsu and, under circumstances of meeting fundamental conditions, seriously collects related materials since the establishment of factory, compares green manufacturing assessment system’s requirements and compiles data accordingly. With this, supporting vendor COC conducted on-site assessment. With Changzhou Bureau of Industry and Information Technology’s recommendation as well as processes of review from organized experts, credit inquiry, internal review and onsite assessment, Jiangsu Bright Steel Fine Machinery Co., Ltd. was successfully nominated into the list of 2020 Jiangsu Province Green Factory (the first batch) on December 2nd, 2020.

(2) Unfavorable factors and response strategies

(A) Exchange rate fluctuations

Since most of the group’s customers are located in Europe and America, the value of its exports accounts for a large proportion of revenues. Exchange rate fluctuations therefore have a considerable impact on actual revenues. Drastic fluctuations of the global economic climate in recent years and frequent disasters caused by changes of the natural environment lead to dramatic changes of national economic climates. Exchange rate fluctuations in particular have a huge impact on the group’s operations.

Response strategies:

To cope with exchange rate fluctuations, the company uses sales revenues in a certain currency to pay for purchases and related expenses in the same currency to achieve a natural hedging effect, lower the demand for currency exchange, and reduce risks associated with currency exchange losses. The company has adopted a response strategy which focuses on the reinforcement of currency exchange hedging related concepts among financial personnel and constant monitoring of exchange rate fluctuations through real-time online exchange rate systems. A real-time grasp of exchange rate developments and trends based on an analysis of financial data provided by banks and investment institutions provides a reference basis for foreign exchange settlement. In addition, the company has established a price adjustment and floating mechanism with its sales counterparties and actively expands marketing scopes and industry categories. Multi-currency sales serve the purpose of lowering currency exchange risks generated by large-scale single currency exchange rate fluctuations. With regard to foreign exchange net positions, the company has formulated Operating Procedures for the Trading of Derivative Financial Products which have been approved by resolution of the board and the shareholders' meeting and prescribe relevant procedures for derivative financial products. Required measures are adopted based on foreign exchange positions and exchange rate fluctuations to reduce exchange rate risks generated by the company's business operations. In addition, the company also actively adjusts its market dominance and equilibrium strategies under conditions of a rapidly changing global economy to balance domestic and foreign sales ratios and buffer the impact of changes of the economic environment.

(B) Raw material price fluctuations

The main raw materials of the casting industry which are characterized by large market price fluctuations are pig iron, scrap steel, and iron ore fines. Futures trading prices frequently fluctuate before the actual market demand situation is reflected. Spot or futures operations therefore involve a higher risk. Contract breach damages incurred by suppliers for scheduled transactions are usually lower than the actual price increases. In addition, large storage spaces are required complicating the stock-up process and affecting production.

Response strategy:

To prevent contract breach on the part of suppliers or higher purchase costs caused by emergency feedstock preparation in case of large-scale price increases of raw materials, the company actively seeks to secure raw material sources through cooperation with large international raw material suppliers and previously rated upstream suppliers. It also selects a spread out range of countries of origin for supplied materials and prepares feedstock in batches in advance to ensure that the production process and realized revenue are not affected by a shortage of raw materials.

In addition, the company has taken account of the fact that the available warehouse space in its subsidiaries is not sufficient for the storage of large quantities of pig iron. Several factory buildings of the Qing Zhi plant of Ningbo Yeong Shang Casting Iron Co., Ltd. have therefore been converted into storage space for pig iron. This allows the company to order large quantities of pig iron when prices are relatively low, which helps reduce pig iron unit costs and allows the company to effectively distribute pig iron to all subsidiaries. In the future, the group plans to integrate upstream raw material industries to achieve self-sufficiency in the field of raw materials or strategic alliances with upstream industries, which in turn will ensure an optimized production efficiency as well as an adequate supply of raw materials.

(C) Corrosion at sea affects product quality

In recent years, the development of wind power products has seen significant changes with a gradual shift from land-based wind power installations to offshore wind power. The techniques, design, and processing capabilities employed during the casting process are different from those utilized for the manufacture of onshore wind turbines. Corrosion at sea poses a serious problem that affects product quality and life cycles.

Response strategy:

In view of the harsh marine environment which causes serious corrosion, it is necessary to strengthen the corrosion resistance and enhance the quality of products to make them more resistant against corrosion caused by the sea wind. Based on the abovementioned considerations, Yeong Guan Energy Technology Group has obtained the ISO12944 Corrosion protection certification allowing it to provide the highest C5 grade corrosion protection for offshore wind turbines. The company has constructed new factory buildings at Jiangsu Bright Steel Fine Machinery Co., Ltd. and Ningbo Yeong Shang Casting Iron Co., Ltd. that provide anti-corrosion coating capabilities including sand blasting, spray painting, and zinc spraying. These facilities specialize in the coating of offshore wind power products to maximize the benefits of vertical integration of casting and spray coating processing and enable the company to further expand its offshore wind power business.

(D) COVID-19 impacts the world economy

In early 2020, places around the world have come up with policies banning people from going out and suspension of operations due to respective countries' ill control of COVID-19. This has resulted in the suspension of business activities and production capacity.

Responding measures:

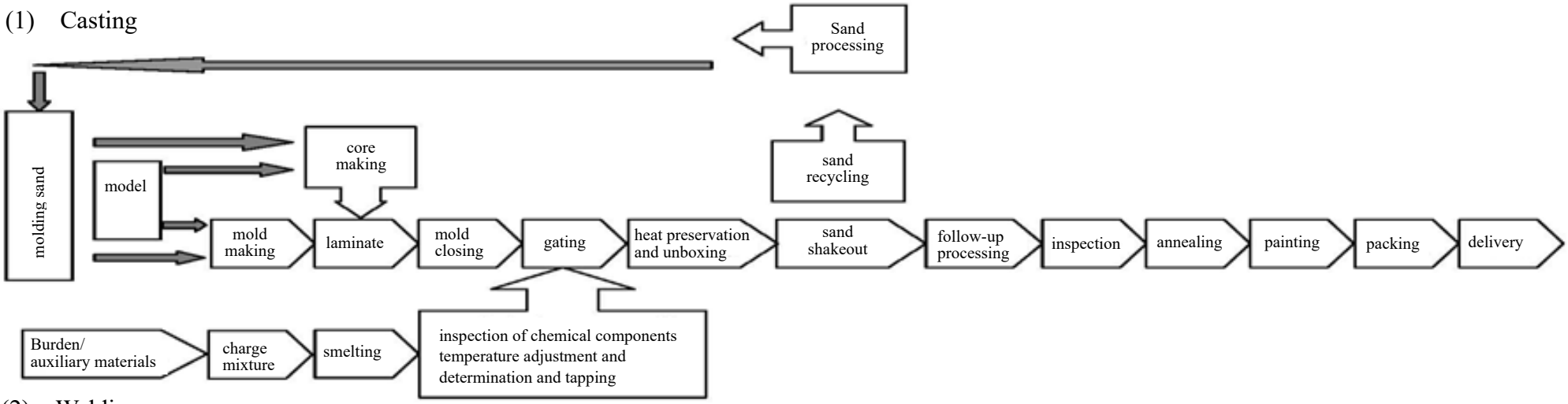
The Company maintains close contact with offshore clients and makes responding adjustments based on client's needs for orders. In terms of China's domestic market, needs for public infrastructure construction are not affected and the market has gradually recovered to the status before the pandemic. Additionally, with changes from the post-pandemic market, the Company will aggressively seek more collaboration with 5G related industries and printing industry.

(b) Main uses and production procedures of major products

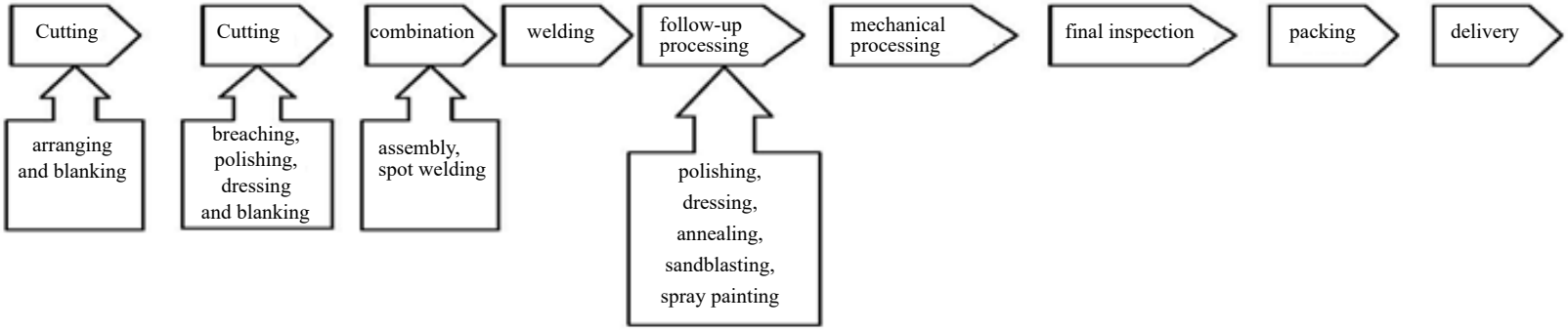
1. Main uses of major products: Provision of key components for industrial machinery equipment of different industrial fields including wind energy and injection molding machinery.

2. Production procedures:

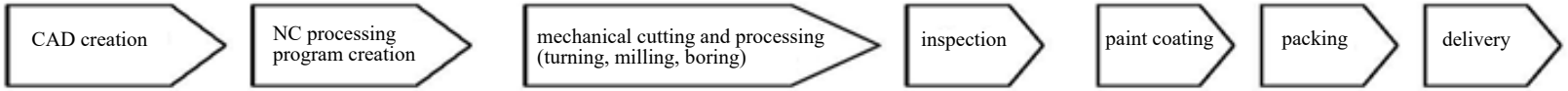
(1) Casting



(2) Welding



(3) Mechanical processing



(c) Supply status of main materials

Main raw materials	Main suppliers	Supply status
Pig iron	Ningbo Mingyuan Trading Co., Ltd., Jongmeixin Industry & Trading Compay, Benxi Shentie Iron Co., Ltd., Ningbo Yijung Trade Company, Ningbo Qi Chang Trading Co., Tiyuan Jinmingda Trade Company, Guangdong Hungde Foundry Materials Company, Fushun Hanking Company	Good
Scrap steel	Ningbo Yinzhou Hongli Metal Recycling Co., Ltd., Ningbo Zhonglie Renewable Resource Recycling Co., Ltd., Wenling City Hua Tai Resource Recycling Co., Ltd., Ningbo City Yinzhou Chihao Recycling Co., Ltd., Dongguan City Youxin Recycling Co., Ltd., Anhui Shuangying Recycling Company, Shenzhen City Xinlan Recyclable Resources Company, Jiangyin City Hengren Metal Company, Jiangsu Giants Renewable Resources Company, Wuhu Qichuan Renewable Resources Company, Ningbo Jinyue Metal Company, Ningbo Yinzhou Honglin Resource Recycling Co., Ltd., Wuhu Yaxin Foundry Materials Company, Ningbo Chenhui Metal Company, Ningbo Juiyang Resource Recycling Co., Ltd., Ningbofa Resource Recycling Co., Ltd., Wenling City Hua Tai Resource Recycling Co., Ltd., Yuhuan Xinduo Scrap Metal Company. Jiangnan Renewable Resources Utilization Co., Ltd. Jiangsu Paper Union Renewable Resources Co., Ltd.	Good
Resin	Kao Chemical Corporation Shanghai (hereinafter referred to as Kao Shanghai), Jinan Shengquan Group Co., Ltd., Suzhou Xingyeh Materials Company	Good
Nodulizer	Sanxiang Advanced Materials Co., Ltd., Metal Industry (Baotou) Co., Ltd., Sanxiang Advanced Materials (Ningxia) Co., Ltd.	Good

The company maintains positive and stable cooperative relationships with its main raw material suppliers. In addition to a firm grasp of raw material sources, the company also implements rigorous controls in the field of quality and delivery times to guarantee a stable supply of main raw materials. No shortages or disruptions of material supply occurred in the last three years and the application year. Supply sources have been stable.

(d) Major suppliers and clients

1. Suppliers that account for over 10% of total purchases of materials in any of the last two calendar years as well as purchase amounts, ratios, and specification of reasons for increases/decreases

Unit: 1000 NTD; %

	2019				2020				1st Quarter of 2021			
Item	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer
1	Benxi Shentie (Group)	583,171	13.13%	None	Benxi Shentie (Group)	535,923	12.01%	None	Jiangnan Renewable Resources	123,582	10.91%	None

2	Wu Hu Yaxin Casting Materials Limited	292,286	6.58%	None	Ningbo Yijung Trade Company	309,570	6.94%	None	Benxi Shentie (Group)	83,453	7.37%	None
3	Ningbo Yijung Trade Company	286,185	6.45%	None	Kao Chemical Corporation Shanghai	231,206	5.18%	None	Fushun Hanking	57,581	5.08%	None
4	Other	3,278,459	73.84%	None	Other	3,383,891	75.86%	None	Other	868,273	76.64%	None
	Net purchases	4,440,101	100%		Net purchases	4,460,891	100%		Net purchases	1,132,889	100%	

Explanation on Reasons for Changes on Increase/Decrease:

1. Jiangnan Recycling is one of the main suppliers of scrap steel. As the price of iron continues to rise around the Spring Festival in 2021, and the proportion of scrap added increases, its purchases are higher than other raw materials.
2. Benxi Sentie Group is one of the pig iron suppliers. Due to the continuous increase in the price of pig iron, the proportion of iron added has been lowered, and the purchase volume has been lowered compared with the previous level, so it retreated to the second place.
3. Fushun Hanking is a newly introduced iron supplier in 2020. Since the cooperation has stabilized, the purchase volume will gradually increase at the end of the year, so its purchase volume is higher than other auxiliary materials.
4. Shanghai Kao is one of the suppliers of resins and coatings. Due to the increase in the price of pig iron and scrap, the purchase amount increased, so it temporarily fell to the fifth place.

2. Clients that account for over 10% of total sales in any of the last two calendar years as well as sales amounts, ratios, and specification of reasons for increases/decreases

Unit: 1000 NTD; %

	2019				2020				1st Quarter of 2021			
Item	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer
1	N	1,318,772	16.69%	None	E	2,061,008	25.18%	None	SE	389,919	18.17%	None
2	E	1,220,359	15.45%	None	IO	1,151,105	14.06%	None	IO	322,667	15.04%	None
3	IO	952,219	12.05%	None	N	809,057	10.00%	None	N	279,119	13.01%	None
	Other	4,408,635	55.81%	None	Other	4,163,103	50.76%	None	Other	1,154,003	53.78%	None
	Net purchases	7,899,985	100.00%		Net purchases	8,184,273	100.00%		Net purchases	2,145,708	100.00%	

Explanation on Changes of Increase/Decrease:

1. Company E: The new products developed by the company in 2019 for this customer will be mass-produced in 2020. The new products developed by the company cover all mainstream models of the customer, which will significantly increase the company's sales in 2020. In addition, the E customer's own performance in 2020 has increased significantly compared to 2019, and the state has subsidized the customer's industry, which further increases the number of orders.
2. Company IO: The main reason is that in 2020, the company performance growth compared to 2019. In addition, the customer's demand for Onshore fan-based models in 2020 will increase, resulting in an increase in purchases.
3. Company N: The overall market demand for a certain series of models will decline in 2020, accounting for only 22% of the estimated volume; a decrease of 74% from 2019; another series of new models of Company N has a higher market acceptance, and the overall actual shipments in 2020 will be large, An increase of 8% over 2019; the above results in a 40% decline in overall shipments of N Company in 2020, and a 39% decrease in sales compared to 2019.

(e) Production volume and value over the last two years

Unit: tons; 1000 NTD

Year / Production volume/value / Production categories	2019			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Casting products	189,200	167,817	5,021,993	210,100	188,985	4,912,563
Precisely processed products(Note1)	417,240 (hour)	268,194 (hour)	1,058,331	417,240 (hour)	344,725 (hour)	575,511
Pressed scrap steel blocks	42,000	23,828	282,592	42,000	27,130	295,139
Other	Note 2	Note 2	365,501	Note 2	Note 2	393,516

Note 1: Processing production capacity and production volume units are calculated in hours

Note 2: Other categories include welded and assembled products. Manpower is dispatched to conduct processing operations based on client order types. Due to the fact that different types of services are provided and measurement units are not consistent, production capacities and volumes are not comparable.

Note 3. Due to the fact that measurement units are inconsistent, total annual production volumes cannot be indicated.

Reasons for Changes of Increase/Decrease:

(1) The production capacity of foundry products will increase in 2020, mainly due to the rapid increase in demand for wind power castings in 2020, coupled with the impact of the 2020 Q1 epidemic. Combined with the tide of wind power installations, the growth rate is concentrated in Q3~Q4. Therefore, the output has increased more relative to 2019.

(2) The production capacity and output of processed products will increase in 2020, mainly due to the relatively large and small parts of wind power products, and the demand for wind power products is for finished products. Therefore, it has increased relative to 2019

(3) The output of briquette scrap increased year-on-year due to the slight increase in demand for scrap steel from the group's subsidiaries.

(f) Sales volume and value over the last two years

Unit: tons; 1000 NTD

Year / Sales volume/value / Main products	2019				2020			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Energy product castings	37,662	1,797,137	51,704	2,582,440	80,727	3,733,553	35,648	1,829,398
Injection molding machine castings	17,207	660,035	23,824	919,122	15,420	544,423	16,428	600,211
Industrial Machinery castings	23,919	1,324,275	9,801	616,977	22,501	1,159,096	5,808	317,592
Total	78,788	3,781,447	85,329	4,118,539	118,648	5,437,072	57,884	2,747,201

3. Number, average years of service, average age, and level of education of employees engaged in different fields in the two most recent fiscal years up to the publication date of the annual report

Year		2019	2020	1st Quarter of 2021
Number	Executives	86	96	98
	Production line staff	1,880	1,908	1,888
	General staff	402	355	358
	R&D personnel	77	85	88
	Total	2,445	2,444	2,432
Average age		38.36	39.51	39.27
Average years of service		6.57	8.21	7.88
Distribution of level of education (%)	PhD/MA	0.45%	0.29%	0.33%
	BA	8.47%	7.08%	6.83%
	Junior college or below	91.08%	92.64%	92.85%

4. Environmental protection expenses

Total amount of losses (including compensations) and fines in the most recent fiscal year up to the publication date of the annual report due to environmental pollution as well as future response strategies (including improvement measures) and potential expenses (including estimated amounts of potential losses, fines, or compensations due to failure to adopt response strategies; if reasonable estimates are not possible, a corresponding statement shall also be included): NA

5. Labor-Management Relationship

(a) Employee welfare measures, advanced education, training, retirement system and implementation status, labor-management agreements, and measures to safeguard employee rights and interests

1. Employee welfare measures

The company allocates statutory contributions in accordance with Chinese law including social security contributions (old-age insurance, medical insurance, occupational injury insurance, unemployment insurance, and childbirth insurance) as well as contributions to the housing provident fund. In addition, new-year bonuses, marriage and childbirth cash gifts are also granted and regular contributions are made to welfare funds. Staff trips, dinner parties, and recreation activities are organized on a non-scheduled basis to enhance the mental and physical health of the staff and promote staff engagement and emotional attachment.

2. Advanced education and training

The company organizes professional and safety-related educational training on a non-scheduled basis to enhance the professional skills of its staff in order to ensure they are qualified for their jobs and able to realize their potential. The goal is to strengthen the innovative energy of the company and achieve the target of sustainable operations through an increased refinement and core competitiveness of the staff.

3. Retirement system and implementation status

Retirement system and implementation conditions

For all subsidiaries of the company which lie within the territory of the Republic of China, the company contributes 6% of monthly salaries to the pension fund in accordance with the Labor Pension Act. These funds are deposited in individual labor pension accounts.

Companies within the territory of China make monthly contributions to pension insurance fund as prescribed in local laws and regulations to care for retired employees. In accordance with

local social insurance operation modes, pension insurance is included in social insurance (including medical care, childbirth, pension, occupational injury, unemployment). After implementation of social insurance registration procedures, the company has started to fulfill its obligations in the field of pension contributions.

4. Labor-Management Agreements

In addition to labor contracts concluded in accordance with relevant laws after employees assume their duties, the company has also established a grievance channel and a labor union to provide open communication channels between labor and management.

5. Measures to safeguard employee rights and interests

The company safeguards employee rights and interests in accordance with the law and has formulated welfare management guidelines that clearly state various benefits, rights, and interests. Actual implementation is based on these guidelines.

(b) Losses caused by labor-management disputes in the most recent fiscal year up to the publication date of the annual report and disclosure of estimated current and future amounts and response measures. If reasonable estimates are not possible, a corresponding statement shall also be included.

1.For the latest year and as of the publication date of annual report hereto, total amount paid by the Company with respect to labor/compensation dispute arbitration result is RMB9,000. Responding measures are as follows:

(1).A census over employee agreement entering will be conducted and the list will be updated regularly.

(2).Physical check on employee occupational injury will be enhanced.

(3).Understanding of employee's occupational injury conditions is needed, and identification and assessment of occupational injury shall be conducted within effective time period.

(4).Promotion of working together in harmony will be conducted more frequently. Controls will be enhanced and execution shall be conducted in accordance with management requirements.

2.In the meantime, the Company currently is not engaged in litigations of labor/management dispute cases.

6. Critical Contracts

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
Insurance	Insured: Ningbo Yeong Shang Insurance company: PICC P&C	2020-6-29~2021-6-28	Employer Liability Insurance	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Ningbo Yeong Shang	2020-7-8~2021-7-7	Property Insurance	Nil
Insurance	Insured: Ningbo Yeong Shang Insurance company: China Pacific Insurance	2020-11-9~2021-11-8	Liability Insurance of Safe Production	Nil
Insurance	Insured: Ningbo Lu Lin Insurance company: PICC P&C	2020-6-29~2021-6-28	Employer Liability Insurance	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Ningbo Lu Lin	2020-7-8~2021-7-7	Property Insurance	Nil
Insurance	Insured: Ningbo Lu Lin Insurance company: China Pacific Insurance	2021-2-9~2022-2-9	Liability Insurance of Safe Production	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Jiangsu Bright	2020-7-8~2021-7-7	Property Insurance	Nil
Insurance	Insured: Jiangsu Bright Insurance company: Ping An Property & Casualty Insurance	2021-1-10~2022-1-9	Liability Insurance of Safe Production	Nil
Insurance	Insured: Dongguan Yeong Guan Insurance company: PICC P&C	2020-6-29~2021-6-28	Employer Liability Insurance	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Dongguan Yeong Guan	2020-7-5~2021-7-4	Property Insurance	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Shanghai No.1 Machine Tool Foundry	2020-7-5~2021-7-4	Property Insurance	Nil
Insurance	Insured: Shanghai No.1 Machine Tool Foundry Insurance company: Cathay Insurance	2020-6-29~2021-6-28	Liability Insurance of Safe Production	Nil
Insurance	Insured: Ningbo Yeong Chia Mei Insurance company: PICC P&C	2020-6-29~2021-6-28	Employer Liability Insurance	Nil
Sales & Purchase Contract	Supplier: Ningbo Sanming Power Purchaser: Ningbo Lu Lin	2020-7-15~2021-1-31	Engineering	Nil
Sales & Purchase Contract	Supplier: Wuxi Nomic Purchaser: Shanghai No.1 Machine Tool Foundry	2020.04.16	Engineering	Nil
Sales & Purchase Contract	Supplier: Guangdong Hongde Purchaser: Ningbo Yeong Shang	2020.09.16	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Qichang Purchaser: Dongguan Yeong Guan	2020.09.17	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Company Purchaser: Jiangsu Bright	2020.11.06	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Company Purchaser: Ningbo Lu Lin	2020.11.06	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Company Purchaser: Ningbo Yeong Shang	2020.11.06	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Company Purchaser: Shanghai No.1 Machine Tool Foundry	2020.11.06	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Hanking Purchaser: Shanghai No.1	2020.11.06	Pig iron	Nil

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
	Machine Tool Foundry			
Sales & Purchase Contract	Supplier: Fushun Hanking Purchaser: Jiangsu Bright	2020.11.06	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Trade Compan Purchaser: Ningbo Yeong Shang	2020.11.06	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Trade Compan Purchaser: Shanghai No.1 Machine Tool Foundry	2020.11.06	Pig iron	Nil
Collateral contract	Pledger: Ningbo Yeong Shang Debtor: Ningbo Yeong Shang Creditor: Bank of China	2019.12.06~2029.12.05	The pledger provides 110,933 m2 of land and 93,072 m2 of factory buildings as collateral for the fulfillment of contract obligations to the creditor as prescribed in several main contracts valid from December 6, 2019 to December 5, 2029 or about to be concluded. Secured claims shall not exceed the principal of RMB$ 220 million.	Nil
Collateral contract	Pledger: Jiangsu Bright Debtor: Jiangsu Bright Creditor: Bank of China	2019-1-16~2022-1-15	The pledger provides 144,714.3 m2 of land and 90,432.53 m2 of factory as collateral for loan, trade finance, guarantee letter, financial service, and other credit service contracts concluded with the creditor valid from January 16, 2019 to January 15, 2022 or about to be concluded. Secured claims shall not exceed the principal of RMB$ 120 million.	Nil
Long-term loan contract	Borrower: Yeong Guan Energy Technolgy Group Co., Ltd., Yeong Guan Holdings Co., Limited Taiwan Branch, Mortgagor : Yeong Chen Asia Pacific Co., Ltd. Lender: Total 10 banks, including Land Bank of Taiwan Joint guarantor: Yeong Guan Energy	2021-5-1~2041-5-1	Credit line with the total amount of NTD2.12 billion 20-year loan contract, the pledger provides 149.14 m2 of land and 334.64 m2 of factory as collateral for loan, and Yeong Guan Energy guarantees NT$1.484 billion for the loan.	Nil
Long-term loan contract	Borrower: Yeong Guan Energy Technolgy Group Co., Ltd., Yeong Guan Holdings Co., Limited Taiwan Branch, Yeong Chen Asia Pacific Co., Ltd. Lender: Total 10 banks, including Land Bank of Taiwan Joint guarantor: Yeong Guan Energy	2018-07-10~2023-07-10	Credit line with the total amount of NTD4.2 billion or foreign currency of equivalent value with credit extension period starting from the date of first appropriation until 5-year expiration date.	Nil

VI. Financial Summary

1. Summarized balance sheets and consolidated income statements for the last five years

(1) Summarized Balance Sheet & Income Statement

1-1 Summarized Consolidated Balance Sheet

Unit: NTD in thousands

Item \ Year		Financial data for the last five years (Note 1)					Current Financial Data as of March 31st, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current Asset		8,127,766	7,312,847	7,805,153	6,783,485	9,413,781	8,926,055
Property, Plant and Equipment		5,700,681	6,279,225	5,920,262	5,734,533	5,755,961	6,461,216
Intangible Asset		145,208	144,002	139,618	137,409	137,522	137,959
Other Asset		1,078,734	746,716	665,604	865,578	1,087,122	1,074,612
Total Asset		15,052,389	14,482,790	14,530,637	13,521,005	16,394,386	16,599,842
Current Liability	Before allocation	2,546,022	4,657,277	3,571,359	3,097,188	3,619,765	3,611,729
	After Allocation	2,932,179	4,828,464	3,571,359	3,044,380	Note 2	Note 2
Non-current Liability		2,428,059	110,326	2,678,315	2,601,750	4,010,679	4,066,116
Total Liability	Before allocation	4,974,081	4,767,603	6,249,674	5,698,938	7,630,444	7,677,845
	After Allocation	5,360,238	4,938,790	6,249,674	5,646,130	Note 2	Note 2
Owner's Equities Attributed to Parent Company		9,774,150	9,423,372	8,131,634	7,661,102	8,607,458	8,805,642
Share Capital		1,188,175	1,188,175	1,116,175	1,056,175	1,106,175	1,106,175
Additional Paid-in Capital		6,204,774	6,204,774	5,837,900	5,553,059	5,980,154	5,980,154
Retained Earnings	Before allocation	3,002,521	2,869,086	2,298,397	2,455,384	2,915,719	3,041,188
	After Allocation	2,616,364	2,697,899	2,298,397	2,402,576	Note 2	Note 2
Other Equities		(621,320)	(838,663)	(1,021,629)	(1,403,516)	(1,394,590)	(1,321,875)
Treasury Share		0	0	99,209	0	0	
Non-controlling Equities		304,158	291,815	149,329	160,965	156,484	116,355
Total Equities	Before allocation	10,078,308	9,715,187	8,280,963	7,822,067	8,763,942	8,921,997
	After Allocation	9,692,151	9,544,000	8,280,963	7,769,259	Note 2	Note 2

Note 1: Financial data for last 5 years and those as of March 31st, 2021 have all been audited or reviewed by certified accountants.

Note 2: As of May 5, 2021, 2020 earnings distribution has yet to be approved by shareholder meeting resolution.

2-1 Summarized Consolidated Income Statement

Unit: NTD in thousands except for EPS

Item \ Year	Financial data for the last five years (Note 1)					Current Financial Data as of March 31st, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Operation Revenue	7,373,888	6,404,342	6,195,855	7,899,986	8,184,273	2,145,708
Operation Profit Margin	2,418,746	1,432,199	830,936	1,371,353	1,789,787	550,607
Operation Income	1,143,881	295,449	(245,012)	212,460	544,700	199,519
Non-operation Revenue & Expenses	180,777	46,318	13,111	8,868	79,038	(42,526)
Pre-tax Net Profit	1,324,658	341,767	(231,901)	221,328	623,738	156,993
Current Net Profit for Continuing Operations	997,419	257,924	(274,073)	163,526	516,530	125,705
Discontinued Operations Loss	0	0	0	0	0	0
Current Net Profit	997,419	257,924	(274,073)	163,526	516,530	125,705
Current Other Consolidated Income (after tax net amount)	(899,614)	(217,094)	(179,993)	(376,790)	1,058	69,700
Current Consolidated Income Total Amount	97,805	40,830	(454,066)	(213,264)	517,588	195,405
Net Profit Attributed to Parent Company Owner	1,008,298	270,474	(278,658)	162,976	513,143	125,469
Net Profit Attributed to Non-controlling Equities	(10,879)	(12,550)	4,585	550	3,387	236
Consolidated Income Total Attributed to Parent Company Owner	114,619	53,131	(461,624)	(218,911)	522,069	198,184
Consolidated Income Total Attributed to Non-controlling Equities	(16,364)	(12,301)	7,558	5,647	(4,481)	(2,779)
Earnings Per Share	8.50	2.28	(2.48)	1.54	4.81	1.13

Note 1: Financial data for last 5 years and current financial data as of March 31st, 2021 have already been audited by accountants.

(2) Certified accountants and their audit comments for the last five years

Year	Name of Accounting Firm	Certified Accountants	Audit Comments
2016	Deloitte Touche Tohmatsu Limited., Taiwan	Li, Tung-Feng, Gong, Zhe-Li	No Reservation
2017	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Chang, Ching-Ren	No Reservation
2018	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Chang, Ching-Ren	No Reservation
2019	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Chang, Ching-Ren	No Reservation
2020	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Chang, Ching-Ren	No Reservation

2. Financial analysis for the last five years

I. Financial Analysis

Items Analyzed(note) \ Year		Financial analysis for the last five years					Current Financial Data as of March 31st, 2021
		2016	2017	2018	2019	2020	
Finance Structure	Debt Ratio (%)	33.05	32.92	43.01	42.15	46.54	46.25
	Long Term Fund to Fixed Asset Ratio (%)	214.05	151.83	182.59	178.97	219.22	199.22
Repayment Capability	Current Ratio (%)	319.23	157.02	218.55	219.02	260.07	247.14
	Quick Ratios (%)	260.02	124.2	172.74	171.71	218.55	200.77
	Times Interest Earned	23.16	5.99	-0.74	2.37	7.67	9.09
Operating Performance	Account Receivables Turnover Rate (Times)	3.14	3.04	2.97	3.11	2.52	2.41
	Average Collection Days	116	120	123	117	145	151
	Inventory Turnover Rate (Times)	3.72	3.69	3.76	4.65	4.79	4.54
	Account Payable Turnover Rate (Times)	4.44	4.45	4.91	6.40	4.85	3.80
	Average Inventory Turnover Days	98	99	97	78	76	80
	Fixed Asset Turnover Rate (Times)	1.35	1.07	1.02	1.36	1.42	1.41
	Total Asset Turnover Rate (Times)	0.48	0.43	0.43	0.56	0.55	0.52
Profitability	Return on Asset (%)	6.86	2.13	-1.06	2.21	4.02	0.86
	Return on Equity (%)	9.82	2.69	-3.17	2.06	6.31	1.44
	Pre-tax Net Profit to Paid-in Capital (%)	17.92	4.62	-3.33	3.35	8.80	2.22
	Net Margin Rate (%)	13.53	4.03	-4.42	2.07	6.31	5.86
	Earnings Per Share (NTD)	8.5	2.28	-2.48	1.54	4.81	1.13
Cash Flow	Cash Flow Ratio (%)	52.6	14.43	-3.84	-10.50	16.51	1.37
	Cash Flow Adequacy Ratio (%)	96.95	77.95	64.50	44.90	39.98	19.73
	Cash Re-investment Ratio (%)	2.27	2.25	-2.16	-2.35	3.33	0.29
Leverage	Operating Leverage	2.96	2.69	-1.19	3.63	1.99	1.68
	Financial Leverage	1.05	1.30	0.65	4.18	1.21	1.11
	Reasons for changes of various financial ratios within the last two years (analysis is exempted for changes of increase/decrease less than 20%) 1. The increase in the ratio of long-term funds to real estate, plant and equipment compared to the same period last year was mainly due to the increase in long-term liabilities and shareholders' equity caused by the company's issuance of convertible corporate bonds and capital increase during the current period. 2. The increase in quick ratio over the same period last year was mainly due to the increase in current assets caused by the company's issuance of convertible corporate bonds and capital increase during the current period. 3. The increase in average cash collection days compared with the same period last year was mainly due to the increase in the ratio of domestic sales to Chinese customers.						

	4. The decline in accounts payable turnover rate was mainly due to changes in payment methods in 2019 to reduce procurement costs. 5. Interest protection multiple, return on assets, return on equity, ratio of net profit before tax to paid-in capital, net profit ratio, earnings per share, operating leverage and financial leverage: mainly due to the increase in sales revenue and the increase in profit . 6. The increase in cash flow ratio compared to last year was mainly due to the increase in profit during the current period due to the net cash inflow from operating activities. 7. The decrease in operating leverage and financial leverage compared with the same period last year was mainly due to the increase in gross profit margin due to product structure adjustments.

Note 1: Calculation formulas are as follows:

1. Financial Structure

(1) Debt Ratio = Total Liabilities／Total Assets

(2) Long Term Fund to Fixed Asset Ratio = (Total Equities＋Non-Current Liability)／Net Fixed Asset

2. Liquidity

(1) Current Ratio = Current Assets／Current Liabilities

(2) Quick Ratio = (Current Assets－Inventories－Prepaid Expenses)／Current Liabilities

(3) Times Interest Earned = Net Income before Income Tax and Interest Expense／Current Interest Expense

3. Operating Performance

(1) Account Receivable (including Account Receivable and Operating Notes Receivables) Turnover Rate = Net Sales／Average Account Receivable (including Account Receivable and Operating Notes Receivables) Balance

(2) Average Collection Days = 365／Account Receivable Turnover Rate

(3) Inventory Turnover Rate = Cost of Sales／Average Inventory

(4) Account Payable (including Account Payable and Operating Notes Payables) Turnover Rate = Cost of Sales／Average Account Payable (including Account Payable and Operating Notes Payables) Balance

(5) Average Days of Sales = 365／Inventory Turnover Rate

(6) Fixed Asset Turnover Rate = Net Sales／Net Average Fixed Asset

(7) Total Asset Turnover Rate = Net Sales／Average Total Asset

4. Profitability

(1) Return on Asset =〔Income After Tax＋ Interest Expense × (１－ Tax Rate)〕／ Average Total Asset

(2) Return on Equity = Income After Tax／Average Total Equity

(3) Net Margin Rate =Income After Tax／Net Sales

(4) Earnings Per Share = (Income Attributed to Parent Company Owner－ Preferred Share Dividend)／Weighted Average Number of Outstanding Shares

5. Cash Flow

(1) Cash Flow Ratio = Operating Activity Net Cash Flow／Current Liability

(2) Net Cash Flow Adequacy Ratio = Operating Net Cash Flow for the Last Five Years／(Capital Expenditure＋Increased Inventory＋Cash Dividend) for the Last Five Years

(3) Cash Re-Investment Ratio =(Operating Activity Net Cash Flow－Cash Dividend)／(Gross Fixed Asset＋Long Term Investment＋Other Non-Current Asset＋Working Capital)

6. Leverage:

(1) Operating Leverage＝(Net Sales－Variable Operating Cost & Expense) ／Operating Income

(2) Financial Leverage = Operating Income／(Operating Income－Interest Expense)

3. **Audit Committee's Review Report over the Latest Year Financial Statements**

Yeong Guan Energy Technology Group Company Limited
Audit Committee's Review Report

To: Shareholders' Annual General Meeting for Year 2021

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of the company the 2020 Business Report, Consolidated Financial Statements and Dividend Distribution proposal. The above Business Report, Consolidated Financial Statements and Dividend Distribution proposal have been examined and determined to be correct and accurate by the undersigned. This Report is duly submitted in accordance with applicable laws.

Yeong Guan Energy Technology Group Company Limited
The Audit Committee, Chairman:

March 16, 2021

4. **The Latest Year Financial Statement: Please refer to Appendix 1.**

5. **Latest individual financial statements audited and attested by CPAs but without detailed lists of the main accounting items: NA**

6. **In the latest year and as of the date when annual report was published, occurrence of financial difficulty which poses influences over the Company's financial situation: None.**

VII. Financial Status and Financial Performance Analysis and Risk Issues

1. Financial Status

Unit: NTD in thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Current Asset	6,783,485	9,413,781	2,630,296	38.77%
Property, Plant and Equipment	5,734,533	5,755,961	21,428	0.37%
Intangible Asset	137,409	137,522	113	0.08%
Other Asset	865,578	1,087,122	221,544	25.59%
Total Asset	13,521,005	16,394,386	2,873,381	21.25%
Current Liability	3,097,188	3,619,765	522,577	16.87%
Non-Current Liability	2,601,750	4,010,679	1,408,929	54.15%
Total Liability	5,698,938	7,630,444	1,931,506	33.89%
Share Capital	1,056,175	1,106,175	50,000	4.73%
Paid-in Capital	5,553,059	5,980,154	427,095	7.69%
Retained Earnings	2,455,384	2,915,719	460,335	18.75%
Other Equities	(1,403,516)	-1,394,590	8,926	-0.64%
Non-controlling Interest	160,965	156,484	(4,481)	-2.78%
Total Interest	7,822,067	8,763,942	941,875	12.04%

Main reasons and impacts of major changes (increase/decrease by over 10% in two years; total amounts of increases/decreases are equivalent to 1% of the total asset value of the respective year):

1. Current Assets and current liabilities: Mainly due to the issuance of convertible corporate bonds this year.
2. Other assets: Mainly due to the increase in the prepaid equipment payment of the Taichung Port Factory.
3. Current Liability : due to the increase in the company's revenue and the increase in the demand for revolving purchase materials, which led to the increase in payables.
4. Retained Earnings: due to the increase in the company's profits this year.

2. Financial Performance

(1) Operating Performance Analysis Table

Unit: NTD in thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Operating Income	7,899,986	8,184,273	284,287	3.60%
Operating Cost	6,528,633	6,394,486	(134,147)	-2.05%
Operating Gross Margin	1,371,353	1,789,787	418,434	30.51%
Operating Expense	1,158,893	1,245,087	82,945	7.71%
Operating Net Income	212,460	544,700	86,194	7.44%
Non-Business Income & Expense	8,868	79,038	332,240	156.38%
Pre-Tax Net Income	221,328	623,738	70,170	791.27%
Income Tax Expense	57,802	107,208	402,410	181.82%
Current Net Income	163,526	516,530	49,406	85.47%

Explanations on items with significant changes (items with changes exceeding 10% and with change amount reaching 1% of current year total asset amount)

Operating Income, Operating Cost, Operating Gross Margin, Operating Net Income, Pre-Tax Net Income and Current Net Income: This is mainly because that significant increase in demands for renewable energy casting products has led to improvements of related operating statistics.

(2) Expected Sales and Reasons
The Company maintains a neutral and conservative attitude with regard to overall sales income for 2021 will maintain. This mainly comes from considerations of changes in macroeconomic environment, industry prospect, the Company's future development direction as well as operating target which is established based on the Company's operating status.

(3) Potential Effects on The Company's Future Finance Business and Responding Plan
The Company will closely monitor changes of economic situation and trend of market demand in order to expand market share and increase the Company's profit. As such, the Company's future business is expected to grow continuously while its financial conditions will also remain in good shape.

3. Cash Flow

(1) Analysis of Cash Flow Changes in Recent Years

Unit: NTD in thousands

Item \ Year	2019	2020	Increased (Decreased) Amount %	Increased (Decreased) Percentage %
Operating Activity	-325,338	597,773	923,111	-283.74%
Investment Activity	-290,751	-898,672	-607,921	209.09%
Financing Activity	-824,705	1,251,842	2,076,547	-251.79%

Analysis of Changes:
1. Operating Activity: The increase in net cash inflow from operating activities in 2020 was mainly due to the increase in pre-tax profits caused by the increase in operating income this year.
2. Investment Activity: The increase in net cash outflow from investment activities in 2020 was mainly due to the increase in construction in progress and prepaid equipment for the new factory in Taichung Port this year.
3. Financing Activity: The increase in net cash inflows from financing activities in 2020 is mainly due to the issuance of corporate bonds this year.

(2) Cash flow liquidity analysis and liquidity insufficiency improvement plan for the upcoming year
The Company still plans capital expenditures in fixed assets for 2021, but will adopt a neutral and conservative attitude and carefully assess investment scope and efficiency. It is expected that net cash outflows will be generated by non-investment activities in the context of development of new orders in 2021, but an assessment of the current capital situation of the company indicates that sufficient capital is available to meet these expenses and no liquidity risks exist.

4. Influence on finance business from major capital expenditure in the latest year:

The Company's goal for the latest year's capital expenditure is to expand operating scale for the purpose of preparing for this industry's future development trend as well as strengthening competitiveness. As such, the Company plans to collaborate with Taiwan government's renewable energy policy to build up a factory and purchase equipment in Taichung. With this, it is expected to generate long-term growth synergy, enhancement of global competitiveness and fulfilment of sustainable operation. It is planned that equity fund will be first utilized for

funds needed for building the factory, and financing measures such as obtaining loans will be utilized in the event of insufficiency in funds.

5. Investment strategy for the latest year, main reason(s) for gain or loss, improvement plan and investment plan for the upcoming year

(1) The Company's Investment Strategy

The Company's management over invested enterprise is based on investment cycle requirements of internal control system. Additionally, management is also based on the Company's drafted requirements of "Operation guidelines for business operating and finance transaction among group enterprise, designated company and related party," "Operation guidelines for subsidiary monitoring," and "Operation guidelines for subsidiary operation and management." Under considerations of domestic laws and actual operations for respective invested companies, assistance is offered accordingly for respective invested companies to establish appropriate internal control system. With respect to organization structure, directors for respective invested companies are established in accordance with domestic laws and are designated by parent company. As for management level for respective invested companies, all general managers are designed by parent company while other managers are designed or recruited by authorized respective invested companies' general managers. However, employment of finance head shall be submitted to parent company for approval or be designated by parent company. Furthermore, the Company regularly receives related financial statement materials, operation reports as well as CPA certified financial statements for the purpose of in-time analysis and assessment over invested enterprise's operation condition and income status. The Company's internal audit department will also dispatch personnel, regularly or randomly, to conduct auditing operation over subsidiary, and establish related auditing plan as well as prepare audit report in order to monitor internal control system deficiency and rectification over irregularity matter.

(2) Main reasons for gain or loss on investments for the latest year (2021)

Unit: NTD in thousands

Invested Enterprises	Recognized Investment Gain/Loss Amount	Reason for Gain or Loss	Improvement Plan
Yeong Guan International Co., Limited	488,535	This is mainly because investment income is assessed using equity method.	—
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	(546)	This is mainly because invested enterprise is still in its opening phase and business has not yet started.	Nil
Yeong Guan International Co., Ltd.	575,574	This is mainly because investment income is assessed using equity method.	—
Shin Shang Trade Co., Ltd.	3,970	It is mainly because orders are transferred to other trading companies.	—
Yeong Chen Asia Pacific Co., Ltd.	(20,114)	This is mainly because of order transfer benefits from shipments to Europe/US customers, and profit for main business remains steady.	—
Ningbo Yeong Shang Casting Iron Co., Ltd.	192,198	Profit for main business remains steady.	—
Dongguan Yeong Guan Mould Factory Co., Ltd.	41,009	P Profit for main business remains steady.	—

Invested Enterprises	Recognized Investment Gain/Loss Amount	Reason for Gain or Loss	Improvement Plan
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	87,664	Profit for main business remains steady.	—
Jiangsu Bright Steel Fine Machinery Co., Ltd.	249,804	Profit for main business remains steady.	—
Ningbo Yong Jia Mei Trade Co., Ltd.	373	Profit for main business remains steady.	—
Shanghai No.1 Machine Tool Foundry (Su Zhou) Co., Ltd.	51,386	Losses incurred from main business are reduced dramatically over the ones for last year. Operation has obviously been improved.	Continue to place orders and improve production momentum.
Qing Dao Rui Yao Building Material Co., Ltd.	462	This is still within in launching period and profit is from interest revenue.	—
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	—	Launching period	

(3) Investment plan for the upcoming year

The Company continues its investments to establish Thailand plant and Taichung plant.

In view of the rising global awareness of climate change issues, “Green Home” and “Investment in Green Energy” have replaced traditional energy policies centered around coal, natural gas, and nuclear energy. These new concepts gradually turn into the mainstream of economic strategies and public administration all over the world. In line with the global trend of energy conservation and carbon reduction, development and application of new energy technologies, a constantly rising demand for green energy worldwide, and promotion of vigorous development of relevant industries, the Company continues its commitment to serve as a driving force for the development of green energy industries. It also constructs new and expands existing up- and downstream casting, processing, and spray coating plants to extend and expand industry standards. In addition to an increase of “hard power” through plant expansion investments, the Company develops its soft power by adopting a long-term strategic perspective. The goal is to strengthen the capabilities of the company in the field of material and technology development as well as make an active commitment to corporate social responsibility and safe production. EHS development is conducive to strengthening the future international competitiveness of the Company, gives a strong impetus to sustainability.

6. Risk Analysis and Assessment

(1) Interest rate, change of exchange rate and inflation’s influence over the Company’s gain or loss as well as future responding measures

I. Interest Rate

The Company’s interests paid in cash for 2019 and 2020 are NTD160,678 thousands and NTD96,471 thousands with percentages of 2.03% and 1.18% to respective current year operating income. These percentages are extremely small and therefore change of interest rate does not have a significant influence over the Company. Although currency market interest rates for the latest year decrease slowly, they’re still relatively low. Therefore the Company’s borrowing interest rates did not change a lot. However, in the event of larger fluctuation for interest rates going forward and the Company still has needs for loan, the Company will then raise capital through other fund raising instruments in capital market. Additionally, the Company will observe interest rate trends and select fixed or floating interest rate loan to avoid interest rate fluctuation risk.

II. Exchange Rate

Given the fact that forty percent (40%) of the Company's sales territories are in China with sales are denominated in RMB, and forty percent (40%) are in Europe and U.S. with sales denominated in EUR and USD, while goods purchased are mainly denominated in RMB, offset incurred accordingly between purchase in RMB and sales in RMB. Meanwhile, exchange rate changes among different currencies still come with offset effect. As a result, in addition to natural hedging on exchange rate differences, the Company is also engaged in selling forward exchange to evade risks on foreign currency positions held. The Company's net exchange gains (losses) for 2019 and 2020 are NTD86,901 thousands and NTD80,315 thousands respectively accounting for 1.10% and 0.98% of respective current operating net income. Influences are extremely small and therefore there are no significant exchange risks as a whole.
The Company is committed to foreign exchange risk control. Our responding measures are as follows after careful assessments:
(1) The Company shall continue to enhance its financial staff's foreign exchange hedging expertise and study changes in international politics and economics in order to predict foreign exchange trend and enhance the Company's foreign exchange hedging strategies.
(2) Payments for purchase and related expenses shall be made from revenue of same currencies to enhance effectiveness of natural hedging.

III. Inflation
The Company continues to maintain close and good interaction relationship with suppliers and customers, adjusts purchase and sales strategies in a flexible way and keeps well informed of upstream material price changes in order to mitigate influence on the Company's income from change of inflation. In the latest year and as of the date when annual report was published, there are no significant changes on financial market and prices and there is no significant influence on the Company's income.

(2) Policy for conducting high risk/high leveraged investment, lending capital to others, endorsement/guarantee and derivative transactions; Major reasons for gain or loss and future responding measures
The Company has already drafted guidelines of "Handling Process for Asset Acquisition and Disposition," "Operation Procedure for Capital Lending to Others," "Operation Procedure for Endorsement/Guarantee," and "Handling Process for Derivative Product Transactions" which shall serve as compliance basis for the Company and subsidiary when engaged in related behavior.
As of the date when this annual report was published, the Company is not engaged in Endorsement/Guarantee or lending of capital to other companies except for the ones between the Company and its subsidiaries, or the ones between its subsidiaries. Aforementioned endorsement/Guarantee or lending of capital are all conducted in accordance with related operation process regulations and, in general, they do not have significant influence over consolidated income. Furthermore, the Company is always focused on the operating of its main businesses and has never stepped into other high risk industries. The Company's finance policy is based on the principle of being stable and conservative and never engages itself in high risk/high leveraged investment or transaction. As such, related risks should be limited.

(3) Future R&D plan and expected R&D expenditure
1. Future R&D plan
   (a) The Company's future R&D plan utilizes new auxiliary materials to enhance casting product quality, reduce defected product, enhance casting product material conversion rate and develop high power wind power products.
   (b) Development and improvement of new techniques and production technologies to reduce defect rates and thereby enhance product competitiveness and quality consistency.

(c) Development of new industry materials and alloys to achieve a breakthrough in existing casting technologies; provision of more professional services to meet future customer demands through upgrades of welding capabilities and acquisition of professional system certifications

2. Projected R&D expenses

Projected R&D expenses account for a fixed ratio of 1-3% of the operating revenue in 2021. Future R&D expenses will be determined by optimizations and improvements of new products, production processes, and molds developed by customers as well as yield rate enhancement, energy conservation, and waste reduction.

(4) Influence from domestic/offshore important policies and changes of law on the Company's finance business as well as responding measures

The Company is registered in British Cayman Islands while its important subsidiaries are registered in Taiwan, British Virgin Islands, Hong Kong and China. The Company does not operate in British Cayman Islands. Fluctuation for China's internal exchange rate is stable. Political relationship between Taiwan and China is stable. The Company and its important subsidiaries conduct all their businesses in accordance with regulations of their respective territories. The Company's major products include large wind power generator (wheel hub and base) and steam turbine for large power plant. Therefore, this industry should not be a franchising or a restricted industry. Therefore in the latest year and as of the date when this annual report was published, critical policy changes or regulation changes in British Cayman Islands, British Virgin Islands, Taiwan, Hong Kong and China are not expected to pose significant influence on the Company's finance business. Most of the Company's major customers and suppliers are located in Asia. Given special political situations in some Asian countries, the Company and its customers' finance business may be affected by politics, economy and laws. Therefore, in the event of changes in respective government's policy, economy, tax or interest rate, or in the event of incidents involving politics, diplomacy or society, business of the Company's client or the Company might be affected accordingly.

(5) Influence on the Company's finance business from changes of technology and industry as well as responding measures to such influence

Global technological development has an inevitable impact on industries! We are firmly committed to continuous responses to future developments in the field of market demand as well as technology-directed upgrades and improvements. We also constantly collect information on new technologies, trends, and risk coefficients associated with the ever-changing market in line with gradually intensifying trends and changes in the field of technological development. We also have clearly formulated guidelines in place for the development of future strategies. The Company constantly explores market changes in the current stage of stable development to gain a firm grasp of current conditions and implement adjustments accordingly. In the field of quality management, ultimate emphasis is placed on stable quality, enhanced efficiency, and cost down to boost bidirectional development in the fields of market demand analysis and technological innovation.

(6) Influence to enterprise crisis management from enterprise image change as well as responding measures to such influence

The company has always been dedicated to the development goal of honesty and sustainable operation while focusing on high quality casting products technology enhancement of spherical graphite cast iron and grey cast iron as well as development and manufacturing of energy and injection molding machine products with the goal of meeting market demands. The Company enjoys good business reputation in international market and this has established the Company's credibility and position in this industry. There is no change of company image which leads to crisis management in the latest year and as of the date when annual report was published.

(7) Projected benefits, potential risks, and response measures for mergers &acquisitions: No mergers or acquisition is conducted for this year.

(8) Expected benefits, potential risks and responding measures for plant expansion
Currently, the global wind power market is recovering. It is expected that global offshore wind-power installation market shall reach 188GW in 2030 and numbers for updating continues to go upward. This indicates a promising furutre for offshore wind-power needs. Taiwan plans to become a base for Asia offshore wind-power. With this, the Company plans to invest in establishing casting, processing and spray-painting product lines in Taichung Harbor which has location advantage. This shall assist the Company in gaining international competitiveness in the future and power for sustainable operation. This shall also assist in generating long term growth synergy. The Company's vendors are all leading vendors in respective industries. In addition to working with Taiwan government's renewable policy, Taichung plant shall not only be committed in establishing excellent supply capability but also be engaged in continuous introduction of innovative technologies and advance operation concepts, Environment, Health and Safety (EHS), quality enhancement and energy consumption saving. The Company shall enhance collaboration relationship with major international vendors in order to fight for business opportunities from next generation green power product needs. The Company's factory expansion process has gone through careful assessment. Investment return benefits and potential risk have all been fully considered.

(9) Risks and responding measures for concentrated purchase of goods or sales of goods
1. Purchase of Goods
The main raw materials used by this company are pig iron, scrap steel, nodulants, inoculants, carburants, ferro-silicon, ferro-manganese, ferro-chromium, ferro-molybdenum, ferro-phosphorous, and ferro-sulphur. Auxiliary casting materials include furan resin, curing agents, deslagging agents, steel shot, bonding agents, dross filters, quartz sand, and magnesium oxide coating. Among them, pig iron and scrap steel account for the biggest portions. Source of Product Supply & Purchase Proportion: The Company is located in China which is a country rich in mineral resources. Major raw materials are purchased from local markets in China. In 2020, against the backdrop of China's industry policies of capacity reduction , coronavirus disease (COVID-19) and environmental-friendly limited capacity as well as pig iron price's remaining in high levels, the Group increases proportion of scrape steel added during production process to counter the pig iron market's upward trend. As such, large quantity of scrape steel used has led to increase of scrape steel purchased in 2020. Currently, there is no major difficulty in obtaining materials because suppliers for various raw materials are not limited to one vendor only. For the latest years, percentages of the Company's top 10 purchase vendors share for annual net purchase are 26.16% and 24.14% respectively, with each supplier accounting for less than 20%. With the exceptions of suppliers for pig iron and furan resin, purchase percentages from other suppliers are all less than 10%. There shall not be major risks of concentrated purchases.

2. Sales of Goods
In the current stage, our market strategy mainly focuses on energy resource development followed by injection molding machinery and the machinery industry. In our long-term planning efforts, steady parallel development is the major indicator. In the field of market demand forecasts, out target indicator is currently the energy industry. In our future planning operations, we are fully committed to these target industries. Our strategy deployment in other industries including injection molding machinery, agricultural machinery, mining machinery, ship machinery, and automotive parts and components will also bear fruit when the time is right. We pursue an in-depth exploration of market

demands and strive to gain a firm grasp of ever-changing industry trends to build a solid foundation in the industry and thereby minimize potential risks.

The co-existence of risk and development is an inescapable fact of highly diversified markets. Our main competitive advantage lies in our ability to effectively reduce and spread risks to make them controllable. The group is capable of achieving a perfect balance in the field of risk management based on an effective distribution of production capacities among different industries and vertically integrated management schemes. Based on the above discussion, it is evident that the Company has the ability to effectively control risks generated by high customer concentration.

(10) Influence, risks to the Company from large amount equity transfer or change by director, supervisor or major shareholder with ownership exceeding 10% and responding measures to such influence and risks.
No aforementioned cases in the latest year and as of the date when annual report was published.

(11) Influence and risks to the Company as well as responding measures from changes of management rights
The Company has a stable major shareholder structure and a comprehensive professional management team. The Company's various management and operation advantages will not be compromised if there are changes in management rights. There are no changes of the Company's management rights in the latest year and as of the date when annual report was published.

(12) The Company and the Company's director, supervisor, general manager, actual responsible person and major shareholders holding more than 10% of shares shall prescribed litigation or non-litigation incidents. With respect to subsidiary's finalized or pending major litigation, non-litigation and administrative dispute incidents, the disputed facts, target amount, litigation commencement date, major parties involved and processing status as of annual report publish date shall all be disclosed if results for aforementioned incidents may have significant influence over shareholder's equity or securities price.
For the latest two years and as of the publication date of annual report, there are a total of 3 finalized cases of litigation and arbitration for the Company and its subsidiaries. Nevertheless, total amount paid by the Company is only RMB25,716. As such, there are no major impact to the Company's shareholder's equities or stock price from this result.

(13) Other critical risks and responding measures
(a) The Company's critical operating risks and responding measures:
With respect to possible negative factors incurred from the Company's operation as well as their responding strategies, please refer to positive, negative factors for the Company's future development and responding strategies prescribed in this annual report. Even with the existence of such responding strategies, it is still possible that complete implementation is unfeasible because of force majeure factors encountered during implementation. This will further affect the Company's operation, business and finance.

(b) Negative influence on the Group's business, operating performance and financial condition from the Company's potential insufficient insurance over operation:
Currently, the Company has already followed Chinese enterprise's common practice and proposed comprehensive property insurance which covers the Company's properties of plant and machine equipment with a total insurance amount of RMB1,992,351 thousands. However, the Company did not propose any insurance over operation disruptions in China

factory or any compensation liability from damage to environmental protection. Reason for not proposing is that such insurance in China is not mature enough and causes for compensation are not clearly stipulated. The Company may suffer losses or assume compensation liability from occurrence of such risks because of its failure to propose such insurance accordingly. Additionally, among items which are already insured, it is possible that the scope of insurance may not provide sufficient protection against possible losses. This could have negative impact on the Company's business, financial condition and operating performance.

(c) Risk of Intellectual Property Infringement:
As of now, the Company holds 32 trade mark rights and 130 patents. Intellectual property of these trademarks and patents is critical to the Company's operation. Therefore, the Company is dedicated to protecting these intellectual properties. In the event of any infringement to the Company's intellectual property in the future which damages the Company's product market value and brand reputation and affects the Company's business, financial status and operating performance, the Company will file litigations to protect such rights. However, when faced with different levels of litigation costs, the Company will take necessary measures and actions under considerations of overall cost efficiency.

(d) Risk of Patent Rights Violation:
In the face of more and more fierce competition in emerging energy industry, competitor may use patent infringement litigation to disrupt the Company's business development. The Company's risk of being sued for compensation from intellectual property rights infringement is also increasing. Therefore, as the Company's operating scale continues to grow, it is expected that the possibility to face with other competing company's patent infringement litigation will also increase. Accordingly, the Company strictly complies with patent related regulations, avoids using other's patented technology by mistake, continues to enhance R&D and emphasizes on developing the Company's own technology. As of now, there is no legitimation raised from the Company's violation of patent rights.

7. Other Critical Matters: None.

VIII. Special Matters Documented

1. Subsidiary Related Information

(1) Enterprise Organization Chart: Please refer to II. Company Introduction

(2) Subsidiary Basic Information

March 31st, 2020, Unit: in thousands

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Major Business or Production Items
Yeong Guan Holding Co., Ltd.	2007.11	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 194,000	Investment in share holding
Yeong Guan International Co., Limited	2007.11	Centre, 151 Gloucester Road, Wan Chai, Hong Kong	HKD 805,000	Investment in share holding
Shin Shang Trade Co., Ltd.	1998.01	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 50	Trading business
Yeong Chen Asia Pacific Co., Ltd.	2008.06	No. 502, Sec. 1, Cheng Gon Rd., Guan Yin Township, Taoyuang County	NTD 95,000	Trading business, manufacturing and selling of cast iron
Dongguan Yeong Guan Mould Factory Co., Ltd.	1995.06	Yin Quan Industrial Zone, Chin Xi Town, Dong Guan City, Guandong Province, China	HKD 31,000	Manufacturing and selling of cast iron
Ningbo Yeong Shang Casting Iron Co., Ltd.	2000.12	No. 95, Huang Hai Rd., Bei Lun District, Ningbo City, Zhejiang Province, China	USD 43,100	Manufacturing and selling of cast iron; processing of precision machinery
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	2000.08	No. 28, Ding Hai Rd., Economic Technology Development Zone, Zhen Hai District, Ningbo City, Zhejiang Province, China	USD 13,705	Manufacturing and selling of cast iron; recycling of scrap steel
Jiangsu Bright Steel Fine Machinery Co., Ltd.	2006.11	No. 9, Yue Pen Rd., Tien Mu Hu Industrial Park, Li Yang City, Jiangsu Province, China	USD 114,851	Manufacturing and selling of cast iron
Ningbo Yong Jia Mei Trading Co., Ltd.	2009.11	No. 95, Huang Hai Rd., Bei Lun District, Ningbo City, Zhejiang Province, China	USD 1,000	Trading business
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	2014.07	6 No.622/15, Rama2 Road, Samae Dum Sub-District, Bangkhuntian District, Bangkok Metropolis.	THB 500,000	Manufacturing and selling of cast iron

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Major Business or Production Items
Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	2009.08	No.999 Laixiu Road, Fen Lake Economic Development Zone, Wujiang	USD 33,680	Manufacturing and selling of cast iron
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	2019.12	North side of Wei 2nd Road, east side of Jinhai Avenue, Lingang Industrial Area, Sheyang County, Yancheng City, Jiangsu Province, China.	USD 0 Note	Manufacturing and selling of cast iron

Note：

(3) Materials for same shareholder under assumed control and affiliate relationship: None.

(4) Director, Supervisor and General Manager Information for Respective Subsidiaries

Name of Enterprise	Job Title	Name
Yeong Guan Holding Co., Ltd.	Director	Chang, Hsien-Ming
Yeong Guan Heavy Industries (Thailand) Co., Ltd.	Director	Chang, Hsien-Ming Sutep Jatupornpakdi Niyom Jatupornpakdi Jitpranee Chang Hsu, Ching-Hsiung
Yeong Guan International Co., Limited	Director	Chang, Hsien-Ming
Yeong Chen Asia Pacific Co., Ltd.	Director	Chang, Hsien-Ming
	President	Chang, Hsien-Ming
Dongguan Yeong Guan Mould Factory Co., Ltd.	Director	Hsu, Ching-Hsiung Huang, Ching-Chung Liu, Han-Pang
	Supervisor	Tsai, Chang-Hung
	President	Huang, Ching-Chung
Ningbo Yeong Shang Casting Iron Co., Ltd.	Director	Hsu, Ching-Hsiung Huang, Ching-Chung Liu, Han-Pang
	Supervisor	Tsai, Chang-Hung
	President	Huang, Ching-Chung
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	Director	Hsu, Ching-Hsiung Huang, Ching-Chung Liu, Han-Pang
	Supervisor	Tsai, Chang-Hung
	President	Lin, Tai-Feng
Jiangsu Bright Steel Fine Machinery Co., Ltd.	Director	Tsai, Chang-Hung Chang, Chun-Chi Liu, Han-Pang
	Supervisor	Hsu, Ching-Hsiung
	President	Liang, Li-Sheng
Ningbo Yong Jia Mei Trading Co., Ltd.	Director	Hsu, Ching-Hsiung
	Supervisor	Tsai, Chang-Hung
Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	Director	Tsai, Chang-Hung Chang, Chun-Chi Liu, Han-Pang
	Supervisor	Hsu, Ching-Hsiung
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	Director	Tsai, Chang-Hung Liang, Li-Sheng Chang, Chun-Chi Kuo, Jui Fang, Cheng-Jiang Liu, Han-Pang Li, Yi-Tsang
	Supervisor	Hsu, Ching-Hsiung
	President	Tsai, Chang-Hung

(5) Operating Summary for Respective Subsidiaries

Unit: NTD in thousands except earnings per share

Name of Enterprise	Paid-in Capital	Total Asset	Total Liability	Net Value	Operating Income	Operating Benefit	Current Income (Loss)	Earnings Per Share (NTD)
Yeong Guan Holding Co., Ltd.	5,451,400	12,645,278	291,387	12,353,891	0	(18,462)	488,535	2.52
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	469,050	443,757	436	443,321	0	(1,509)	(728)	(14.56)
Yeong Guan International Co., Limited	2,917,320	9,897,004	11,867	9,885,137	0	(128)	576,086	0.72
Shin Shang Trade Co., Ltd.	1,405	31,866	623	31,243	0	(301)	2,067	41.34
Yeong Chen Asia Pacific Co., Ltd.	95,000	1,328,923	784,050	544,873	1,984,768	(16,255)	(20,399)	Note
Dongguan Yeong Guan Mould Factory Co., Ltd.	112,362	715,149	139,175	575,974	453,431	21,505	39,904	Note
Ningbo Yeong Shang Casting Iron Co., Ltd.	1,211,110	4,193,161	954,870	3,238,291	3,006,908	168,648	193,325	Note
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	385,110	2,290,140	228,563	2,061,577	1,294,410	90,213	97,025	Note
Jiangsu Bright Steel Fine Machinery Co., Ltd.	3,227,322	7,322,925	2,432,693	4,890,232	5,029,665	255,045	252,896	Note
Ningbo Yong Jia Mei Trading Co., Ltd.	28,100	37,313	2,722	34,591	10,435	(824)	423	Note
Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	946,408	1,874,726	1,572,086	302,640	1,420,099	102,197	48,251	Note
Qing Dao Rui Yao Building Material Co., Ltd.	70,628	73,806	0	73,806	0	(23)	923	Note

Note: Earnings per share cannot be calculated because this is not an incorporated company.

(6) Affiliated Enterprise Consolidated Financial Statements: Please refer to appendix 1.

(7) Affiliation Report: None.

(8) Industries Covered by Businesses Operated by Whole Affiliates:
Operation businesses for affiliates as a whole are manufacturing, precision processing, painting and sales of high-end casting products of spherical graphite cast iron and grey cast iron. Product categories include the followings:

1. Renewable Energy Category: mainly related casting iron parts of rotor cover, base and gear box related to wind power.
2. Injection Machines Category: mainly casting iron products of nozzle, tail plate and cylinder.
3. Industrial Machines Category: Casting iron products needed in respective industries

such as machine tool, air compressor and medical instruments.

(9) Division of labor among respective affiliates with inter-connected operation businesses shall be explained:
In addition to Jiangsu Bright Steel Fine Machinery Company Limited and Ningbo Yeong Shang Casting Iron Company Limited's engagement in casting iron product's precision processing and painting businesses, the two companies and remaining affiliates are all engaged in manufacturing and sales business for high-end casting iron products.

2. In the latest year and as of the date when this annual report was published, any cases of securities private placement: None.

3. In the latest year and as of the date when this annual report was published, cases of subsidiary holding or disposing the Company's shares: None.

4. Other necessary supplementary explanation: None.

5. Explanation of major differences from ROC shareholder equity protection regulations:

Critical Matters on Shareholder's Equity Protection	**Contents of Amendments on the Company's Articles of Incorporation**	**Reasons for Differences**
Shareholders holding the Company's outstanding shares for more than 6 months and with percentages of more than 1% of total shares issued are entitled to request, in writing, supervisors to raise litigation against directors for the Company, and may select Taiwan Taipei District Court as the jurisdiction court for the first instance trial. In the event that supervisor fail to raise litigation within 30 days after shareholder's request is submitted, shareholders are therefore entitled to raise litigation against directors for the Company and may select Taiwan Taipei District Court as the jurisdiction court for the first instance trail.	Whereas permitted by the laws of Cayman Islands and within requirements of applicable laws, the Company is entitled to raise litigation against directors. Shareholders holding the Company's outstanding shares for more than 6 months and with percentages of more than 1% of total shares issued are entitled to: (a) request, in writing, the Board of Directors' Meeting to authorize independent directors of the Audit Committee to raise litigation against directors for the Company, and may may select Taiwan Taipei District Court as the jurisdiction court for the first instance trial; or (b) request, in writing, independent directors of the Audit Committee to raise litigation against directors for the Company after receiving approval from resolution from the Board of Directors' Meeting, and may may select Taiwan	Company Act of Cayman Islands does not have specific requirements to permit minority shareholders to raise litigation procedure against directors in Cayman Islands court. The Company's Articles of Incorporation is not just a contract between shareholders and directors. It is also an agreement between shareholders and the Company. As such, lawyers in Cayman Islands do not consider that this shall have binding effects on directors even though Articles of Incorporation has already permitted minority shareholders to raise litigation against directors. Nevertheless, under common laws, all shareholders (including minority shareholders) shall be entitled to raise litigation (including litigation against director) regardless of the percentage or holding duration of shares held by shareholders. Cayman Islands court shall have comprehensive authority to determine if shareholders are entitled to continue processing the litigation once such litigation is raised by shareholders. That is, although the Company's Articles of Incorporation stipulates that minority shareholders (or shareholders eligible for

Critical Matters on Shareholder's Equity Protection	Contents of Amendments on the Company's Articles of Incorporation	Reasons for Differences
	Taipei District Court as the jurisdiction court for the first instance trial. Within 30 days after requests are made in accordance with aforementioned clause (a) or clause (b), shareholders are entitled to raise litigation against directors and may select Taiwan Taipei District Court as the jurisdiction court for the first instance trial in the event that: (i) the requested Board of Directors' Meeting failed to authorize independent director of the Audit Committee in accordance with clause (a), or independent directors authorized by the Board of Directors' Meeting failed to raise litigation in accordance with clause (a) hereto; or, (ii) the requested independent director of the Audit Committee failed to raise litigation in accordance with clause (b) hereto, or the Board of Directors' Meeting failed to reach a resolution to raise litigation, within the scopes permitted by the laws of Cayman Islands and the Company's rights to raise litigation against directors as permitted by applicable laws, shareholders are entitled to raise litigation against directors for the Company and may select Taiwan Taipei District Court as the jurisdiction court for the first instance trial.	requirements on shareholding percentage or holding duration) are entitled to raise litigation against directors on the Company's behalf, it is still up to Cayman Islands court's decision on whether or not such litigation can be proceeded. In accordance with related judgements made by Cayman Islands Grand Court, Cayman Islands court, when deciding if litigation is permitted to proceed, shall apply standards that if the court believes in the substantiality for the claim made by plaintiff on behalf of the Company, and if illegal behavior is conducted by persons who are capable of controlling the Company and such people in control will be capable of prevent the Company from raising litigation against them. Cayman Islands court will make judgement in accordance with facts in individual cases. (Although court may take reference from the Company's Articles of Incorporation, it is not a deciding factor when making judgement.) Under laws of Cayman Islands, the Board of Directors' Meeting as a whole (rather than individual director) shall deliver expression of intention on the Company's behalf. As such, directors shall authorize any director to raise litigation against other director on the Company's behalf under the Board of Directors' Meeting resolution which is made in accordance with Articles of Incorporation. Cayman Islands laws have not granted shareholders rights to request directors to hold the Board of Directors' Meeting for resolution on specific matter. Nevertheless, Cayman Islands laws do not prevent the Company from stipulating rules related to issue resolution procedures of the Board of Directors' Meeting (including holding of the Board of Directors' Meeting) rules on in Articles of Incorporation.