

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

Stock Code: 1589



Yeong Guan Energy Technology Group Co., Ltd.

2021 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 9, 2022

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

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: (886) 2-2791-7198	Tel: (886) 2-2791-7198
E-mail address: andy@nbys.com.cn	E-mail address: morris.chen@nbys.com.cn

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, Xinhua 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, Xinhua 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
Name: Yeong Chen Asia Pacific Co., Ltd., Taichung Branch Tel: (886)3-483-9216
Address: 2F, No. 288, Zhonger Rd., Wuqi District, Taichung City

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, Fenu,
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

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

Address: No.622/15, Rama2 Road, Samae Dam 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 Huang, Yao-Ling
 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:

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	Hsu, Ching-Hsiung	ROC	President of Southern China, Yeong Guan Energy Technology Group Company Limited..
Board director	Tsai, Chang-Hung	ROC	President of Eastern China, Yeong Guan Energy Technology Group Company Limited.
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.	ROC	
Independent director	Wu, Su Chiu		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

May 9, 2022

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

Table of Contents

I	Letter to Shareholders	6
II	Company Profile	10
	1. Company and Group Profile.....	10
	2. Company history	11
	3. Risk	14
III	Corporate Governance Report	15
	1. Organization	15
	2. Data on directors, supervisors, presidents, vice presidents, associate general managers, and executives of all departments and branch organizations.....	17
	3. Implementation of Corporate Governance	46
	4. Professional fees of CPAs.....	90
	5. Information on change of accountant(s).....	91
	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.....	91
	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.....	92
	8. Information Disclosing the Relationship or Spousal or Kinship Relationships within the Second Degree between any of the Company's Top Ten Shareholders	94
	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	95
IV	Capital Overview	96
	1. Capital and shares.....	96
	2. Issuance of company bonds.....	103
	3. Preferred shares	104
	4. Overseas depositary receipts	104
	5. Employee stock option certificates.....	104
	6. Restricted Employee Shares Compensation.....	104
	7. Status of New Shares Issuance in Connection with Mergers and Acquisitions	104
	8. Implementation of fund utilization plans	104
V	Operations Overview	107
	1. Business activities	107
	2. Market and sales overview	140
	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	166
	4. Environmental protection expenses.....	166
	5. Labor-Management Relationship	166

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

6. Information security management.....	168
7. Critical Contracts.....	170
IV. Financial Summary.....	172
1. Summarized balance sheets and consolidated income statements for the last five years	172
2. Financial analysis for the last five years	174
3. Audit Committee’s Review Report over the Latest Year Financial Statements	176
4. The Latest Year Financial Statement.....	177
5. Latest individual financial statements audited and attested by CPAs but without detailed lists of the main accounting items.....	177
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.	177
VII. Financial Status and Financial Performance Analysis and Risk Issues	178
1. Financial Status	178
2. Financial Performance.....	179
3. Cash Flow.....	180
4. Influence on finance business from major capital expenditure in the latest year	180
5. Investment strategy for the latest year, main reason(s) for gain or loss, improvement plan and investment plan for the upcoming year	181
6. Risk Analysis and Assessment.....	183
7. Other Critical Matters.....	189
VIII. Special Matters Documented.....	190
1. Subsidiary Related Information.....	190
2. In the latest year and as of the date when this annual report was published, any cases of securities private placement.....	193
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.	193
4. Other necessary supplementary explanation: None.	193
5. Explanation of major differences from ROC shareholder equity protection regulations	193
IX. In the latest year and as of the date when annual report was published, occurrence of events with significant effect on shareholder’s equity or securities prices as prescribed in Clause 2, Paragraph 2, Article 36 of Securities & Exchange Law.....	196

I、Letter to Shareholders

Dear Shareholders:

The economic conditions in major global markets in 2021 can be summarized as follows: After the rapid spread of COVID-19 in Europe and North America, lockdown measures became less frequent and market demand rapidly rebounded from 2020 which boosted our exports. Compared with early 2020 at the height of the pandemic, the economic growth rate in Mainland China surged to 18.3% and 7.9% in the first and second quarter of 2021, respectively. The country also witnessed an installation rush in the field of offshore wind power. However, due to another flareup of the pandemic in Q3 2021, coupled with the impact of the government's policy to control total energy consumption, Mainland Chinese enterprises successively implemented work and production stoppages. Additional domestic impacts include a string of defaults in the real estate sector, increased industry monitoring risks, and investment and private consumption demands well below pre-pandemic levels. External factors such as the Sino-US trade conflict and the rapidly increasing number of imported COVID cases have resulted in economic recovery losing momentum and slowing demand in the injection molding and industrial machinery sectors. Despite numerous adversities such as a serious shortage of international shipping capacities and rising raw material and excipients, Yeong Guan Group has achieved the highest revenues and output volume since its public listing owing to the tremendous efforts of all staff members. In the future, we will continue to pursue constructive reforms and keep our eyes on our profitability by adopting a pragmatic approach. Flexible production line adjustments will be implemented in response to changing product requirements in global markets. We also persist in our efforts to strengthen our business portfolio strategies with an equal emphasis on short-term profits and long-term benefits to make strides toward realizing our corporate vision of castings industry dominance and industrial sustainability.

I. 2021 Business Conditions

(1) Business plan implementation results:

The consolidated annual revenue of Yeong Guan Group in 2021 amounted to NT\$ 8.948 billion, which represents an increase by 9.3% compared to the previous year. The sales volume reached 194,813 tons, an increase of 10.4% compared to 2020. The gross profit margin and operating margin amounted to 20% and 4%, respectively, which represents a decrease of 2% YoY. Consolidated net income after tax amounted to NT\$ 213,973,000, which marks a decrease by NT\$ 302,557,000 YoY. EPS equaled NT\$ 1.95, a decline by NT\$ 2.86 compared to the previous year.

(2) Budget implementation conditions: Not applicable since 2021 financial forecasts were not made public

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

(4) R&D conditions:

R&D expenses accounted for 4% of the net operating revenue in 2021. The Group will continue its research efforts and implement updates of its production technologies. The goal lies in the acceleration of new product development

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

schedules and reduction of defect rates as well as the gradual enhancement of product development capabilities and technologies.

II. 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 2022 has been set at 195,000 ~ 200,000 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 the group's own production capacities.

In view of new growth trends generated by offshore wind power installations worldwide, the Taichung Harbor manufacturing base will be the key development project of the Group. In addition to the production of castings for large-scale offshore wind power installations, production capacities for injection molding and industrial machinery castings will be increased. The Taichung Harbor project has been initiated according to schedule and is expected to be put into operation in the second half of 2022. With a view to expanding into a new market and taking full advantage of the recently announced investment solicitation policy of the Thai Government, we have launched the planning and construction process for our manufacturing base in Thailand. Construction operations for this plant are projected to commence in the second half of 2022 and completion is scheduled for 2024.

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

Upon completion of plant construction and commissioning in the Taichung Harbor area and in Thailand, gradual transition to stable mass production is planned.

In line with the projected gradual growth of the global demand for offshore wind power installations, Yeong Guan is fully committed to a step-by-step increase of its production capacity and efficiency in the Taichung Harbor area coupled with a decrease of production costs. The goal is to take maximum advantage of the vibrant demand for offshore wind turbine castings. The production capacity of the manufacturing base in Thailand will be expanded in line with international market developments. Emerging Southeast Asian countries have a competitive advantage which relies on their high population share of young adults, low salary levels, and key strategic location. In addition, Yeong Guan's customers in Europe, the Americas, and Japan have expressed a clear intention to expand their supply chain layout and thereby reduce risks

after the outbreak of the Sino-US trade war and the ravaging COVID-19 pandemic last year. This presents an ideal opportunity for Yeong Guan to provide globalized services for its customers and thereby ensure long-term stable growth of Yeong Guan's production and revenue.

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

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

1. ESG (Environmental, Social, Governance):

The issue of social responsibility investments has attracted increasing attention in investment circles, which has resulted in vigorous development in this field. In line with the rising importance of this issue in recent years, investors no longer only consider the financial health and growth potential of companies but also direct their attention to ESG criteria for their investment decisions. In response to the Corporate Governance 3.0 - Sustainable Development Blueprint developed by the Financial Supervisory Commission, the Group actively promotes board diversity and enhances board functions and risk management in the governance dimension. In the field of environmental issues, we prioritize the environmental impact of GHG and carbon emissions. In addition to the disclosure of quantitative information pertaining to carbon emissions, water consumption, and solid waste, we are firmly committed to enhancing our resource use efficiency. In the social dimension, we are actively engaged in the protection of human rights and provision of employee care by relying on the disclosure of occupational safety and accident statistics, workplace diversity and gender equality, and quantification of social issue contents with the ultimate goal of strengthening ESG-related information disclosure and realizing corporate sustainability.

2. Promotion of green, innovative production modes:

The Group continues to replace outdated noise, dust, atmospheric, and 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.

3. Implementation of lean production management:

Lean production is based on system structure, staff organization, operation methods, and supply/demand considerations. 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.

4. Promotion of talent training and mentorship programs:

The Group designs professional talent training programs to provide executives at all levels with the ability to solve problems in a proactive manner. Training contents are arranged in accordance with individual

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

characteristics and work attributes to cultivate and stock up on outstanding management and technology talent and lay a solid foundation for Group 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:

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

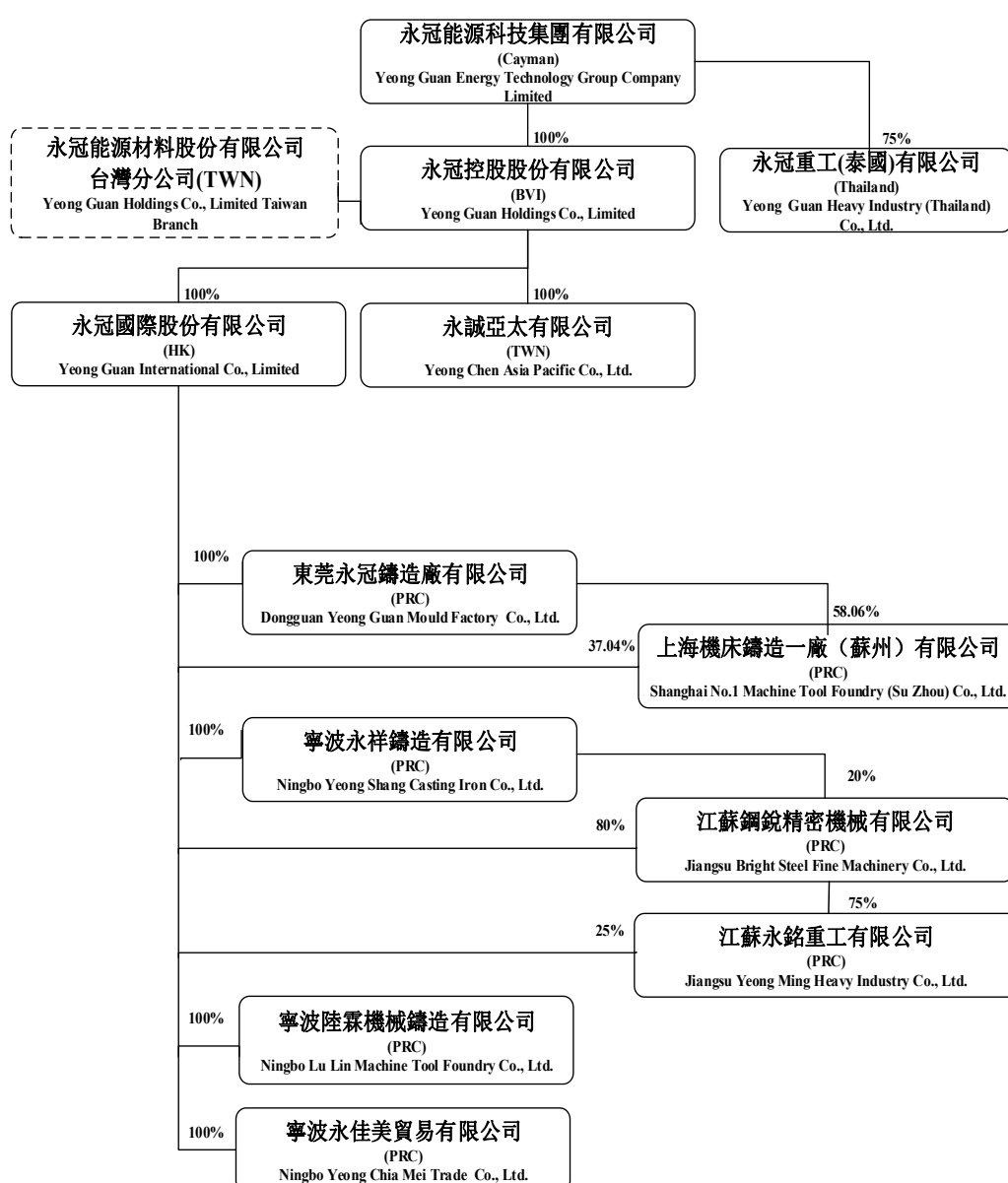
II. Company Profile

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 9, 2022)



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

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

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

	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

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

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
January 2019	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.

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

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	This issuance of convertible corporate bonds in the Republic of China (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.
November 2021	Changes of the issuing plan of the Company's 2015 capital increase by cash and the 2nd Domestic Unsecured Convertible Bonds Changes of the issuing plan of the Company's 2021 capital increase by cash and the 3rd Domestic Unsecured Convertible Bonds

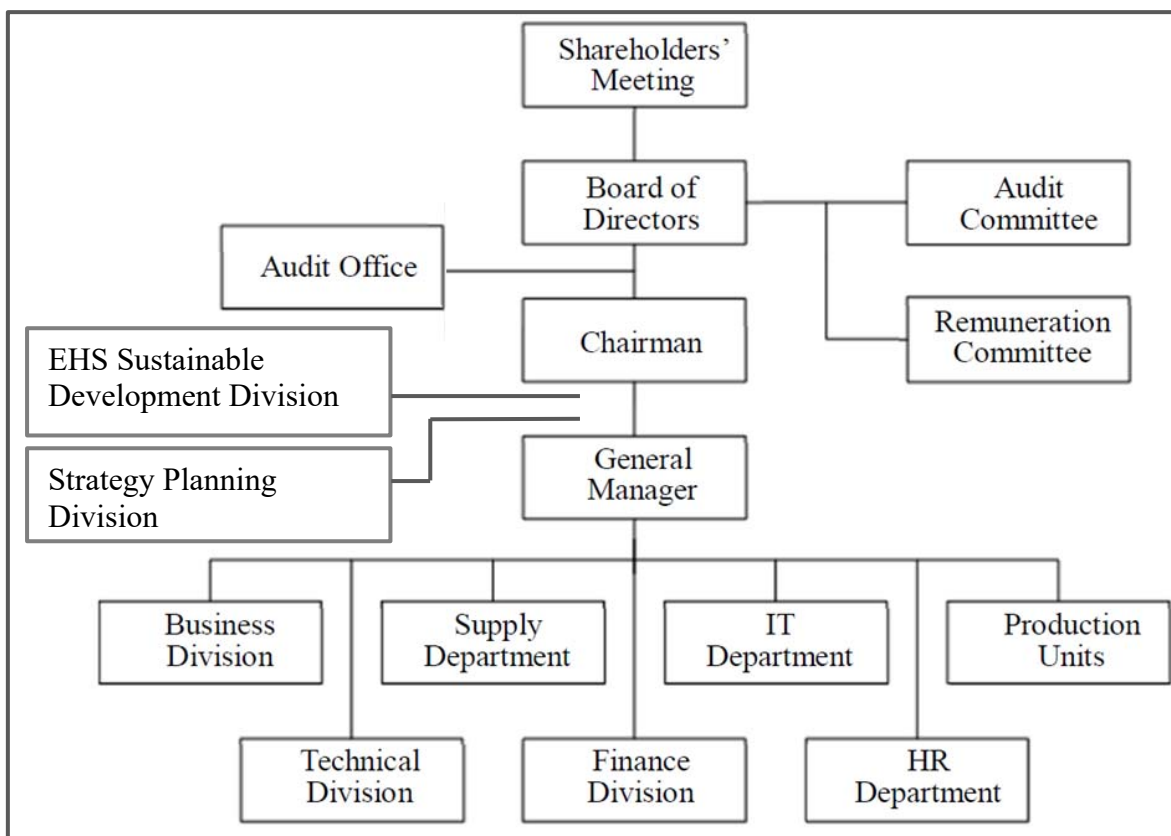
3. Risk: Please refer to VII.6 "Risk Analysis and Assessment"

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

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

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

	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.

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

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, 2022; 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 Aged 61-70	2019.06.20/ 4 years	2008.01.22	13,693,540	12.97%	11,093,540	10.03%	3,120	0.00%	2,719,000	2.45%	Graduation from Dept. of Electronics, Xihu Vocational High School Chairman, and President of Yeong Guan Mould Factory Co., Ltd. Chairman, President and Sales Manager of Shin Shang Special Industry Co., Ltd.	Director, Yeong Guan Energy Holdings Co., Ltd. Director and President of Yeong Guan Energy International Co., Ltd. Supervisor of Taipin Corporation Ltd. Director, Yeong Guan Heavy Industry (Thailand) Co., Ltd.	-	-	-
Vice Chairman	ROC	Tsai, Shu-Ken	Male Aged 71-80	2019.06.20/ 3 years	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. President, Nitinol Innovative Technology 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	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 Aged 61~70	2019.06.20/ 3 years	2018.06.05	-	-	-	-	-	-	-	-	Accounting Department of Yu Da High School of Commerce and Home Economics Vice president and General Manager of Chen Hsing Industrial Co., Ltd. President, Weimao Co., Ltd.	Executive Vice President, Yeong Guan Energy Technology Group Company Limited. President of Southern China, Yeong Guan Energy Technology Group Company Limited. 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. Director, Yeong Guan Heavy Industry (Thailand) Co., Ltd. Supervisor, Jiangsu Bright Steel Fine Machinery Co., Ltd. Supervisor, Jiangsu Yeong Ming Heavy Co., Ltd.	-	-	-		
Director	ROC	Huang, Wen-Hung	Male Aged 61-70	2019.06.20/ 3 years (Note 1)	2016.06.07	20,000	0.02%	20,852	0.02%	-	-	-	-	Master of Business Administration in Executive Management 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				-	-	-

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	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 Aged 51-60	2019.06.20/ 3 years	2019.06.20	-	-	-	-	-	-	-	-	Department of Industrial Engineering and Management, Ching Yun Institute of technology	President of Eastern China, Yeong Guan Energy Technology Group Company Limited. Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Chairman, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. Chairman and President, 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 Aged 41-50	2019.06.20/ 3 years	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 Company Limited.	-	-	-
Director	ROC	Chang, Chun-Chi	Male Age 41-50	2019.06.20/ 3 years	2019.06.20	33,000	0.03%	469,022	0.42%	-	-	-	-	Department of Public 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.	-	-	-

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	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	PJ Asset Management Co., Ltd. Representative: Wu, Su-Chiu	Female Aged 51-60	2020.06.19/ 2 years	2020.06.19	8,530,000	8.08%	10,759,739	9.73%	-	-	-	-	Master of Finance, Syracuse University, New York, US Chief Strategy Officer of PJ Asset Management Co., Ltd.	General Manager, JIAYUAN INVESTMENT CO., LTD.	-	-	-
Independent director	ROC	Chang, Cheng-Lung (Note 2)	Male (Note 2)	2019.06.20/ 3 years (Note 2)	2010.03.19	-	-	-	-	-	-	-	-	BA in Commerce, Tamkang University Mini MBA, Stanford University	-	-	-	
Independent director	ROC	Wei, Chia-Min	Male Aged 61-70	2019.06.20/ 3 years	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 Aged 61-70	2019.06.20/ 3 years	2019.06.20	-	-	33,347	0.03%	-	-	-	-	MBA Master, University of Southern California Founder and Chairman, Capital Securities Corp. Vice President, Merrill Lynch Manager, Chase Bank	Chairman of Chia Shih Construction 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	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	Chang, De-Wen	Male Aged 61-70	2021.07.30/ 1 year (Note 3)	2021.07.30	-	-	-	-	-	-	-	-	Dept. of Business Administration, National Taiwan University	President, You Shih CPA Firm			

Note 1: Director Huang, Wen-Hung resigned on March 10, 2022.

Note 2: Independent director Chang, Cheng-Lung passed away on April 1, 2021.

Note 3: Mr. Chang, De-Wen was elected as the succeeding director during election of one seat of succeeding director conducted by the Shareholders' Meeting on July 30, 2021.

Note 4: In the event that Chairman of the Board and the General Manager or the person equivalent to the highest rank (the ultimate manager) are the same individual, or spouses to each other or relatives of the first degree of kinship, reasons, rationality, necessity as well as related information on future rectification measures (for example, measures to increase number of seats for independent director, or that more than half of directors are not employees or managers) shall be explained accordingly:

Necessity and rationality for Chairman of the Board and the General Manager being the same individual at current phase come from considerations of qualification and experience in the industry, capability of communication and leadership, capability to respond to drastic change in environment as well as capability to work with the corporate's comprehensive planning for future and plans for cultivation of succeeding leadership team. Explanation for future rectification measures is as follows: Chairman of the Board will not also assume the post of General Manager after appropriate candidate for General Manager is found. In the event that Chairman of the Board and General Manager shall still remain the same individual in the future, number of seats for independent directors will be increased accordingly during next comprehensive election of directors, and the number of employees or managers assuming the post of directors shall not exceed half of the seats for directors.

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

2. Major Shareholders for Legal Person Shareholders:

April 19, 2022

Name of Legal Person Shareholder	Major Shareholders for Legal Person Shareholder	Share Ownership Percentage (%)
P J Asset Management Co., Ltd	He Yang Management Consulting Co., Ltd.	100%

3. Major Shareholders for Major Legal Person Shareholders:

April 19, 2022

Name of Legal Person	Major Shareholders for Legal Person	Share Ownership Percentage (%)
He Yang Management Consulting Co., Ltd.	Lin, Chen-Hai	18.9%
	Taeng, Shu-Chiung	31.0%
	Lin, Yi-Tsai	25.0%
	Lin, Ming-Gu	12.5%
	Lin, Yi-Wen	12.5%
	Hsieh, Ching-Hua	0.1%

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

4. Information Disclosure on Director's Professional Qualification and Independent Director's Independence

Qualification Name	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
Director Chang, Hsien-Ming	<p><u>Education</u> Graduated from Dept. of Electronics, Xihu Vocational High School</p> <p><u>Experience</u> Chairman of the Board, Yeong Guan Energy Technology Group Company Limited. with casting industry expertise and years of industry management experience.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>		0
Director Tsai, Shu-Ken	<p><u>Education</u> EMBA, National Taiwan University of Science and Technology</p> <p><u>Experience</u> Vice Chairman of the Board, Yeong Guan Energy Technology Group Company Limited. with casting industry expertise and years of industry management experience.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company</p>		0

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

Qualification Name	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
	Act.		
Director Hsu, Ching-Hsiung	<p><u>Education</u> Dept. of Business Accounting, Yu Da High School of Commerce</p> <p><u>Experience</u> Executive Vice President, Yeong Guan Energy Technology Group Company Limited. with casting industry expertise and years of industry management experience.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>		0
Director Tsai, Chang-Hung	<p><u>Education</u> Dept. of Industrial Engineering and Management, Ching Yun Institute of Technology</p> <p><u>Experience</u> Chairman of the Board, East China Region, Yeong Guan Energy Technology Group Company Limited. with machinery industry expertise and industry management experience.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>		0

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

Qualification Name	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
Director Li, Yi-Tsang	<p><u>Education</u> Dept. of Business, University of British Columbia, Canada; Dept. of Management, Okanagan College, Canada</p> <p><u>Experience</u> Chief Strategy Officer, Yeong Guan Energy Technology Group Company Limited. with experiences of business, marketing and operation management.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>		0
Director Chang, Chun-Chi	<p><u>Education</u> Dept. of Public Finance and Taxation, Takming University of Science and Technology</p> <p><u>Experience</u> General Manager, Shanghai No.1Machine Tool Foundry (Suzhou) Co., Ltd. with expertise in finance and casting as well as experience of operation management.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>		0

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

Qualification Name	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
<p>Director Wu, Su-Chiu, Designated Representative from PJ Asset Management Co., Ltd.</p>	<p><u>Education</u> Master of Finance, Syracuse University, New York, US</p> <p><u>Experience</u> General Manager, JIAYUAN INVESTMENT CO., LTD. with years of experience in finance, banking and operation management.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>		0
<p>Independent Director Wei, Chia-Min</p>	<p><u>Education</u> Ph. D., Dept. of Resource Energy, National Cheng Kung University</p> <p><u>Experience</u> Previously Vice President, Metal Industries Research and Development Center, with machinery industry expertise and years of industry operation and management experience.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>	<p>1. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not assume posts of director, supervisor or employee in the Company or its affiliated business.</p> <p>2. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not own the Company's shares either under his/her/their own name(s) or other's name.</p> <p>3. The director himself or herself does not assume posts of a director or an employee in a company</p>	1

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

Qualification Name	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
		<p>having specific relationship with the Company.</p> <p>4. The director himself or herself did not offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years.</p>	
<p>Independent Director Chen, Tien-Wen</p>	<p><u>Education</u> MBA, University of Southern California</p> <p><u>Experience</u> Chairman of the Board, Chia Shih Construction Co., Ltd. with years of experience in finance, banking, securities and operation management. Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>	<p>1. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not assume posts of director, supervisor or employee in the Company or its affiliated business.</p> <p>2. The director himself or herself holds 33,347 shares of the Company. his or her spouse or relatives within second degree of kinship does not or do not own the Company's shares either under his/her/their own name(s) or other's name.</p> <p>3. The director himself or herself does not assume posts of a director or an employee in a company having specific relationship with the Company.</p> <p>4. The director himself or herself</p>	<p>2</p>

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

Qualification Name	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
		did not offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years.	
Independent Director Chang, De-Wen	<p><u>Education</u> Dept. of Business Administration, National Taiwan University</p> <p><u>Experience</u> President, You Shih CPA Firm with CPA qualification and years of experience in accounting, finance and operation management.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>	<p>1. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not assume posts of director, supervisor or employee in the Company or its affiliated business.</p> <p>2. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not own the Company's shares either under his/her/their own name(s) or other's name.</p> <p>3. The director himself or herself does not assume posts of a director or an employee in a company having specific relationship with the Company.</p> <p>4. The director himself or herself did not offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years.</p>	0

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

5. Diversity and Independence of the Board of Directors Meeting

(1) Diversity of Board of Directors Meeting: The Company has established diversified policy on the composition of members for Board of Directors Meeting in “Corporate Governance Guidelines” and “Director Election Procedures” which include fundamental qualification, value, expertise and skills.

Fulfillment of Diversity in the Company’s Board of Directors Meeting:

Job Title	Name	Gender	Nationality	Core Capability							
				Operation Judgment	Accounting and Financial Analysis	Operation Management	Crisis Management	Industry Knowledge	Perspective on International Market	Leadership Capability	Decision-Making Capability
Director	Chang, Hsien-Ming	Male	ROC	v	v	v	v	v	v	v	v
Director	Tsai, Shu-Ken	Male	ROC			v	v	v	v		
Director	Hsu, Ching-Hsiung	Male	ROC	v		v	v	v		v	v
Director	Tsai, Chang-Hung	Male	ROC	v		v	v	v		v	v
Director	Li, Yi-Tsang	Male	ROC	v	v		v	v	v		v
Director	Chang, Chun-Chi	Male	ROC		v	v	v	v		v	v
Director	Wu, Su-Chiu	Male	ROC		v		v		v	v	v
Independent Director	Wei, Chia-Min	Male	ROC				v	v	v		
Independent Director	Chen, Tien-Wen	Male	ROC		v		v		v	v	
Independent Director	Chang, De-Wen	Male	ROC	v	v	v	v			v	

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

(2) The 11 directors of the current board of directors (including 3 independent directors) have overall business judgment, leadership decision-making, business management, international market outlook, crisis management and other capabilities, as well as industry experience and professional capabilities. In the future, we will continue to update the diversity policy in a timely manner based on the operation of the board of directors, the type of operation and the development needs, including but not limited to the two major standards of basic conditions and values, professional knowledge and skills, so as to ensure that board members should generally have all the necessary skills to perform their duties. Necessary knowledge, skills and literacy. The members of the board of directors are all from their own countries, and the composition structure is 3 independent directors and 30% respectively. The age distribution of the board members is calculated; 2 directors are in the age range of 41-50, 2 directors are in 51-60 years old, and 5 directors are in the age range. at 61-70 years old and 1 director at 71-80 years old. In addition to the above, the company also pays attention to gender equality in the composition of the board of directors. The current board members include 1 female member and female directors account for 10%. In the future, we will continue to strive to increase the proportion of female directors.

(3) Independence of Board of Directors Meeting: The Company has established 3 seats of independent directors, which accounts for 27% of members for Board of Directors Meeting, and conducted independent director qualification review during election, and issued statements verifying compliance with regulations stipulated in Paragraph 3 and 4 of Article 26-3 of Securities and Exchange Act; and there is no spouse relationship or relatives within second degree of kinship among the Company's directors.

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, 2022; 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			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman and President	ROC	Chang, Hsien-Ming	Male	2012.03.12	11,093,540	10.03%	3,120	0.00%	2,719,000	2.45%	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. Director, 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.	President, Nitinol Innovative Technology Co., Ltd.	-	-	-	
Director and Executive Vice President	ROC	Huang, Wen-Hung	Male	2015.05.11	20,852	0.02%	-	-	-	-	Master of Business Administration in Executive Management Royal Roads University Master, Department of Industrial and Business Management, China	-	-	-	Note 1	

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			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
											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					
Director and Executive Vice President	ROC	Hsu, Ching-Hsiung	Male	2018.12.06	-	-	-	-	-	-	Yu Da High School Of Commerce and Home Economics, Commercial Accounting Department Vice President, Chen Hsing Industrial Co., Ltd. President, Weimao Company	President of Southern China Area, Yeong Guan Energy Technology Group Company Limited 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. Director, Chairman, Yeong Guan Heavy Industry (Thailand) Co., Ltd. Supervisor, Jiangsu Bright Steel Fine Machinery Co., Ltd. Supervisor, Shanghai No. 1 Machine Tool Foundry (Su	-	-	-	

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			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
												Zhou) Co., Ltd. Supervisor, Jiangsu Yeong Ming Heavy Industry Co., Ltd.				
Director and President of Eastern China Area	ROC	Tsai, Chang-Hung	Male	2019.06.20	-	-	-	-	-	-	Department of Industrial Engineering and Management, Ching Yun Institute of technology	Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Chairman, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd. Chairman and President, 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	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	-	-	-	Note 2
Executive Vice President	PRC	Fang, Cheng-Chiang	Male	2019.07.02	-	-	-	-	-	-	Business Administration, Southwest University of Science and Technology		-	-	-	

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			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding 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 Vice President	ROC	Li, Yi-Tsang	Male	2019.07.02	15,000	0.01%	-	-	-	-	School of Business, University of British Columbia Department of Administration, Okanagan College, Canada Assistant Manager, Operation Department, Jiangsu Bright Steel Fine Machinery Co., Ltd.	Chief Strategy Officer, Strategic Planning Division, Yeong Guan Energy Technology Group Company Limited	-	-	-	
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 Director, Dongguan Yeong Guan Mould Factory Co., Ltd. Director, Ningbo Yeong Shang Casting Iron Co., Ltd. Director, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Director, Jiangsu Bright Steel Fine Machinery Co., Ltd. Director, Shanghai No. 1 Machine Tool Foundry (Su	-	-	-	

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			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
												Zhou) Co., Ltd. Director, Jiangsu Yeong Ming Heavy Industry Co., Ltd.				
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.	-	-	-	Note 3
Vice President	ROC	Huang, Ching-Chung	Male	2010.12.01	-	-	-	-	-	-	Mechanical Engineering Department, Chien Hsin Junior College of Technology Lio Ho Machine Works Ltd.	Director and President, Dongguan Yeong Guan Mould Factory Co., Ltd. Director and President, Ningbo Yeong Shang Casting Iron Co., Ltd.	-	-	-	
Vice President	ROC	Chang, Chun-Chi	Male	2020.07.01	469,022	0.42%	-	-	-	-	Department of Public 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.	-	-	-	
Vice President, Head of Finance and Accounting	ROC	Lin, Yu-Yi	Female	2013.01.07	-	-	-	-	-	-	MA, Department of Accounting, Soochow University Deloitte & Touche	Vice President, Finance Division of Yeong Guan Energy Technology Group Company Limited	-	-	-	Note 4
Chief Governor	ROC	Chiang, Shu-Kan	Female	2019.08.08	-	-	-	-	-	-	Department of Economics, Chung Cheng University	AVP of the Office of the Chairman, Yeong Guan				

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			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Executive Vice President			Male								Certified Public Accountant Certified Securities Investment Analyst Certified Internal Auditor Project Manager, Department of Securities Underwriting, Capital Securities Corporation	Energy Technology Group Company Limited				
Head of Finance and Accounting	ROC	Tsai, Ching-Wu	Male	2021.02.17	-	-	-	-	-	-	Department of Accounting, National Chengchi University Financial Manager, Zhenxin Company Ernst & Young	Officer of Finance Division, Yeong Guan Energy Technology Group Company Limited	-	-	-	Note 4
Head of Audit Office	ROC	Huang, Tung-De	Male	2021.02.17	-	-	10,000	0	-	-	Department of Finance, Chung Hua University Finance Manager, Yeong Guan Energy Technology Group Company Limited	-	-	-	Note 4	

Note 1: Executive Vice President Huang, Wen-Hung resigned on March 10, 2022.

Note 2: Executive Vice President Kuo, Jui resigned on March 31, 2021.

Note 3: Vice President Lin, Tai-Feng retired on December 31, 2021.

Note 4: Vice President and Head of Finance and Accounting Lin, Yu-Yi resigned on February 17, 2021. Head of Audit Office Tsai, Ching-Wu succeed as Head of Finance and Accounting.

Note 5: In the event that Chairman of the Board and General Manager or the person equivalent to the highest rank (the ultimate manager) are the same individual, or spouses to each other or relatives of the first degree of kinship, reasons, rationality, necessity as well as related information on future rectification measures (for example, measures to increase the number of seats for independent director, or that more than half of directors are not employees or managers) shall be explained accordingly:

Necessity and rationality for Chairman of the Board and General Manager being the same individual at current phase come from considerations of qualification and experience in this industry, capability of communication and leadership, capability to respond to drastic change in environment as well as capability to work with the corporate's comprehensive planning for future and plans for cultivation of succeeding leadership team. Explanation for future rectification measures is as follows: Chairman of the Board will not also assume the post of General Manager after appropriate candidate for General Manager is found. In the event that Chairman of the Board and General Manager shall still remain the same individual in the future, number of seats for independent directors will be increased accordingly during next comprehensive election of directors, and the number of employees or managers assuming the posts of directors shall not exceed half of the seats for directors.

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

(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	Cash bonus	Stock bonus	Cash bonus	Stock bonus					
Chairman	Chang, Hsien-Ming																					
Vice Chairman	Tsai, Shu-Ken																					
Director	Huang, Wen-Hung	1,440	1,440	-	-	-	-	112	112	0.72%	0.72%	12,495	34,324	-	-	-	-	-	-	6.50%	16.60%	-
Director	Hsu, Ching-Hsiung																					
Director	Tsai, Chang-Hung																					
Director	Li, Yi-Tsang																					
Director	Chang, Chun-Chi																					

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

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, De-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, De-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, De-Wen; PJ Asset Management Co., Ltd.	Chang, Cheng-Lung; Wei, Chia-Min; Chen, Tien-Wen; Chang, De-Wen; PJ Asset Management Co., Ltd.
NT\$ 1,000,000 or more but less than NT\$ 2,000,000	—	—	Tsai, Shu-Ken; Huang, Wen-Hung; Li, Yi-Tsang; Chang, Chun-Chi;	—
NT\$ 2,000,000 or more but less than NT\$ 3,500,000	—	—	Chang, Hsien-Ming; Hsu, Ching-Hsiung; Tsai, Chang-Hung;	—
NT\$ 3,500,000 or more but less than NT\$ 5,000,000	—	—	—	Huang, Wen-Hung; Li, Yi-Tsang; Chang, Chun-Chi;
NT\$ 5,000,000 or more but less than NT\$ 10,000,000	—	—	—	Chang, Hsien-Ming;

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

				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	—	—	—	—
NT\$ 100,000,000 or more but less than NT\$ 100,000,000	—	—	—	—
Over NT\$ 100,000,000	—	—	—	—
Total	12 persons	12 persons	12 persons	12 persons

Note 1: Director Huang, Wen-Hung resigned on March 10, 2022.

Note 2: Independent director Chang, Cheng-Lung passed away on April 1, 2021.

Note 3: Mr. Chang, De-Wen was elected as the succeeding director during election of one seat of succeeding director conducted by the Shareholders' Meeting on July 30, 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				
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus							
Chairman and President	Chang, Hsien-Ming																	
Vice Chairman and Spokesperson	Tsai, Shu-Ken																	
Director and Executive Vice President	Huang, Wen-Hung																	
Director and Executive Vice President	Hsu, Ching-Hsiung		20,048			19,366	39,336					8.96%	26.8%					1,358
Director and President of Eastern China Area	Tsai, Chang-Hung																	
Executive Vice President and President, Technical Division	Kuo, Jui																	

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

Executive Vice President	Fang, Cheng-Chiang																		
Executive Vice President	Liang, Li-Sheng																		
Director and Vice President	Li, Yi-Tsang																		
Vice President	Liu, Han-Pang																		
Vice President	Lin, Tai-Feng																		
Vice President	Huang, Ching-Chung																		
Vice President	Lin, Yu-Yi																		
Head of Finance and Accounting (Chief Financial Officer)	Tsai, Ching-Wu																		
President, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd.	Chang, Chun-Chi																		
Chief Governance Officer	Chinag, Su-Kan																		

Note 1: Executive Vice President Huang, Wen-Hung resigned on March 10, 2022. °

Note 2: Executive Vice President Kuo, Jui resigned on March 31, 2021.

Note 3: Vice President Lin, Tai-Feng retired on December 31, 2021.

Note 4: Vice President and Head of Finance and Accounting Lin, Yu-Yi resigned on February 17, 2021. Head of Audit Office Tsai, Ching-Wu succeed as Head of Finance and Accounting.

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

Range of Remunerations

Range of remunerations paid to presidents and vice presidents of the company	Names of presidents and vice presidents	
	The company	Parent company/all invested businesses
Below NT\$ 1,000,000	Huang, Wen-Hung; Kuo, Jui; Liang, Li-Shang; Fang, Cheng-Chiang; Lin, Yu-Yi; Chiang, Su-Kan	Kuo, Jui
NT\$ 1,000,000 or more but less than NT\$ 2,000,000	Tsai, Su-Ken; Li, Yi-Tsang; Liu, Han-Pang; Huang, Ching-Chung; Tsai, Ching-Wu; Chang, Chun-Chi;	Lin, Yu-Yi; Chiang, Su-Kan
NT\$ 2,000,000 or more but less than NT\$ 3,500,000	Chang, Hsien-Ming; Hsu, Ching-Hsiung; Tsai, Chang-Hung; Lin, Tai-Feng	Lin, Tai-Feng; Tsai, Ching-Wu
NT\$ 3,500,000 or more but less than NT\$ 5,000,000	—	Huang, Wen-Hung; Liang, Li-Shang; Fang, Cheng-Chiang; Huang, Ching-Chung; Li, Yi-Tsang; Liu, Han-Pang; Chang, Chun-Chi;
NT\$ 5,000,000 or more but less than NT\$ 10,000,000	—	Chang, Hsien-Ming; Tsai, Su-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	16 persons	16 persons

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

4. Managers and their allotted employee bonuses:

Unit: 1000 NTD; December 31, 2021

	Title	Name	Stock bonus	Cash Bonus	Total	Ratio of total amount to net
Managers	Chairman and President	Chang, Hsien-Ming	-	-	-	0%
	Vice Chairman and Spokesperson	Tsai, Shu-Ken				
	Director and Executive Vice President	Huang, Wen-Hung				
	Director and Executive Vice President	Hsu, hing-Hsiung				
	Director and President of Eastern China Area	Tsai, Chang-Hung				
	Executive Vice President and President, Technical Division	Kuo, Jui				
	Executive Vice President	Fang, Cheng-Chiang				
	Executive Vice President	Liang, Li-Sheng				
	Director and Vice President	Li, Yi-Tsang				
	Vice President	Liu, Han-Pang				
	Vice President	Lin, Tai-Feng				
	Vice President	Huang, Ching-Chung				
	Vice President	Lin, Yu-Yi				
	Head of Finance and Accounting (Chief Financial	Tsai, Ching-Wu				
	President, Shanghai No. 1 Machine Tool Foundry (Su Zhou)	Chang, Chun-Chi				
	Chief Governance Officer	Chinag, Su-Kan				
	Chairman and President	Chang, Hsien-Ming				

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

(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	2020		2021	
	Amount	%	Amount	%
Director	35,060	6.83%	37,028	17.13%
Presidents and Vice Presidents	49,451	9.65%	59,384	27.48%
Consolidated net income	513,143	100%	216,102	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) Directors and independent directors of the Company only receive regular compensation without any other payments except for director's receiving of attendance allowance for attending each Board of Directors Meeting.

(2) Compensations for General Manager and Vice President are established in accordance with job title, contribution to the Company, references of industry standards as well as the Company's human resource regulations. Manager compensation includes salary and bonus. Salary is based on items of industry reference, job title, job rank, education (experience), professional capability and responsibility. Bonus is based on considerations of manager's performance assessment items which include two major parts of financial indicators (such as company revenue, pre-tax net profit and after-tax net profit) and non-financial indicators.

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

3. Implementation of Corporate Governance

(a) Operations of the board of directors

A total of 7 board meetings (A) were convened in the most recent fiscal year (2021). Director attendance was follows:

Title	Name	Attendance in person(B)	By proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Chang, Hsien-Ming	7	0	100.00%	Resigned on March 10, 2022
Director	Tsai, Shu-Ken	7	0	100.00%	
Director	Huang, Wen-Hung	7	0	100.00%	
Director	Hsu, Ching-Hsiung	7	0	100.00%	
Director	Tsai, Chang-Hung	7	0	100.00%	
Director	Li, Yi-Tsang	7	0	100.00%	
Director	Chang, Chun-Chi	7	0	100.00%	
Director	Wu, Su-Chiu, Designated Representative from PJ Asset Management Co., Ltd.	7	0	100.00%	
Independent Director	Chang, Cheng-Lung	0	1	0.00%	Passed away on April 1, 2021.
Independent Director	Wei, Chia-Min	7	0	100.00%	
Independent Director	Chen, Tien-Wen	7	0	100.00%	
Independent Director	Chang, De-Wen	3	0	100.00%	Elected during shareholders' meeting dated July 30, 2021

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
2021.03.16	<ol style="list-style-type: none"> 1. Recognition of the Company's 2020 consolidated financial statement. 2. Recognition of the Company's change of head of financial and accounting. 3. Recognition of the Company's change of head of internal audit. 4. Discussion of the Company's intended 	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair

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

	endorsement and guarantee for its subsidiary Yeong Guan Holding Co., Ltd.			
2021.05.06	1. Discussion of change of Certified Public Account.	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
2021.08.19	1. Recognition of the Company's consolidated financial statement for Q2, 2021.	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
2021.11.04	1. Discussion of the Company's commissioning of CPA and Company's expense for 2021 and 2022. 2. Discussion of the Company intention to change capital utilization plan from 2020 capital increase by cash through new share issuance and the 3rd issuance of unsecured convertible corporate bond in ROC, and 2015 capital increase by cash through new share issuance and the 2nd unsecured convertible corporate bond in ROC for the purpose of working with increase in factory building and purchase of machine equipment in Taichung Port.			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 16, 2021, the board of directors discussed the award of the 2020 year-end bonus to the managers of the company. Due to the fact that the directors Chang, Hsien-Ming, Tsai Shu-Ken, Huang, Wen-Lung, Hsu, Ching-Hsiung, Tsai, Chang-Hung 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, Wei, Chia-Ming.
 - (2) On March 16, 2021, the board of directors deliberated approval of a proposal for fixed monthly salaries for newly promoted managers. Since Director Tsai, Chang-Hung 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 passed unanimously upon inquiry of the other directors in attendance by the chairman, Chang, Hsien-Ming.
 - (3) On August 6, 2021, the board of directors deliberated approval of a proposal for compensation and travel expense for new directors. Since Director Chang, De-Wen 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 passed unanimously upon inquiry of the other directors in attendance by the chairman, Chang, Hsien-Ming.
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. Listed and OTC companies shall disclose information on assessment period and cycle, scope of assessment, method and contents of assessment for their Board of Directors Meeting's self-assessment (peer assessment). Execution of Board of Directors Meeting assessment is as follows:

Assessment Cycle	Assessment Period	Scope of Assessment	Method of Assessment	Contents of Assessment
Once Annually	From January 1, 2021 to December 31, 2021	Assessment on performance of Board of Directors Meeting (functional committee)	Internal Self-Assessment	A total of 5 categories as follows: 1. Level of participation in the Company's operation. 2. Enhancement of Board of

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

					<p>Directors Meeting decision quality.</p> <ol style="list-style-type: none"> 3. Composition and structure of Board of Directors Meeting. 4. Election of directors and their continuous learning. 5. Internal Control System
Once Annually	From January 1, 2021 to December 31, 2021	Assessment on respective director's performance	Internal Self-Assessment	<p>A total of 6 categories as follows:</p> <ol style="list-style-type: none"> 1. Mastering of the Company's goal and mission. 2. Recognition on director's responsibilities. 3. Level of participation in the Company's operation. 4. Management and communication of internal relationship. 5. Director's professionalism and continuous learning. 6. Internal control. 	

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

(b) Operation of Audit Committee

During the latest fiscal year (2021), Audit Committee held a total of 5 meetings with attendance of Audit Commissioners as follows:

Job Title	Name	Number of Actual Attendance (B)	Number of Commissioned Attendance(C)	Actual Attendance Rate (%) 【B/A】	Note
Independent Director	Chang, Cheng-Lung	0	1	100.00%	Passed away on April 1, 2021
Independent Director	Wei, Chia-Min	5	0	100.00%	
Independent Director	Chen, Tien-Wen	5	0	100.00%	
Independent Director (Convener)	Chang, De-Wen	2	0	100.00%	Elected from Shareholder's Meeting dated July 30, 2021

The Company's Audit Committee is composed of 3 independent directors. Audit Committee held 5 meetings in 2021. The main audited items included:

1. Financial statement audit and accounting policy and procedures.
2. Internal control system and related policy and procedures.
3. Transactions of critical assets or derivative commodities.
4. Endorsement and guarantee on major capital loan.
5. Certified Public Accountant's qualifications, independence and performance assessment.
6. Commissioning, decommissioning or compensation for Certified Public Accountant.
7. Engagement or discharge of heads of finance, accounting or internal audit.
8. Audit Committee's self-assessment questionnaire on performance assessment.

■ Review of Financial Statements

Board of Directors Meeting complied 2021 business report, financial statements and surplus earning distribution proposal. Deloitte Taiwan was commissioned to inspect financial statements and issued an inspection report accordingly. This Audit Committee also conducted audit on aforementioned business report, financial statement and surplus earning distribution proposal and therefore considered them as compliant with requirements.

■ Assessment of Internal Control System's Effectiveness

Audit Committee conducts assessments on policy and process effectiveness of the Company's internal control system (including control measures on finance, operation, risk management, data security, outsourcing, regulation compliance, and so on), and reviews routine reports from the Company's Audit Department, Certified Public Accountant and management including risk management and regulation compliance. Audit Committee hereby considers that the Company's risk management and internal control systems are effective, and that the Company has already adopted necessary control mechanisms to supervise and rectify violation behavior.

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

■ Commissioning of Certified Public Accountant

Audit Committee has been delegated with the responsibility to supervise CPA accounting firm’s independence to ensure impartiality of financial statements. To ensure CPA accounting firm’s independence, Audit Committee takes references from Article 47 of Certified Public Accountant Act and contents of “integrity, impartiality, objectiveness and independence” prescribed in No 10 of Norm for Certified Public Accountant’s Professional Ethics in its establishing of Independence Assessment Form. With this, CPA’s independence, professionalism and suitability will be assessed to verify items that if they and the Company are mutual stakeholders, if they have transactions with the Company or if they and the Company have mutual financial benefit relationship. During reviews conducted by the Audit Committee meeting held on November 4, 2021 and Board of Directors Meeting dated November 4, 2021, it was verified that CPA Chen, Chih-Yuan and CPA Huang, Yao-Lin from Deloitte Taiwan had both met with independence assessment standards, and thus they were qualified for the posts of the Company’s finance and tax CPA.

■ Other items to be documented:

I. Items prescribed on Article 14-5 of Securities and Exchange Act of ROC:

Audit Committee	Compliance with contents of proposal prescribed in Article 14-5 of Securities and Exchange Act	Independent Director’s Opinion	Company’s Response to Independent Director’s Opinion	Resolution Result
2021.03.16	<ol style="list-style-type: none"> 1. Recognition of the Company’s 2020 consolidated financial statements. 2. Recognition of change in the Company’s head of finance and accounting. 3. Recognition of change in the Company’s head of internal audit. 4. Discussion of the Company’s intention to provide endorsement and guarantee for its subsidiary Yeong Guan Holding Co., Ltd. 	None	None	Approved unanimously by all attending directors following an inquiry by the chair
2021.05.06	<ol style="list-style-type: none"> 1. Discussion of change of CPA. 	None	None	Approved unanimously by all attending directors following an inquiry by the chair

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

2021.08.19	1. Recognition of the Company's consolidated financial statements for Q2 of 2021.	None	None	Approved unanimously by all attending directors following an inquiry by the chair
2021.11.04	<p>1. Discussion of the Company's commissioning of CPA and company expense for 2021 and 2022.</p> <p>2. Discussion of the Company intention to change capital utilization plan from 2020 capital increase by cash through new share issuance and the 3rd issuance of unsecured convertible corporate bond in ROC, and 2015 capital increase by cash through new share issuance and the 2nd unsecured convertible corporate bond in ROC for the purpose of working with increase in factory building and purchase of machine equipment in Taichung Port.</p>	None	None	Approved unanimously by all attending directors following an inquiry by the chair.

2. For items in addition to aforementioned ones and which were not approved by Audit Committee but have obtained resolution under consent from more than two-thirds of all directors, date of Board of Directors Meeting, number of plenary, contents of resolution, resolution result from Audit Committee and the Company's response to Audit Committee's opinion shall be explained accordingly: None.

I. For execution of independent director's recusal on proposal with conflict of interest, name of independent director, contents of proposal, reason for recusal and participation in voting shall all be explained accordingly: None.

II. Communication between independent directors and head of internal audit and CPA (for example, communication items, methods and results on the Company's finance and business conditions):

1. Each month, the Company's head of internal audit will deliver audit report, which is implemented in accordance with audit plan, to each commissioner of Audit Committee through mail for the purpose of communicating audit report result, and report contents of each quarter's audit report in Board of Directors Meetings held

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

each quarter, and attend Board of Directors Meeting and each Audit Committee meeting. In the event of special circumstances, real-time reports will be provided to respective audit commissioners accordingly. There were occurrences of special incidents in 2021. The Company's Audit Committee maintains good communication with head of internal audit.

2. CPA will attend Audit Committee meeting depending on needs from contents of each meeting. In the event of special circumstances, reports will be made to Audit Committee commissioners in a timely manner. There were no special circumstances for 2021. The Company's Audit Committee maintains good communication with CPA.

Date of Audit Committee Meeting	Items for Communication with CPA	Communication Result
2021.03.16	CPA provided explanation on 2020 financial statements and audit focus on critical items, and discussed and communicated with attending personnel on questions raised.	No objection

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

(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? (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? (3) Has the company established and implemented a risk management and firewall mechanism with its affiliates? (4) Has the company formulated internal norms and regulations that prohibit insiders from using non-public information on the market to conduct security transactions?	✓ ✓ ✓ ✓		(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. (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. (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 (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

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

Assessment items	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
<p>3. Composition and Responsibilities of Board of Directors Meeting</p> <p>(1) In terms of its member composition, did the Board of Directors Meeting establish diversity policy, specific management objective and execute them truthfully without fail?</p> <p>(2) In addition to the Company’s establishment of Salary and Compensation Committee and Audit Committee in accordance with laws, does the Company voluntarily establish other committees with various functions?</p> <p>(3) Does the Company establish performance assessment guidelines and assessment measures for Board of Directors Meeting and conduct regular performance assessments each year? And if the Company submits performance assessment result to Board of Directors Meeting and uses such results for references on individual director’s salary and compensation as well subsequent nomination for next tenure?</p> <p>(4) Does the Company conduct regular assessment on CPA’s independence?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company’s current Board of Directors Meeting is composed of 11 directors which include 7 managing directors, 1 non-executive director and 3 independent directors. Diversified guidelines on the composition of members has already been established and therefore these directors come with expertise and backgrounds in industry, finance, accounting and management. (Please refer to P28 for details on director diversification.)</p> <p>(2) The Company hasn’t established other committees with various functions. Board of Directors Meeting will authorize installation of such committees if needed.</p> <p>(3) The Company’s Board of Directors Meeting complies with related regulations such as Regulations Governing Procedure for Board of Directors Meeting of Public Companies, and established Assessment Guideline and Assessment Measures for Board of Directors Meeting’s performance on May 6, 2020 and later amended this guideline on May 6, 2021. Assessment result for 2021 has already been submitted to Board of Directors Meeting during Board of Directors Meeting held on March 16, 2022.</p> <p>(4) The Company’s Board of Directors Meeting conducts assessment over CPA’s independence at least once every year. In addition to obtaining independence statement issued by CPA, the Company also verifies that there is no financial interest or business relationship between CPA</p>	<p>No major deviations</p> <p>The Company hasn’t established other committees with various functions.</p> <p>No major deviations</p> <p>No major deviations</p>

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

Assessment items	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
			and the Company other than expenses incurred from financial statement certification and tax cases. Family members of CPA also comply with independence requirements. Consequently, Audit Committee meeting dated November 4, 2021 and Board of Directors Meeting dated November 4, 2021 reviewed and approved that CPA Ji-Yuan Chen and CPA Yao-Lin Chung Huang from Deloitte Taiwan had both met with independence assessment standards. (Please refer to Note 1 for details of assessment on CPA’s independence.)	
4. Does a public company/OTC company assign competent and appropriate number of corporate governance personnel, and assign corporate governance head for responsibilities of corporate governance related matters (including but not limited to providing director, supervisor with information needed for business execution, assisting director and supervisor in regulation compliance, conducting related matters on Board of Directors Meeting and Shareholder’s Meeting in accordance with laws and regulations, or preparing meeting minutes for Board of Directors Meeting and Shareholder’s Meeting)?	✓		The Company’s Board of Directors Meeting passed a resolution on August 8, 2019 to designate Assistant Vice President Su-Gan Jiang as the Head of Corporate Governance to protect shareholders’ rights and enhance Board of Directors Meeting’s competence. Assistant Vice President Su-Gan Jiang has more than 3 years of experience in shareholders’ affair and supervisor duty for Board of Directors Meeting in a public company, and he is also a certified accountant for accounting practices. Currently, the Company has established 2 staffs for corporate governance. Main responsibilities for Head of Corporate Governance are, as required by laws and regulations, to work on related matters of Board of Directors Meeting and Shareholder’s Meeting, prepare meeting minutes for Board of Directors Meeting and Shareholder’s Meeting, assist directors (including independent directors) to assume their posts and continue to learn, provide directors and supervisors with materials needed for their execution of business and assist directors (including independent directors) to comply with laws and regulations, and so on.	No major deviations

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

Assessment items	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”																															
	Y	N	Brief description																																
			<table border="1"> <thead> <tr> <th>Name</th> <th>Date of Learning</th> <th>Hours of Learning</th> <th>Organizing Unit</th> <th>Name of Course</th> </tr> </thead> <tbody> <tr> <td></td> <td>2021.01.14</td> <td>3.0</td> <td>Taiwan Association of Board Governance</td> <td>Strategies for Shareholder’s Meeting, management rights and equities rights</td> </tr> <tr> <td rowspan="5">Chiang, Su-Kan</td> <td>2021.01.21</td> <td>3.0</td> <td>Taiwan Stock Exchange</td> <td>First Public Company Independent Director Competence Promotion Meeting</td> </tr> <tr> <td>2021.01.28</td> <td>3.0</td> <td>Taiwan Association of Board Governance</td> <td>Regulations for Corporate Governance and Securities</td> </tr> <tr> <td>2021.11.03</td> <td>3.0</td> <td>Securities & Futures Institute</td> <td>2021 Insider Trade Prevention Meeting</td> </tr> <tr> <td>2021.12.15</td> <td>3.0</td> <td>Taiwan Corporate Governance</td> <td>Interpretation of Focal Points for New Version of</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name	Date of Learning	Hours of Learning	Organizing Unit	Name of Course		2021.01.14	3.0	Taiwan Association of Board Governance	Strategies for Shareholder’s Meeting, management rights and equities rights	Chiang, Su-Kan	2021.01.21	3.0	Taiwan Stock Exchange	First Public Company Independent Director Competence Promotion Meeting	2021.01.28	3.0	Taiwan Association of Board Governance	Regulations for Corporate Governance and Securities	2021.11.03	3.0	Securities & Futures Institute	2021 Insider Trade Prevention Meeting	2021.12.15	3.0	Taiwan Corporate Governance	Interpretation of Focal Points for New Version of					
Name	Date of Learning	Hours of Learning	Organizing Unit	Name of Course																															
	2021.01.14	3.0	Taiwan Association of Board Governance	Strategies for Shareholder’s Meeting, management rights and equities rights																															
Chiang, Su-Kan	2021.01.21	3.0	Taiwan Stock Exchange	First Public Company Independent Director Competence Promotion Meeting																															
	2021.01.28	3.0	Taiwan Association of Board Governance	Regulations for Corporate Governance and Securities																															
	2021.11.03	3.0	Securities & Futures Institute	2021 Insider Trade Prevention Meeting																															
	2021.12.15	3.0	Taiwan Corporate Governance	Interpretation of Focal Points for New Version of																															

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

Assessment items	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
			ce Associati on Corporate Governance and Regulation Compliance	
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	✓		(2) The company has already established a spokesperson and deputy spokesperson position as well as a Chinese-language website. Finance, business, and corporate	No major deviations

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

Assessment items	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”																
	Y	N	Brief description																	
dedicated personnel in charge of handling information collection and disclosure, implementation of a spokesperson system, webcasting of investor conferences)? (3) Did the Company make public announcement and report its annual financial statements within two months after the end of fiscal year, and make an advance public announcement and report financial statements for Q1, Q2 and Q3 as well as operation status for respective months prior to deadlines required by laws?	✓		governance related information have been made available and investor conference related announcements are handled in accordance with regulations prescribed by the Taiwan Stock Exchange. (3) The Company has already reported its annual financial statements before deadlines prescribed by laws, and has made public announcements and reports on Q1, Q2 and Q3 financial statements as well as operation status for respective months prior to deadlines prescribed by laws.	No major deviations																
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):	✓		(1) Director’s continued learning: The Company has already arranged learning courses for all directors. Details of continued learning for 2021 are as follows: <table border="1" data-bbox="987 938 1778 1439"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Training course date</th> <th>Hours</th> <th>Organizer</th> <th>Course title</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Independent director</td> <td rowspan="2">Wei, Chia-Min</td> <td>2021/09/01</td> <td>3.0</td> <td>Financial Supervisory Commission</td> <td>“The 13th Taipei Corporate Governance Forum” Morning Session</td> </tr> <tr> <td>2021/09/01</td> <td>3.0</td> <td>Financial Supervisory Commission</td> <td>“The 13th Taipei Corporate Governance Forum”</td> </tr> </tbody> </table>	Title	Name	Training course date	Hours	Organizer	Course title	Independent director	Wei, Chia-Min	2021/09/01	3.0	Financial Supervisory Commission	“The 13th Taipei Corporate Governance Forum” Morning Session	2021/09/01	3.0	Financial Supervisory Commission	“The 13th Taipei Corporate Governance Forum”	No major deviations
Title	Name	Training course date	Hours	Organizer	Course title															
Independent director	Wei, Chia-Min	2021/09/01	3.0	Financial Supervisory Commission	“The 13th Taipei Corporate Governance Forum” Morning Session															
		2021/09/01	3.0	Financial Supervisory Commission	“The 13th Taipei Corporate Governance Forum”															

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

Assessment items	Implementation Status						Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”	
	Y	N	Brief description					
							Afternoon Session	
			Indep endent direct or	Chang, De-Wen	2021/1 2/15	3.0	Taiwan Corporate Governance Association	Interpretation of Focal Points for New Version of Corporate Governance and Regulation Compliance
					2021/1 2/15	3.0	Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19
					2021/0 9/01	3.0	Financial Supervisory Commission	“The 13th Taipei Corporate Governance Forum” Morning Session
					2021/0 9/01	3.0	Financial Supervisory Commission	“The 13th Taipei Corporate Governance Forum” Afternoon

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

Assessment items	Implementation Status						Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”	
	Y	N	Brief description					
							Session	
			Indep endent direct or	Chen, Tien- Wen	2021/1 0/07	3.0	Securities & Futures Institute	Case Study on Insider Trade
					2021/0 9/01	3.0	Securities & Futures Institute	Value of Data Security in Post Pandemic Era and China-US Trade War
			Direct or	Chang, Hsien- Ming	2021/1 2/15	3.0	Taiwan Corporate Governance Association	Interpretation of Focal Points for New Version of Corporate Governance and Regulation Compliance
					2021/1 2/15	3.0	Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19
			Direct or	Tsai, Su-Ken	2021/1 2/15	3.0	Taiwan Corporate Governance	Interpretation of Focal Points for New Version of

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

Assessment items	Implementation Status			Brief description	Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”	
	Y	N				
				Association	Corporate Governance and Regulation Compliance	
				2021/1 2/15 3.0 Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19	
				2021/1 1/12 3.0 Securities & Futures Institute	2021 Insider Trade Prevention Meeting	
				2021/0 9/01 3.0 Financial Supervisory Commission	“The 13th Taipei Corporate Governance Forum” Morning Session	
				2021/0 9/01 3.0 Financial Supervisory Commission	“The 13th Taipei Corporate Governance Forum” Afternoon Session	
			Direct Huang,	2021/1 3.0 Taiwan	Interpretation of	

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

Assessment items	Implementation Status							Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”	
	Y	N	Brief description						
			or	Wen- Hung	2/15		Corporate Governance Association	Focal Points for New Version of Corporate Governance and Regulation Compliance	
					2021/1 2/15	3.0	Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19	
			Direct or	Hsu, Ching- Hsiung	2021/1 2/15	3.0	Taiwan Corporate Governance Association	Interpretation of Focal Points for New Version of Corporate Governance and Regulation Compliance	
					2021/1 2/15	3.0	Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability	

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

Assessment items	Implementation Status						Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description				
							Risk from the Perspective of COVID-19
			Direct or Tsai, Chang- Hung	2021/1 2/15	3.0	Taiwan Corporate Governance Association	Interpretation of Focal Points for New Version of Corporate Governance and Regulation Compliance
						2021/1 2/15	3.0
			Direct or Li, Yi- Tsang	2021/1 2/15	3.0	Taiwan Corporate Governance Association	Interpretation of Focal Points for New Version of Corporate Governance and Regulation Compliance
						2021/1 2/15	3.0

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

Assessment items	Implementation Status			Brief description	Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”
	Y	N			
					Governance Association Governance Responding to World Sustainability Risk from the Perspective of COVID-19
				2021/12/07 3.0 Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit
				2021/04/14 3.0 Taiwan Institute of Directors	Leading the Tide and Change the World – Learning Change and Transformation from Century Old Enterprise
				2021/01/21 3.0 Taiwan Stock Exchange	First Public Company Independent Director Competence Promotion Meeting
			Director	2021/12/15 3.0 Taiwan Corporate	Interpretation of Focal Points for

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

Assessment items	Implementation Status			Brief description	Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”																							
	Y	N																										
				<table border="1"> <tr> <td></td> <td></td> <td></td> <td>Governance Association</td> <td>New Version of Corporate Governance and Regulation Compliance</td> </tr> <tr> <td></td> <td></td> <td>Chang, Chun-Chi</td> <td>2021/12/15 3.0 Taiwan Corporate Governance Association</td> <td>Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19</td> </tr> <tr> <td></td> <td></td> <td rowspan="3">Representative of Legal Person Director Wu, Su-Chiu</td> <td>2021/12/15 3.0 Taiwan Corporate Governance Association</td> <td>Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19</td> </tr> <tr> <td></td> <td></td> <td>2021/11/03 3.0 Securities & Futures Institute</td> <td>2021 Insider Trade Prevention Meeting</td> </tr> <tr> <td></td> <td></td> <td>2021/10/01 3.0 Taiwan Corporate</td> <td>Exemplar Practice Analysis</td> </tr> </table>				Governance Association	New Version of Corporate Governance and Regulation Compliance			Chang, Chun-Chi	2021/12/15 3.0 Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19			Representative of Legal Person Director Wu, Su-Chiu	2021/12/15 3.0 Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19			2021/11/03 3.0 Securities & Futures Institute	2021 Insider Trade Prevention Meeting			2021/10/01 3.0 Taiwan Corporate	Exemplar Practice Analysis	
			Governance Association	New Version of Corporate Governance and Regulation Compliance																								
		Chang, Chun-Chi	2021/12/15 3.0 Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19																								
		Representative of Legal Person Director Wu, Su-Chiu	2021/12/15 3.0 Taiwan Corporate Governance Association	Business Strategy and Corporate Governance Responding to World Sustainability Risk from the Perspective of COVID-19																								
			2021/11/03 3.0 Securities & Futures Institute	2021 Insider Trade Prevention Meeting																								
			2021/10/01 3.0 Taiwan Corporate	Exemplar Practice Analysis																								

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

Assessment items	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”										
	Y	N	Brief description											
			<table border="1"> <tr> <td></td> <td></td> <td></td> <td>Governance Association</td> <td>on Corporate Social Responsibility (CSR, ESG) of Corporate Governance Assessment</td> </tr> <tr> <td></td> <td></td> <td>2021/04/20</td> <td>3.0</td> <td>Taiwan Corporate Governance Association</td> </tr> </table>				Governance Association	on Corporate Social Responsibility (CSR, ESG) of Corporate Governance Assessment			2021/04/20	3.0	Taiwan Corporate Governance Association	
			Governance Association	on Corporate Social Responsibility (CSR, ESG) of Corporate Governance Assessment										
		2021/04/20	3.0	Taiwan Corporate Governance Association										
			<p>(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.</p> <p>(3) Purchase of liability insurance for directors and supervisors: The company has purchased liability insurance for all directors</p> <p>(4) Investor relations, supplier relations, rights of stakeholders: The company has established a</p>											

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

Assessment items	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
			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 channels with banks, suppliers, and stakeholders.	
<p>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)</p> <p>(1). Rectifications already made: English version handbook and meeting supplementary materials had already been uploaded 30 days prior to the holding of Regular Shareholder’s Meeting.</p> <p>(2). First Priority Enhancement Items and Measures:</p> <ol style="list-style-type: none"> 1. Sourcing appropriate candidate for General Manager so that Chairman of the Board will not also assume the post of General Manager. 2. One more seat of independent director will be added for next re-election. 				

Note 1: 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

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

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

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

(4) Operation of Remuneration Committee

1. Information for Members of Remuneration Committee

Qualification Name	Professional Qualification & Experience	Status of Independence	Number of Publicly Listed Companies Where This Director is Also a Member of Remuneration Committee
Independent Director Wei, Chia-Min	<p><u>Education</u> Ph. D., Dept. of Resource Energy, National Cheng Kung University</p> <p><u>Experience</u> Previously Vice President, Metal Industries Research and Development Center, with machinery industry expertise and years of industry operation and management experience.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not assume posts of director, supervisor or employee in the Company or its affiliated business. 2. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not own the Company's shares either under his/her/their own name(s) or other's name. 3. The director himself or herself does not assume posts of a director or an employee in a company having specific relationship with the Company. 4. The director himself or herself did not offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years. 	1
Independent Director Chen, Tien-Wen	<p><u>Education</u> MBA, University of Southern California</p> <p><u>Experience</u> Chairman of the Board, Chia Shih Construction Co., Ltd. with years of experience in finance, banking, securities and operation management.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not assume posts of director, supervisor or employee in the Company or its affiliated business. 2. The director himself or herself holds 33,347 shares of the Company. His or her spouse or relatives within second degree of kinship does not or do not own the Company's shares either under his/her/their own name(s) or other's name. 3. The director himself or herself does not assume posts of a director or an employee in a company having specific relationship with the Company. 4. The director himself or herself did not 	2

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

Qualification on Name	Professional Qualification & Experience	Status of Independence	Number of Publicly Listed Companies Where This Director is Also a Member of Remuneration Committee
		offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years.	
Independent Director Chang, De-Wen (Convener)	<p><u>Education</u> Dept. of Business Administration, National Taiwan University</p> <p><u>Experience</u> President, You Shih CPA Firm, with CPA qualification and years of experience in accounting, finance and operation management.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not assume posts of director, supervisor or employee in the Company or its affiliated business. 2. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not own the Company's shares either under his/her/their own name(s) or other's name. 3. The director himself or herself does not assume posts of a director or an employee in a company having specific relationship with the Company. 4. The director himself or herself did not offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years. 	0

Note: The Company's Remuneration Committee is composed of all independent directors.

Please refer to p.12 to p.14 of Annual Report for details of their professional qualification, experience and independence.

1. 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
2. Operations of the remuneration committee

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

- (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 2 committee meetings (A) were convened in the most recent fiscal year (2021).

Member qualifications and attendance records are as follows:

Title	Name	Attendance in person (B)	By proxy (C)	Attendance rate (%) 【B/A】	Remarks
Convener	Chang, Cheng-Lung	0	1	0%	Passed away on April 1, 2021.
Committee member	Chen, Ching-Hung	2	0	100%	
Committee member	Wei, Chia-Min	2	0	100%	
Committee member	Chen, Tien-Wen	1	0	100%	Elected during shareholders' meeting dated July 30, 2021

Other items to be recorded:

Date of Meeting	Contents of Proposals	Opinions from Remuneration Committee	Company's Response to Remuneration Committee's Opinion	Resolution Result
2021.03.16	<ol style="list-style-type: none"> 1. Recognition of the Company's 2020 year-end bonus for managers. 2. Discussion of the Company's 2020 Distribution Proposal for Director Compensation and Employee Compensation. 3. Recognition of the Company's monthly regular salary for managers. 	None	Proposals were passed under all attending commissioners' unanimous approval.	Proposals were submitted to the Board of Directors Meeting and were passed under all attending directors' unanimous approval.
2021.08.19	<ol style="list-style-type: none"> 1. Recognition of Compensation and Travel Expense for New Directors. 2. Recognition of the Company's 2021 Manager Routine Salary Adjustment. 	None		

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

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

(e) Execution of Sustainable Development Promotion, and Differences with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
1. Does the Company establish structures to promote sustainable development and establish full-time (part-time) unit responsible for promoting sustainable development? Does Board of Directors Meeting authorize and supervise senior management over management of these issues?	√		The Company has already established “Sustainable Development Practice Principles.” Multiple mid-level and senior management heads from different fields jointly examined the Company’s core operation capability and took responsibility in proposing and executing sustainable policy, system or related management guidelines and specific promotion plans, while at the same keeping track of execution performance. Board of Directors Meeting routinely reviews management team’s report and provides recommendations when appropriate.	No Material Difference
2. Has the Company conducted assessments over risks related to the Company operation’s environmental, social and corporate governance issues, and established related risk management policy or strategy accordingly?	√		The Company takes precautionary measures in accordance with internal control related requirements to principally reduce losses incurred from risks, and regularly conducts identification, assessment, managing and monitoring over potential risk that may impact the Company’s fulfillment of goals, and routinely tracks and integrates into respective unit’s daily operation. Risk assessments over environmental, social and corporate governance issues related to the Company’s operation are conducted in accordance with principle of materiality, and related risk management policies or strategies are established accordingly.	No Material Difference

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

Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences											
	Yes	No													
<p>3. Environmental Issues</p> <p>(1) Has the Company established appropriate environment management systems in accordance with industry characteristics?</p>	√		<p>(1) The Company is always dedicated to environmental protection and energy saving, and fulfills its corporate responsibility on environmental protection as well as establishes pollution prevention equipment as required by laws and regulations. Respective subsidiaries of the Company have all passed ISO14001 certification and have fulfilled their environmental protection specifically in the fields of environmental management projects, pollution prevention and reduction of garbage hoping to make contributions to global environmental protection. In the meantime, management units of respective factories are responsible for establishing designated personnel on air pollution, waste water and wastes for the purpose of managing environmental protection related businesses and compliance with laws and regulations. ISO 14001 expirations for respective factories range from September 2022 to September 2024.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Name of Company</th> <th style="width: 50%;">ISO14001 Environment Certificate Expiration Dates</th> </tr> </thead> <tbody> <tr> <td>Jiangsu Bright Steel</td> <td>2020.06.23~2023.07.05</td> </tr> <tr> <td>Shanghai No.1 Machine Tool Foundry</td> <td>2019.09.29~2022.09.28</td> </tr> <tr> <td>Ningbo Yeong Shang</td> <td>2020.07.06~2024.02.10</td> </tr> <tr> <td>Dongguan Mould</td> <td>2021.09.10~2024.09.10</td> </tr> </tbody> </table>	Name of Company	ISO14001 Environment Certificate Expiration Dates	Jiangsu Bright Steel	2020.06.23~2023.07.05	Shanghai No.1 Machine Tool Foundry	2019.09.29~2022.09.28	Ningbo Yeong Shang	2020.07.06~2024.02.10	Dongguan Mould	2021.09.10~2024.09.10	No Difference	Material
Name of Company	ISO14001 Environment Certificate Expiration Dates														
Jiangsu Bright Steel	2020.06.23~2023.07.05														
Shanghai No.1 Machine Tool Foundry	2019.09.29~2022.09.28														
Ningbo Yeong Shang	2020.07.06~2024.02.10														
Dongguan Mould	2021.09.10~2024.09.10														

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

Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Differences				
	Yes	No	Summarized Explanation					
			<table border="1"> <tr> <td>Factory</td> <td></td> </tr> <tr> <td>Ningbo Lu Lin</td> <td>2021.08.18~2024.06.16</td> </tr> </table>	Factory		Ningbo Lu Lin	2021.08.18~2024.06.16	
Factory								
Ningbo Lu Lin	2021.08.18~2024.06.16							
(2) Is the Company dedicated to enhancing utilization efficiency for various resources, and utilizing recycled materials with low impact to environment?	√		(2) The Company established management system over energy utilization efficiency and utilization and passed ISO5001 energy management system. The Company is dedicated to utilization efficiency of various resources and conducts management and recycling over reusable resources during production process.	No Material Difference				
(3) Does the Company assess corporate's current and future potential risks and opportunities from climate change, and adopt measures responding to climate related issues?	√		(3) The Company includes greenhouse gas emission reduction issue into risk management program, and continues to assess potential risks and opportunities from climate change to the Company, and aggressively promotes management programs on energy saving and carbon reduction, reduction of greenhouse gas emission, enhancement of energy efficiency and reduction of water usage and other wastes.	No Material Difference				
(4) Has the Company calculated greenhouse gas emission amount, water utilization amount and total weight of wastes, and established policies for energy saving and carbon reduction, reduction in greenhouse emission and water utilization or management over other wastes?	√		(4) The Company has always paid attention to energy saving and carbon reduction for the purpose of saving power consumption in offices and production units. In the event of hazardous wastes, local environmental protection departments where enterprises are located will be reported. Each year, corresponding goals for industrial water utilization and power consumption will be established, and monthly statistics are	No Material Difference				

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

Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences										
	Yes	No	Summarized Explanation											
			<p>made accordingly in order to verify target fulfillment status and ensure gradual realization of energy saving and carbon reduction as well as reduction in greenhouse gas emission. ISO150001 Energy Certificate expiration dates for respective factories range from May, 2022 to January, 2024.</p> <table border="1"> <thead> <tr> <th>Name of Company</th> <th>ISO50001 Energy Certificate Expiration Dates</th> </tr> </thead> <tbody> <tr> <td>Jiangsu Bright Steel</td> <td>2020.08.05~2022.05.26</td> </tr> <tr> <td>Shanghai No.1 Machine Tool Foundry</td> <td>2019.11.06~2022.11.05</td> </tr> <tr> <td>Ningbo Yeong Shang</td> <td>2021.01.28~2024.01.21</td> </tr> <tr> <td>Ningbo Lu Lin</td> <td>2020.12.25~2023.12.24</td> </tr> </tbody> </table>	Name of Company	ISO50001 Energy Certificate Expiration Dates	Jiangsu Bright Steel	2020.08.05~2022.05.26	Shanghai No.1 Machine Tool Foundry	2019.11.06~2022.11.05	Ningbo Yeong Shang	2021.01.28~2024.01.21	Ningbo Lu Lin	2020.12.25~2023.12.24	
Name of Company	ISO50001 Energy Certificate Expiration Dates													
Jiangsu Bright Steel	2020.08.05~2022.05.26													
Shanghai No.1 Machine Tool Foundry	2019.11.06~2022.11.05													
Ningbo Yeong Shang	2021.01.28~2024.01.21													
Ningbo Lu Lin	2020.12.25~2023.12.24													
<p>4. Social Issues</p> <p>(1) Does the Company establish related management policies and programs in accordance with related laws and regulations and International Bill of Human Rights?</p>	√		<p>(1) The Company complies with related labor laws and regulations in establishing various management systems and guidelines such as personnel management guidelines and employee work rules to protect employee's legitimate rights. The Company also complied with Labor Standards Acts in Taiwan and China in its labor protection measures such as appropriation of labor medical insurance (health insurance), labor fundamental pension insurance (labor retirement system), unemployment insurance (labor insurance), labor occupational injury insurance (labor insurance), birth insurance (labor insurance) and group insurance.</p>	No Material Difference										

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

Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
(2) Does the Company establish and implement reasonable employee benefit measures (including compensation, vacation and other benefits), and reflect operation performance or achievements appropriately on employee compensation?	√		(2) The Company's employee benefits measures are better than those of industry average standards. Additionally, the Company also offers year-end bonus, various allowance subsidies, full-attendance bonus and production performance bonus, and offers legal appropriations of "social insurance payment" (pension insurance, medical insurance, occupational injury insurance, unemployment insurance and birth insurance) as well as "residence deposit" in accordance with laws and regulations in China. Furthermore, the Company also offers holiday bonus, wedding and birth cash gift, regular appropriation of employee benefit as well as random events of employee travelling, meal gathering and recreation activities for the purpose of enhancing employee's physical and mental health and facilitating employee's cohesion and sense of belonging.	No Material Difference
(3) Does the Company provide safe and healthy work environments to employees and regularly conduct safety and health education to employees?	√		(3) The Company is dedicated to providing employees with a comfortable, safe and healthy work environment. In addition to providing employees with a safe and healthy work environment in accordance with related regulations on public safety and fire prevention safety for buildings, the Company also conducts employee education and training, offers regular health examination each year and provides comprehensive living and recreation facilities of employee dormitory and recreation center. To truly fulfill professional management guidelines on employee's occupational safety and health,	No Material Difference

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

Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences												
	Yes	No														
(4) Does the Company establish effective career capability development and training programs for employees?	√		<p>respective factories conducted applications for ISO45001 certification. Expiration dates for respective factories' ISO45001 Occupational Health and Safety certificate range from June of 2021 to September of 2023. The Company has already established effective career capability development and training programs for employees. Pilot program will be launched from one of the Group's subsidiaries.</p> <table border="1"> <thead> <tr> <th>Name of Company</th> <th>ISO45001 Occupational Health & Safety Certificate Expiration Dates</th> </tr> </thead> <tbody> <tr> <td>Jiangsu Bright Steel</td> <td>2020.06.23~2023.06.22</td> </tr> <tr> <td>Shanghai No.1 Machine Tool Foundry</td> <td>2019.09.29~2022.09.28</td> </tr> <tr> <td>Ningbo Yeong Shang</td> <td>2020.07.06~2023.07.16</td> </tr> <tr> <td>Dongguan Mould Factory</td> <td>2020.08.27~2023.08.26</td> </tr> <tr> <td>Ningbo Lu Lin</td> <td>2021.08.18~2024.06.16</td> </tr> </tbody> </table> <p>(4) The Company establishes annual employee training programs based on employee's responsibilities and capabilities. Through comprehensive talent training contents, new employee training, on-job-training, internal/external training, EHS education and training and management trainee training</p>	Name of Company	ISO45001 Occupational Health & Safety Certificate Expiration Dates	Jiangsu Bright Steel	2020.06.23~2023.06.22	Shanghai No.1 Machine Tool Foundry	2019.09.29~2022.09.28	Ningbo Yeong Shang	2020.07.06~2023.07.16	Dongguan Mould Factory	2020.08.27~2023.08.26	Ningbo Lu Lin	2021.08.18~2024.06.16	No Material Difference
Name of Company	ISO45001 Occupational Health & Safety Certificate Expiration Dates															
Jiangsu Bright Steel	2020.06.23~2023.06.22															
Shanghai No.1 Machine Tool Foundry	2019.09.29~2022.09.28															
Ningbo Yeong Shang	2020.07.06~2023.07.16															
Dongguan Mould Factory	2020.08.27~2023.08.26															
Ningbo Lu Lin	2021.08.18~2024.06.16															

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

Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
(5) In terms of products and services, does the Company comply with related regulations and international standards on customer's health and safety, customer confidentiality and marketing and labelling, and establish related customer protection policy and customer complaint procedures?	√		are included to provide diversified learning channels. Employees under training are under constant observation to verify if their business performance is enhanced and if training effectiveness is achieved for the purpose of obtaining efficient talent training programs. (5) In terms of products and services, the Company complies strictly with related regulations and international standards on customer's health and safety, customer confidentiality and marketing and labelling. Meanwhile, for the protection of consumer's rights, the Company has already established related sales management and customer complaint management procedures, and comprehensive goods return/change process as well as customer complaint channels have also been established accordingly.	No Material Difference
(6) Does the Company establish supplier management policies requesting suppliers to comply with related requirements on environmental protection, occupational safety and health or labor human rights? What about implementation of these policies?	√		(6) The Company has already established supplier control processes. Prior to entering new collaboration agreement, related materials and qualifications of suppliers will be reviewed to verify if requirements are met. Meanwhile, management agreements on environmental protection and occupational health and safety will be entered with suppliers accordingly. For suppliers fail to implement or fail to fully implement environmental protection and occupational health and safety management requirements, related measures of rectification within deadline, performance review, payment	No Material Difference

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

Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
			deduction, downgraded performance ratings, suspension or termination of collaboration will be enforced accordingly.	
5. Does the Company take references from internationally applied report preparation requirements or guidelines in its preparation of corporate social responsibility report which discloses the Company's non-financial information? Has aforementioned report obtained assurance or guarantee opinion from collaboration vendor's verification unit?		√	The Company has already established "Sustainable Development Best Practice Principles" and has actively fulfilled information openness and transparency for the purpose of realizing a corporate's commitments to society, employees and shareholders. Although the Company has yet to officially complete a comprehensive report or obtain collaboration vendors' certifications, it continues to exert its efforts in complying with related matters prescribed in Global Reporting Initiative (GRI) or guidelines.	No Material Difference
6. In the event that the Company has already established its own corporate social responsibility guidelines in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," please describe differences between its actual operations and guidelines: The Company has already established its "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies." The Company has complied with these principles accordingly and there are no material differences at current phase.				
7. Other critical information helps in understanding operations of corporate social responsibility: (1) The Company echoes community activities from time to time and actively participates in community related charity events. (2) The Company provides opinion feedback channels to employees, and holds meetings from time to time to allow personnel from respective departments of different levels to fully express their opinions and recommendations. (3) The Company established Corporate Social Responsibility Zone on company website to provide related information to investors for reference purpose.				

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

(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	
<p>1. Formulation of ethical corporate management policies and programs</p> <p>(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?</p>	√		<p>(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.</p>	No major deviations
<p>(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?</p>	√		<p>(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</p> <p>(3) The Company has included concrete directions</p>	No major deviations

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

Assessment items	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
(3) Do the programs to prevent unethical conduct 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.	No major deviations
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

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

Assessment items	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
(3) Are policies in place to prevent conflicts of interest and have appropriate appeal channels been established and implemented?	√		<p>(3) of regular reports to the board of directors. 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.</p> <p>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.</p>	No major deviations

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

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 misconduct 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

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

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 (1) 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?	√		(1) 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

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

i) Implementation of the internal control system

1. Declaration regarding the internal control system

Yeong Guan Energy Technology Group Company Limited.

Declaration regarding the internal control system

Date: March 16, 2022

Based on the results of a self-inspection, the company hereby makes the following declaration regarding the internal control system in 2021:

- 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, 2021 (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.

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

- 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 10 directors on March 16, 2022. All directors consented to the contents of this declaration as stated herein.

Yeong Guan Energy Technology
Group Company Limited.

Chairman: Signature/Seal

President: Signature/Seal

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

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 2021

- (1) Approval of the 2020 Business Report and Consolidated Financial Statement
- (2) Approval of the 2020 Earnings Distribution and Loss Make-up Proposal
Implementation status: September 4, 2021 was established as the base day and September 17, 2021 was established as distribution day. Execution has been completed following the schedule (with cash bonus of NTD1.5 per share).
- (3) Supplementary Election for the Company's Independent Directors.
Implementation status: Change of Cayman Islands registration was completed on August 23, 2021
- (4) Discussion of the Lifting of Non-Competition Restrictions for Newly Appointed Directors

Implementation status: Non-competition restriction on director Chang, De-Wen was lifted under Shareholder's Meeting approval and execution was conducted in accordance with resolution from Shareholder's Meeting.

2. Major resolutions of board meetings in 2021 up to the printing date of the annual report:

Meeting type	Date	Major resolutions
Board meeting	2021.03.16	<ol style="list-style-type: none"> 1. Recognition of the 2020 Consolidated Financial Statement 2. Recognition of the 2020 Business Report 3. Discussion of the 2020 Earnings Distribution Proposal 4. Planned release of the 2020 Internal Control Statement 5. Discussion of the amendment to the Rules of Procedure for Shareholders' Meetings 6. Discussion of the amendment to the Rules of Procedure for Board of Directors Meetings 7. Discussion of the amendment to the Procedures for Election of Directors 8. Discussion of the amendment to the Audit Committee Charter 9. Discussion of the amendment to the Codes of Ethical Conduct 10. Discussion of the amendment to the Rules Governing the Scope of Powers of Independent Directors 11. Recognition of the Company's change of head of financial and accounting 12. Recognition of the Company's change of head of internal audit 13. Discussion of the Company's intended endorsement and guarantee for its subsidiary Yeong Guan Holding Co., Ltd. 14. Discussion of the convening of the 2021 General Shareholders' Meeting
Board meeting	2021.04.21	<ol style="list-style-type: none"> 1. Discussion of the Company's supplementary election of

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

Meeting type	Date	Major resolutions
		independent director. 2. Discussion of holding the Company's 2021 Regular Shareholder's Meeting. (new proposal)
Board meeting	2021.05.06	1. Discussion of the Company's candidate list for one independent director supplementary election. 2. Discussion of the Company's change of Certified Public Accountant (CPA)
Board meeting	2021.07.14	1. Discussion of the Company's plan to re-set date and location for 2021 Shareholder's Regular Meeting.
Board meeting	2021.07.30	1. Discussion of the Company's related matters on distribution of 2020 cash bonus. 2. Proposal of commissioning members of Audit Committee. 3. Proposal of commissioning members of Remuneration Committee.
Board meeting	2021.08.19	1. Recognition of the Company's consolidated statements for Q2 of 2021.
Board meeting	2021.11.04	1. Discussion of the Company intention to change capital utilization plan from 2020 capital increase by cash through new share issuance and the 3rd issuance of unsecured convertible corporate bond in ROC, and 2015 capital increase by cash through new share issuance and the 2nd unsecured convertible corporate bond in ROC for the purpose of working with increase in factory building and purchase of machine equipment in Taichung Port.
Board meeting	2022.01.04	1. Discussion of the Company's intention to apply for 5-year syndicated loan from the credit extension banks organized by Land Bank of Taiwan. 2. Discussion of the Company's endorsement/guarantee for Yeong Guan Holdings Co., Limited Taiwan Branch (B.V.I.), a Taiwan Branch for the Company's subsidiary Yeong Guan Holdings Co., Limited. 3. Discussion of the Company's offering of capital loan to Yeong Guan Holdings Co., Limited Taiwan Branch (B.V.I.), a Taiwan Branch for the Company's subsidiary Yeong Guan Holdings Co., Limited.
Board meeting	2022.03.16	1. Recognition of the 2021 Consolidated Financial Statement 2. Recognition of the 2021 Business Report 3. Discussion of the 2021 Earnings Distribution Proposal 4. Planned release of the 2021 Internal Control Statement 5. Discussion of the amendment to the Articles of Incorporation. 6. Discussion of the amendment to the Operational Procedures for Endorsements and Guarantees. 7. Discussion of the amendment to the Processing Procedures for Acquisition or Disposal of Assets 8. Discussion of the Company's comprehensive re-election of directors (including independent directors). 9. Discussion of elimination of non-competition clause for new directors. 10. Discussion of the convening of the 2022 General Shareholders'

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

Meeting type	Date	Major resolutions
		Meeting
Board meeting	2022.05.05	1. Recognition of the Company's consolidated statements for Q1, 2022. 2. Discussion of 2022 director (including independent director) candidate list nominated by Board of Directors Meeting.

- (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:

May 9, 2022

Job Title	Name	Date of Employment	Date of Discharge	Reason for Resignation or Discharge
Vice President of Finance and Head of Finance & Accounting	Lin, Yu-Yi	2013/01/07	2021/02/17	Professional Career Planning
Executive Vice President and General Manager for Dept. of Technology	Kuo, Jui	2010/02/01	2021/03/31	Professional Career Planning
Supervisor of Internal Audit	Tsai, Ching-Wu	2012/07/01	2021/02/17	Assumption of Head of Finance and Accounting
Vice President	Huang, Wen-Hung	2015/05/11	2022/03/10	Professional Career Planning

4. Professional fees of CPAs

Unit: 1000 NTD

Name of Accounting Firm	Accountant Name	Audit Period	Audit Fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Chen, Chih-Yuan Huang, Yao-Ling	2021.01.01 ~2021.12.31	8,500	-	8,500	

- (b) Non-audit fees paid to CPAs, their accounting firms, and related businesses make up over 25% of the audit fees: NA
- (c) Audit fee for change of accounting firm and fiscal year is less than audit fee paid during the year prior to the change: The Company changed CPA in 2021 because of accounting firm's internal job rotation as required by related laws and regulations.

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

(1) Regarding Previous Accountant

Date of Change	2021/5/6		
Reason and Explanation for Change	Certified Public Accountant (CPA) was changed due to accounting firm's internal job adjustment.		
Explanation of Principal's Termination or Accountant's denial of Appointment	Circumstances	Party	Accountant
	Active Termination of Appointment		N/A
	No Further (Continued) Appointment Accepted		N/A
Opinions and Reasons for Inspection Reports Other Than Reports Without Unqualified Opinions Signed Within Last Two Years	No Occurrence of Such Incident		
Different Opinions from Issuer's?	Yes		Accounting Principles or Practices
			Disclosure of Financial Statement
			Audit Scope and Steps
			Others
	No	V	
	Explanation		
Other Disclosure Items (Contents prescribed from Item 1-4 to Item1-7 of Clause 6, Article 10 should be disclosed.)	None		

(2) Regarding Succeeding CPA

Name of Firm	Deloitte Taiwan
Names of CPA	Chen, Chih-Yuan Huang, Yao-Ling
Date of Commissioning	2021/5/6
Prior to appointment, any consulting items and results over accounting handling methods or accounting principles for specific transactions, or over potential opinions of financial statements?	N/A
Succeeding accountant's written opinions over previous accountant's unqualified opinions?	NA/

(d) Reduction of audit fees by more than 10% 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

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

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	2021		2022 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	(2,600,000)	—	—	—
Nominee shareholder appointed by chairman, president and major shareholder	DREEBY INDUSTRY CO., LIMITED	(3,522,000)	—	—	—
Vice Chairman and Spokesman	Tsai, Shu-Ken	—	—	—	—
Director and Executive Vice President	Huang, Wen-Hung	—	—	—	—
Director, Executive Vice President and President of Southern Chian Area	Hsu, Ching-Hsiung	—	—	—	—
Director and President of Eastern China Area	Tsai, Chang-Hung	—	—	—	—
Director and Chief Strategy Officer	Li, Yi-Tsang	—	—	—	—
Director and President of Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd.	Chang, Chun-Chi	5000,000	—	(76,000)	—
Director and major shareholder	PJ Asset Management Co., Ltd.	—	—	—	—
Independent director	Chang, Cheng-Lung	—	—	—	—
Independent director	Wei, Chia-Min	—	—	—	—
Independent director	Chen, Tien-Wen	—	—	—	—
Independent director	Change, De-Wen	—	—	—	—
Executive Vice President & President of Technical Division	Kuo, Jui	—	—	—	—
Executive Vice President	Fang, Cheng-Chiang	—	—	—	—
Executive Vice President	Liang, Li-Sheng	—	—	—	—
Vice President	Lin, Tai-Feng	—	—	—	—
Vice President	Huang, Ching-Chung	—	—	—	—
Vice President, Head of Finance and Accounting	Lin, Yu-Yi	—	—	—	—
President of Business Division	Liu, Han-Pang	—	—	—	—
Head of Finance and Accounting (Chief Financial Officer)	Tsai, Ching-Wu	—	—	—	—

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

Title	Name	2021		2022 up to April 19	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chief Governance Officer	Chinag, Su-Kan	—	—	—	—

Note 1: Executive Vice President Huang, Wen-Hung resigned on March 10, 2022.

Note 2: Independent director Chang, Cheng-Lung passed away on April 1, 2021.

Note 3: Mr. Chang, De-Wen was elected as the succeeding director during election of one seat of succeeding director conducted by the Shareholders' Meeting on July 30, 2021

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

Note 5: Vice President Lin, Tai-Feng retired on December 31, 2021.

Note 6: Vice President and Head of Finance and Accounting Lin, Yu-Yi resigned on February 17, 2021. Head of Audit Office Tsai, Ching-Wu succeed as Head of Finance and Accounting.

(b) Share Transfer to Related Parties: NA

Unit: Shares

Name	Reason of Transfer	Date of Transaction	Transferee	Relationship between Transferee and the company, Directors, Supervisors, and Major Shareholders	Shares	Transaction Price
Chang, Hsien-Ming	Stock grant	2021/7/6	Lee Chang, Yueh-Yun	Director's sister	500,000	0
Chang, Hsien-Ming	Stock grant	2021/7/6	Chang, Yueh-Ching	Director's sister	500,000	0
Chang, Hsien-Ming	Stock grant	2021/7/6	Chang, Yueh-Chao	Director's sister	500,000	0
Chang, Hsien-Ming	Stock grant	2021/7/6	Chang, Chun-Chi	nephew	500,000	0
Chang, Hsien-Ming	Stock grant	2021/7/6	Chang, Chih-Kai	Director's son/daughter	200,000	0
Chang, Hsien-Ming	Stock grant	2021/7/6	Chang, Hui-Chieh	Director's son/daughter	200,000	0
Chang, Hsien-Ming	Stock grant	2021/7/6	Chang, Yung-Hsueh	Director's son/daughter	200,000	0

(c) Shares pledged to related parties: NA

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

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, 2022/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	11,093,540	10.03%	3,120	0.00%	2,719,000	2.45%	Chang, Yueh-Chao	Brother and sister	
PJ Asset Management Co., Ltd. Representative: Lin, Chen-Hai	10,759,739	9.73%	-	-	-	--	-	-	
Jiayuan Investment Co., Ltd. Representative: Wu, Su-Chiu	8,675,315	7.84%	-	-	-	--	-	-	
Dreeby Industry Co., Limited Representative: Chang, Hsien-Ming	2,719,000	2.46%	-	-	-	-	Chang, Hsien-Ming	-	Nominee shareholder
Chang, Yueh-Chao	1,743,035	1.58%	-	-	-	-	Chang, Hsien-Ming	Brother and sister	
Wu, He-Chuan	1,311,000	1.19%	-	-	-	-	-	-	
Yeong Guan New Material Co., Ltd. Representative: Lee Chang, Yueh-Yun	1,273,000	1.15%	-	-	-	--	-	-	
Custody Account of JPMorgan Chase Bank -Emerging Markets Fund-Dedicated Investment Account	1,154,180	1.04%	-	-	-	--	-	-	
Tsao, Su-Jeh	1,108,000	1.00%	-	-	-	--	-	-	
Custody account of Vanguard Total International Stock Index Fund	952,217	0.86%	-	-	-	--	-	-	

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

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, 2021/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
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
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	Note	100.00	—	—	Note	100.00

Note: Limited liability company that has not issued any shares

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

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 shares1,000,000	HKD 100,000	57,822	HKD 5,782	Cash capital increase	NA	
2009.8	USD 1.51	Common shares1,000,000	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 conversion	NA	
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	NTD 1,106,175	Cash capital increase	NA	

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

2. Type of stock

April 22, 2022

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, 2022; 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	0	47	64	12,136	12,247
Number of shares	0	0	26,187,585	4,731,871	79,698,063	110,617,519
Shareholding ratio (%)	0%	0%	23.67%	4.28%	72.05%	100.00%

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

(c) Shareholding distribution status:

As of April 19, 2022; Unit: Persons; Shares; %

Shareholding classes	Number of shareholders	Number of shares	Shareholding ratio (%)
1 ~ 999	2,413	226,358	0.21%
1,000 ~ 5,000	7,659	15,084,575	13.64%
5,001 ~ 10,000	1,101	8,455,441	7.64%
10,001 ~ 15,000	340	4,310,115	3.90%
15,001 ~ 20,000	204	3,720,231	3.36%
20,001 ~ 30,000	155	3,930,576	3.55%
30,001 ~ 40,000	90	3,163,347	2.86%
40,001 ~ 50,000	77	3,603,247	3.26%
50,001 ~ 100,000	117	8,350,396	7.55%
100,001 ~ 200,000	47	6,294,382	5.69%
200,001 ~ 400,000	23	6,214,138	5.62%
400,001 ~ 600,000	6	2,934,559	2.65%
600,001 ~ 800,000	4	2,708,357	2.45%
800,001 ~ 1,000,000	2	1,784,988	1.61%
1,000,001 or more	9	39,836,809	36.01%
Total	12,247	110,617,519	100.00%

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

(d) List of Major Shareholders

As of April 19, 2022; Unit: Shares; %

Number of shares and shareholding ratio	Number of shares	Shareholding ratio (%)
Name of major shareholder		
Chang, Hsien-Ming	11,093,540	10.03%
PJ Asset Management Co., Ltd.	10,759,739	9.73%
Jiayuan Investment Co., Ltd.	8,675,315	7.84%
Dreeby Industry Co., Limited	2,719,000	2.46%
Chang, Yueh-Chao	1,743,035	1.58%
Wu, He-Chuan	1,311,000	1.19%
Yeong Guan New Material Co., Ltd.	1,273,000	1.15%
Custody Account of JPMorgan Chase Bank -Emerging Markets Fund-Dedicated Investment Account	1,154,180	1.04%
Tsao, Su-Jeh	1,108,000	1.00%
Custody account of Vanguard Total International Stock Index Fund	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	2020	2021	Up to March 31, 2022
Market price per share	Highest	110.50	92.70	69.20
	Lowest	48.20	60.10	61.90
	Average	75.35	71.86	64.30
Net worth per share	Before distribution	77.81	78.73	79.60
	After distribution	76.31	78.13	—
Earnings per share	Weighted average shares	106,683	110,618	110,618
	EPS	4.81	1.95	1.13
Dividends per share	Cash dividends	1.5	0.6	—
	Stock dividends	—	—	—
		—	—	—
	Accumulated undistributed dividends	Nil	Nil	—
Return on investment	Price-Earnings Ratio (Note 1)	15.67	36.85	—
	Price-Dividend Ratio (Note 2)	50.23	119.77	—
	Cash dividend yield rate (Note 3)	2.0%	0.8%	—

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

Note 1: $\text{Price-Earnings Ratio} = \text{Average closing price per share in the respective year} / \text{Earnings per Share}$

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

Note 3: $\text{Cash dividend yield rate} = \text{Cash dividends per share} / \text{Average closing price per share in the respective year}$

Note 4: The 2021 Earnings Distribution Proposal was approved by board resolution on March 16, 2022 and will be submitted to the shareholders' meeting for ratification on June 17, 2022

(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

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

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:

As for the 2021 Earnings Distribution Proposal, Board of Directors Meeting approved the proposal to distribute cash dividend NT\$0.6 per share on March 16th, 2022. Distribution table of related earnings is as follows:

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of the quarter	800,518,473
Plus: Disposition of equity instrument measured at fair value through other comprehensive income	6,417,750
Undistributed earnings at the beginning of the quarter	806,936,223
plus: Net income after taxes for this period	216,101,440
plus: Reversal of special reserve (Note)	45,392,701
minus: Legal reserves 10%	(21,610,144)
Distributable earnings in this fiscal year	1,046,820,220
Distribution items:	

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

Cash dividend	66,370,511
Undistributed earnings at the end of the period	980,449,709

Note: Special reserve is exchange difference in calculating offshore operation institute's financial statement and unrealized profit for financial assets measured at fair value through other comprehensive income.

(g) Impact of stock dividends proposed by this shareholders' meeting on business performance and EPS:

The 2021 Dividend Distribution Proposal was approved by board resolution on March 16, 2022. It is planned to submit it for resolution by the shareholders' meeting on June 17, 2022. Due to the fact that only cash dividends of NT\$ 0.6 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 2020 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\$ 5,541,063 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

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

- (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 2021 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**
 - (ii) **Issuance of company bonds:**

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

2. Issuance of company bonds

1. Issuance of company bonds

Type of corporate bond	3rd Issue of Domestic (ROC) Unsecured Convertible Bonds (15893 Yeong Guan III KY)	
Issue (offer) Date	September 30, 2020	
Denomination	NT\$ 100,000 each	
Place of issuance and transaction	Taipei Exchange	
Issuing price	Issued at 103.56% of par value. (Issued at premium)	
Total amount	Issued at par value of NT\$1.5 billion even; Total Amount Raised: NT\$1,553,389,000	
Interest rate	0%	
Maturity	5 years; Maturity date: September 3, 2025	
Guarantee agency	None	
Trustee	Trusts Department of Land Bank of Taiwan	
Underwriter	CTBC Securities Co., Ltd.	
Certified Lawyer	Attorney Wang, Ya-Hsien from Lee and Li Attorneys-At-Law	
CPA	Deloitte Touche Tohmatsu Limited (DTTL) Accountants Chen, Chih-Yuan and Chang, Ching-Jen	
Payback method	The Company will make one-time repayment in cash based on par value of bond at maturity of this bond.	
Outstanding principal	NT\$ 1,500,000,000	
Provisions of redemption and prepayment	Please refer to the issuance and conversion procedures.	
Restrictions	None	
Credit rating agency, credit rating date, and corporate bond rating results	None	
Other rights	Converted (exchanged or subscribed) common shares, global depository receipts, or amount of other securities.	Conversion started on April 10, 2022; no bonds have been converted yet
	Issuance and conversion (exchange or subscription) procedures	Please refer to the credit section of the market observation post system for bond issuance information
Impact of issuance and conversion, exchange and subscription methods and issuance conditions on equity dilution, possible dilution on stock equity and shareholder's equity	According to the current conversion price of NT\$ 97.4 15,400,410 shares need to be issued if all shares are to be converted to common shares. The impact on shareholders' equity is limited so far.	
Commissioned agency for exchanged object	Not applicable	

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

2. Convertible bond data

Corporate bond type		(15891) 3rd Issue of Domestic (ROC) Unsecured Convertible Bonds	
		Year	Current year until April 30, 2022
Market price of convertible bonds	Highest	2021 111.5	101
	Lowest	98	94
	Average	105.06	99.19
Conversion price		137.2	97.4
Issue (offer) date and conversion price on issue date		Issue date: September 3, 2020 Conversion price on issue date: 100	Issue date: September 3, 2020 Conversion price on issue date: 100
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:

The 2nd issue of Domestic (ROC) Unsecured Convertible Bonds was made in 2015. Total funds of NT\$ 3.35 trillion were raised through issuance of new shares for cash capital increase in the same year. It was originally planned to utilize a major portion of these funds (NT\$ 1.5 billion and 1.386182 billion, respectively) for the construction of factory buildings and purchase of machinery and equipment. Due to alternative use of the earmarked site by Taichung City Government, the Company was forced to search for a different site for this project. With a view to avoiding excessive delays of the construction project, it is planned to execute the project at a different site. The revision of the projected progress and benefits of capital utilization was approved by the board of directors on November 4, 2016. The plant construction projects of the Company are coordinated with the plan of the Ministry of Economic Affairs to establish an Offshore Wind Power Development & Assembly Industry Park in the Taichung Harbor area. However, the Company previously decided to construct a foundry and processing plant at another site by request of Taichung City Government. Despite the fact that wind power localization plans and timetables have already been finalized, the progress of plant construction at a different site

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

has been constantly delayed as a result of different factors such as the deferred definition of specifications for the installation of wind turbines in wind farm areas and the wait-and-see attitude of wind turbine system providers. The Company is actively committed to constructing the Taichung Plant in line with the timetable for wind power production localization and customer order delivery schedules. In line with the abovementioned objective environmental factors and customer order demands, the Company has therefore decided to add NT\$ 1,784,691,000 and NT\$ 557,097,000 to the remaining funds of NT\$ 341,391,000 and NT\$ 148,957,000, respectively, for the plant construction and machinery/equipment purchase plan to meet relevant capital needs of the Taichung Plant. The amendment to the capital utilization plan which stipulates appropriation of NT\$ 2,861,906,000 and NT\$ 2,366,064,000 for the construction of factory buildings and purchase of machinery, and equipment, respectively, was approved by board resolution on March 12, 2020. However, labor shortages have been caused by the rising number of positive COVID-19 cases and the raising of the COVID-19 alert to Level 3 in Taiwan in the second and third quarter of 2021 coupled with the proactive expansion of electronics industry plants in response to globalization trends in the field of production capacity deployment and the Sino-US Trade War in recent years. Due to the fact that plant construction progress was lagging behind schedule, machinery and equipment procurement was delayed accordingly. The project is still progressing according to plan, but the Company plans to modify the factory building design concept due to various factors including rising construction material costs, increasing wind turbine specifications of the Company's customers compared to the most recent modification, and reallocation of the production capacities of the plants in China. Due to the impact of rising construction costs and a trend of increasing wind turbine size, the capital requirement for construction of the Taichung plant buildings and purchase of machinery and equipment has been adjusted upward from NT\$ 2,861,906,000 and NT\$ 2,366,064,000 as specified in the original plan to NT\$ 4,815,838,000 and NT\$ 2,957,780,000. The project is scheduled to be completed in the fourth quarter of 2022.

By the first quarter of 2022, the Company originally expected expended funds for the construction of factory buildings and purchase of machinery and equipment to total NT\$ 2,367,112,000 and 2,413,777,000. The projected cumulative progress in these two areas was 54.76% and 81.61%, respectively. Cumulative expended funds and progress were expected to reach NT\$ 5,050,889,000 and 64.97%, respectively. Actual expended funds amount to NT\$ 3,169,000,000 and NT\$ 2,286,419,000, respectively, while actual cumulative progress in these two areas is 65.80% and 77.30%, respectively. Total invested funds and cumulative progress equal NT\$ 5,455,419,000 and 70.18%, respectively. Plant construction progress is slightly ahead of schedule, which can mainly be attributed to customer order demand planning. Payment progress for purchased machinery and equipment, on the other hand, is lagging slightly behind schedule due to supplier payment terms.

Total funds raised through the 3rd issue of Domestic (ROC) Unsecured Convertible Bonds and issuance of new shares for cash capital increase in 2020 amounted to NT\$ 1,953,389,000. By the first quarter of 2022, the Company had already replenished its working capital by NT\$ 649,101,000. As per the amendment to the capital utilization plan which was approved by board resolution on November 4, 2021, a total of NT\$ 4,146,398,000 and NT\$ 1,660,023,000 have been appropriated for the construction of factory buildings and the purchase of machinery and equipment, respectively, which represents an increase by NT\$ 1,953,932,000 and NT\$ 591,716,000 (a total of NT\$ 2,545,648,000) over the original plan. The total capital requirement upon amendment amounted to NT\$ 6,455,522,000. The Company plans to meet these capital needs through a bank loan and equity capital. By the first quarter of 2022, expended funds and overall progress in the field of factory building construction were originally projected to reach NT\$ 1,967,672,000 and 47.45%, respectively. Actual expended funds and progress in this area equal NT\$ 2,499,560,000 and 60.28%, respectively. In the field of machinery and equipment

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

purchase, the Company originally expected expended funds and overall progress to reach NT\$ 1,116,020,000 and 67.23%, respectively. Actual expended funds and progress in this area totaled NT\$ 988,662,000 and 59.56%, respectively. As a result of accelerated construction operations in the fourth quarter of 2021 and first quarter of 2022, actual progress in the field of plant construction is significantly ahead of projected progress. Due to the fact that machinery and equipment purchases must be coordinated with plant construction progress, actual progress in this area is lagging slightly behind projected progress. On the whole, no major anomalies have occurred. Expended funds and progress in the field of factory building construction and machinery and equipment purchases are expected to reach NT\$ 3,083,692,000 and 53.11%, respectively. Actual expended funds and progress total NT\$ 3,488,222,000 and 60.08%, respectively.

As of the printing date of this annual report, the Company does not have any uncompleted plans for issuance or private placement of securities or plans with unrealized benefits which have been completed in 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	2020		2021	
	Net sales	% of total sales	Net sales	% of total sales
Energy castings	5,562,951	67.97%	4,250,935	47.50%
Injection molding machine castings	1,144,634	13.98%	2,248,995	25.13%
Other castings	1,476,688	18.05%	2,448,281	27.37%
Total	8,184,273	100.00%	8,948,211	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

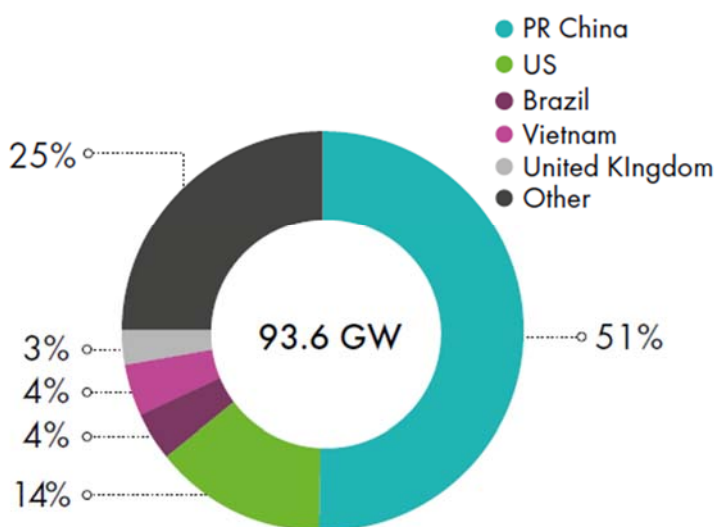
i. Industry overview and development

(1) Wind Power Industry

In 2021, newly added wind power installations amounted to 93.6 GW (grid-connected capacity) worldwide, which represents the second-highest annual increase in the history of the industry. The cumulative installed capacity has reached 837 GW (an increase by 12% YoY). Newly added onshore capacities in China and the US (30.7 GW and 12.7 GW, respectively), the two largest wind power markets in the world, have seen a slight decline. Record highs were achieved in other regions such as Europe, Latin America, Africa, and the Middle East. These regions saw growth rates of 19%, 27%, and 120% in the field of newly added onshore capacities. The newly added, grid-connected offshore capacity reached a new high of 21.1GW worldwide in 2021, which marks an over threefold increase over 2020. China outshines all other countries in this area with offshore wind power installations accounting for 80% of the global installed capacity. Due to these brilliant achievements, China has surpassed the UK as the world's top market with the highest quantity of cumulative offshore wind power installations. The total global wind power bidding volume has reached 88 GW (onshore and offshore wind power accounting for 69 GW (78%) and 19 GW, respectively). The total wind power bidding volume has increased by 153% compared to 2020.

Global new wind power capacity reached 93.6 GW in 2021. China, the US, and Brazil were the top three markets (China alone accounting for a market share of 51%). The actual rankings are illustrated in the pie chart below:

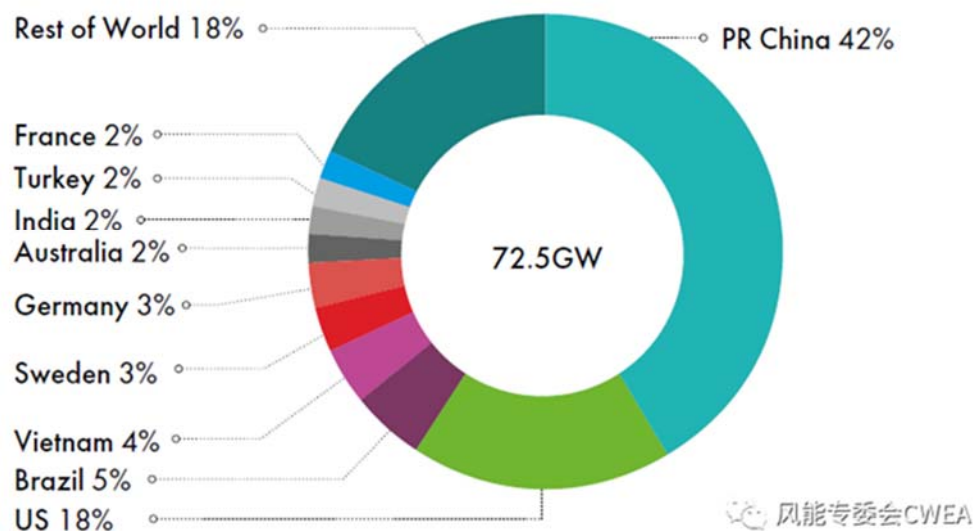
New wind power capacity in 2021 and share of top five markets
Per cent



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

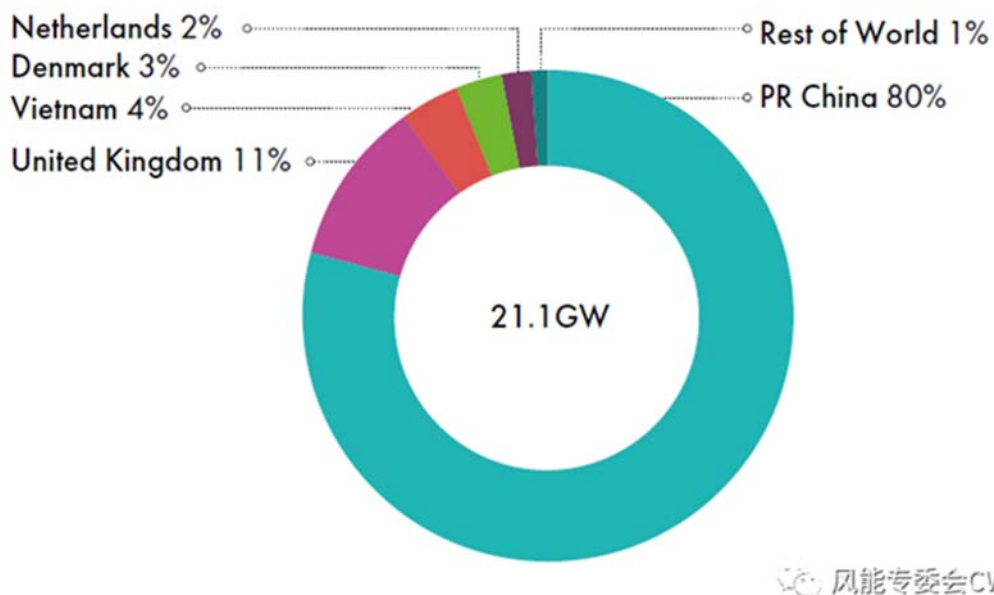
New onshore installations amounted to 72.5 GW worldwide in 2021. China, the US, and Brazil were the top three markets (China alone accounting for a market share of 42%). The actual rankings are illustrated in the pie chart below:

New installations onshore (%)



New offshore installations totaled 21.1 GW worldwide in 2021. China, the US, and Vietnam were the top three markets (China alone accounting for a market share of 80%). The actual rankings are illustrated in the pie chart below:

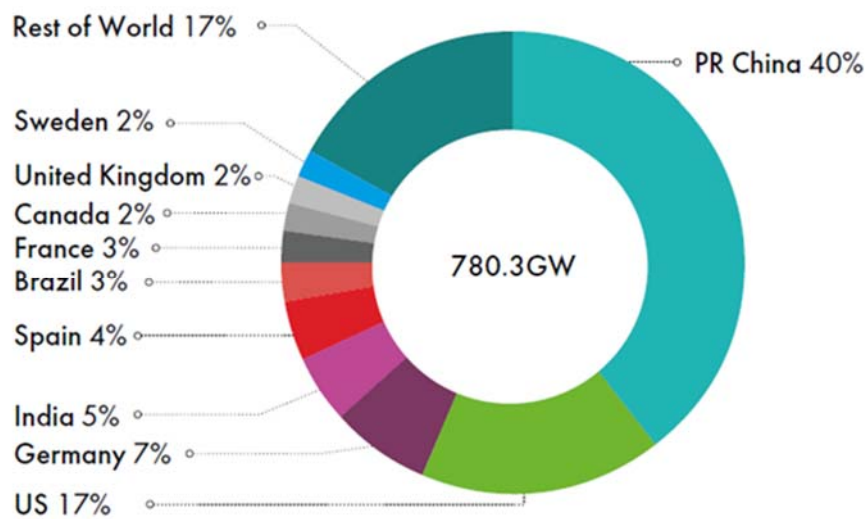
New installations offshore (%)



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

Total onshore installations of 780.3GW are distributed as follows:

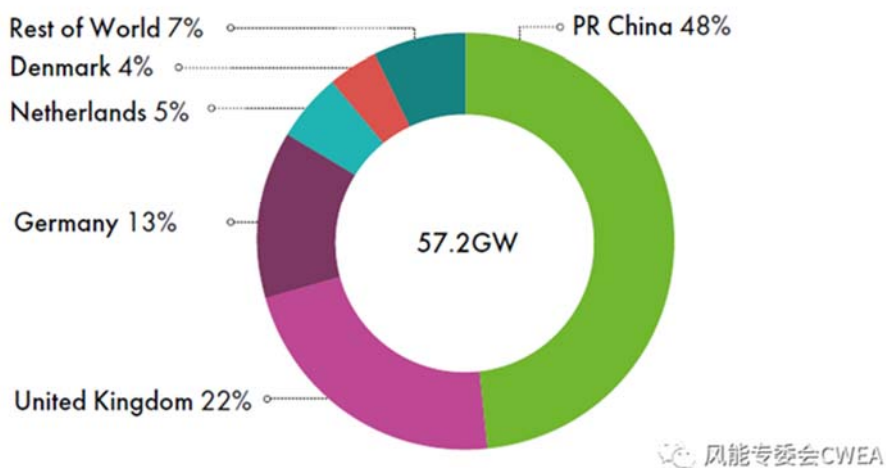
Total installations onshore (%)



Detailed data sheet available in GWEC's member only area. For definition of region see Appendix 1. 风能专委会CWEA

Total offshore installations of 57.2 GW are distributed as follows:

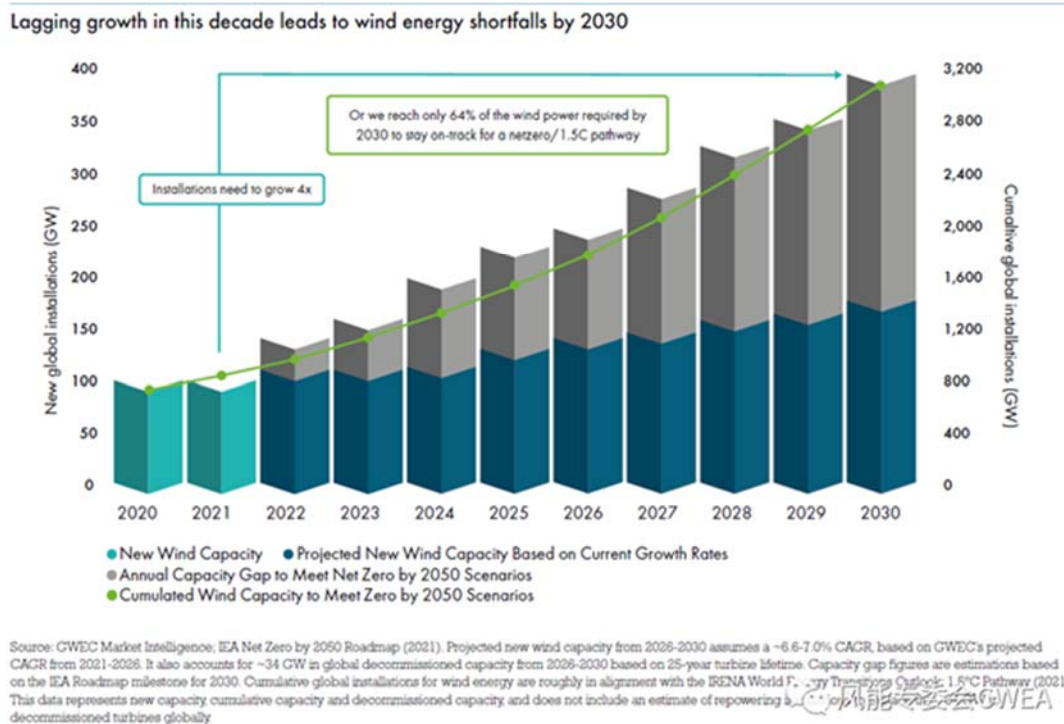
Total installations offshore (%)



风能专委会CWEA

Total wind power capacity is projected to reach 3200 GW in 2030

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



Despite the fact that 2021 marks the second year of the COVID-19 pandemic, new grid-connected wind power installations only saw a slight drop of 1.8% compared to 2020. This again demonstrates the strong resilience and the bullish outlook of the wind power industry. However, the Global Wind Report 2022 issued by the Global Wind Energy Council (GWEC) also reveals that annual new wind power capacities need to quadruple by the end of the decade (2030) if the world is to stay on-course for a 1.5C pathway until the end of the century and net zero carbon emissions by 2050.

It is expected that the global new wind capacity will reach 557 GW within the next five years (2022-2026) as a result of a CAGR of 6.6%. Despite the fact that annual new capacities have hit record highs in the past two years, the speed of wind power development is woefully inadequate to realize the goal of keeping global warming below 1.5°C and achieving net zero carbon emissions by 2050. Against this backdrop, energy policies are being constantly adjusted. New policies must promote the rapid development of wind power to realize net zero carbon emissions and guarantee energy security.

(2) Injection Molding Machine Industry

The application range of injection molding machines is very wide and includes injection molding operations in 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

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

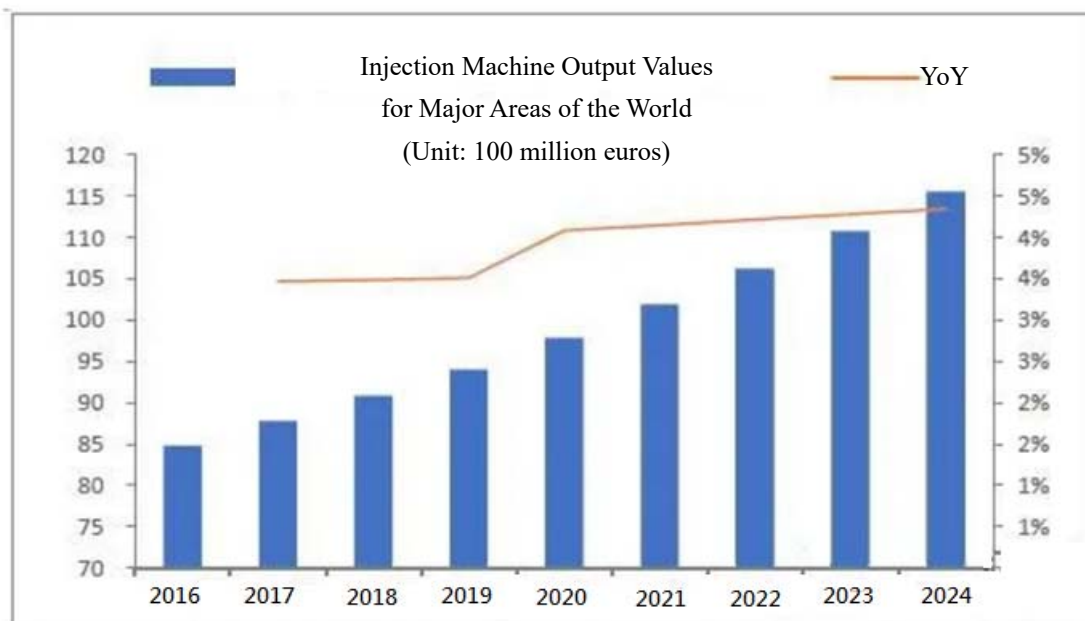
luster 2. Accuracy of dimensions and relative positions 3. Physical, chemical, and electrical properties correspond to the purpose. Quality and size requirements vary based on different usage locations.

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:

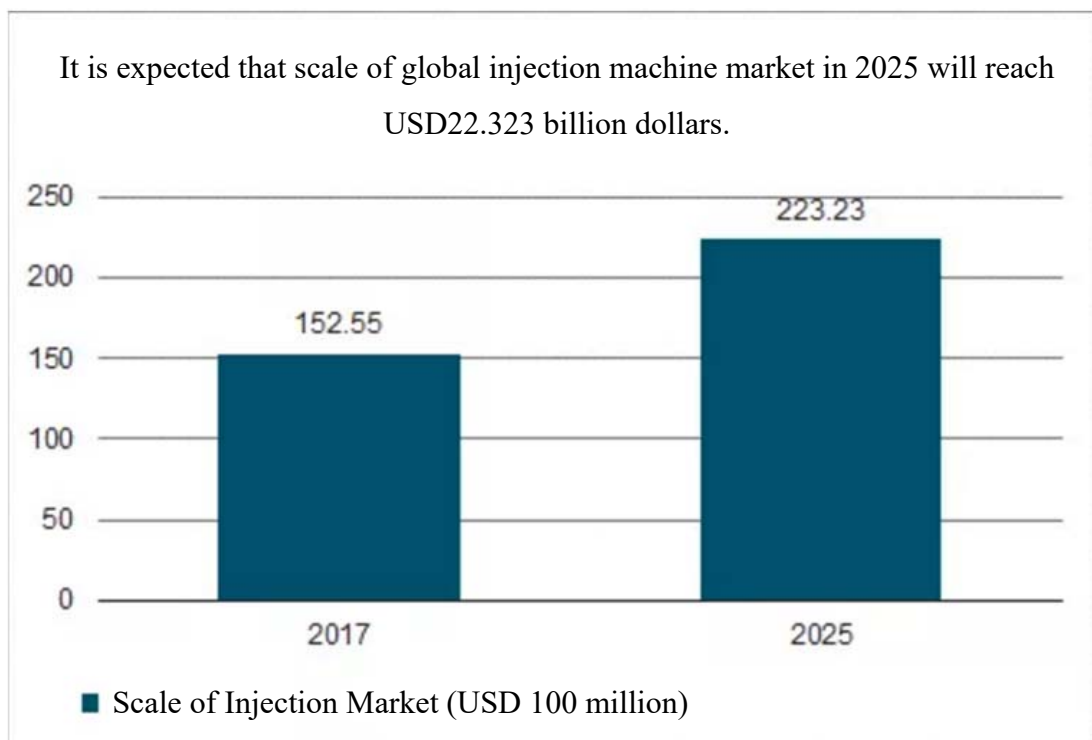
In terms of global perspective, growth in the injection machine industry is relatively stable. Global injection machine market is expected to grow steadily from 8.482 billion euros in 2016 to 11.557 billion euros in 2024, with compound annual growth rate of nearly 3.94%.



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

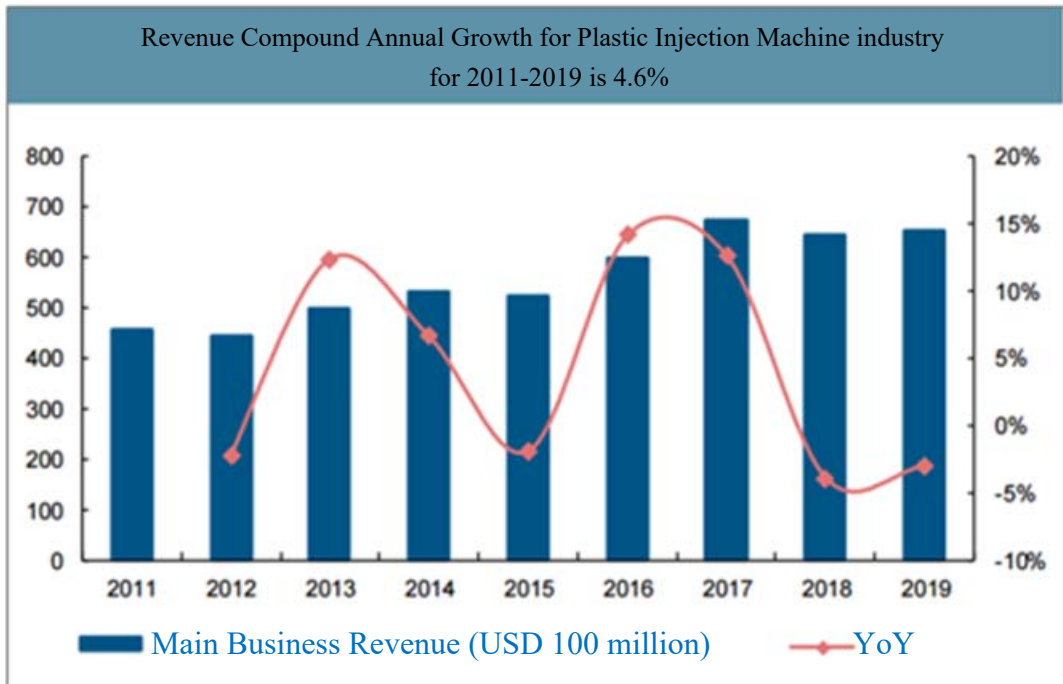
- A rising demand for lightweight and complex automotive and electronic components will further stimulate the market demand for injection molding machinery
- Constantly increasing industrialization, technological innovations, and expanding infrastructure will provide further momentum for the injection 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.



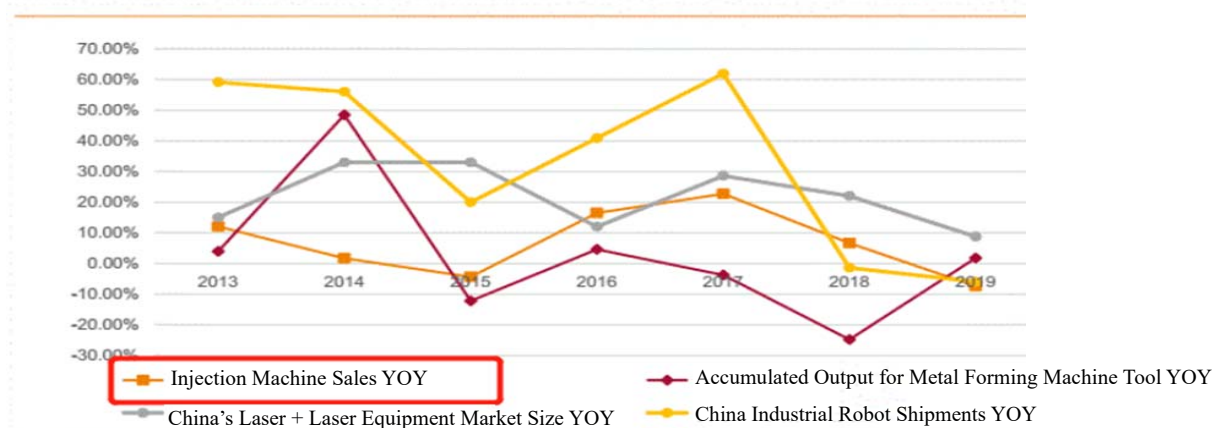
This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

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).

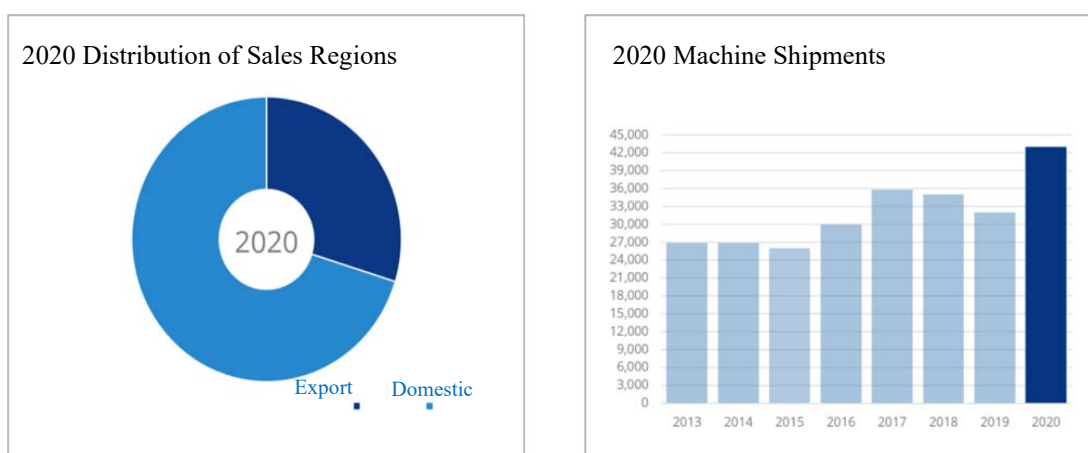
However, overall fluctuation cycles are relatively consistent. Economies for 2014 and 2017 are relatively better while economies for 2015, 2018 and 2019 are relatively worse. Automatic equipment YoY growth fitting is applicable.



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

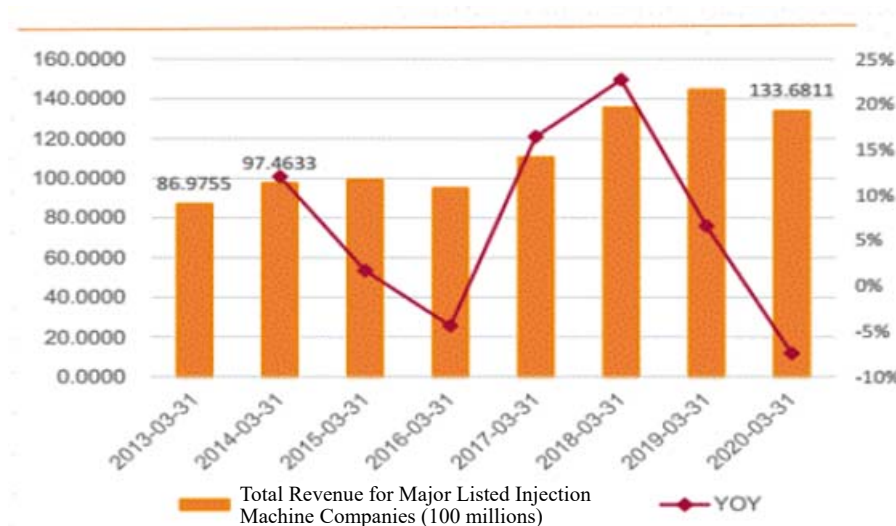
In terms of China’s domestic market, injection machine industry has formed two industry clusters in Yangtze River Delta and Pearl River Delta. For Ningbo area of Yangtze River Delta, HaiTien is the leading enterprise with more than 43,000 machines sold in 2020. It is a growth of 32.3% compared with the 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. HaiTien 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, Borsche, Tederic and L.K. belong to the second tier team.

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



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

Chart: Injection Machine Sales Revenue Over the Years



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

China's domestic injection machine enterprises are all constantly expanding their footprints in global markets and they continuously enhance their exploration of offshore markets. Percentage of HaiTien 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.

(3) Industrial machinery

The machinery industry 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.

The following current industry trends deserve special attention:

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

A. Automotive industry

In the period from January to October, automobile production and sales reached 20.587 million and 20.97 million vehicles, respectively, which represents a growth by 5.4% and 6.4% YoY. The growth rate continued to drop by 2.1 and 2.3 percentage points, respectively, compared to the period from January to September.

Compared to the same period in 2019, production and sales rose by 0.6% and 1.4%, respectively. The growth rate was 0.2 and 0.1 percentage points higher than in the period from January to September.

Automobile sales remained stable in Q4 of 2021, but the market is still affected by uncertainties on the supply side. Gradual easing of chip supply bottlenecks ensures sustained growth of the month-on-month ratio of automobile sales and production, but demand still exceeds supply. Orderly use of electricity and local epidemic hot spots have increased the risk of latent supply chain disruptions in the automotive industry. Rising electricity tariffs and constantly high raw material prices have aggravated cost pressures for large enterprises.

To sum up, automobile production and sales will be slightly higher than in the past year, but will remain below expectations.

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

Automobile Sales in October 2021

Unit: 10,000 vehicles, %

	October	Jan -Oct	MoM growth rate	YoY growth rate	YoY cumulative growth rate
Automobile	233.3	2097.0	12.8	-9.4	6.4
Passenger vehicle	200.7	1687.1	14.6	-5.0	8.8
Sedan	92.4	780.0	18.4	-2.6	8.6
MPV	11.4	83.4	18.4	-7.2	6.3
SUV	93.4	792.7	9.9	-6.8	9.5
Crossover passenger vehicle	3.5	31.1	45.9	-9.3	3.0
Commercial vehicle	32.6	409.9	2.5	-29.7	-2.5
Passenger car	3.9	41.1	-0.8	-8.8	21.6
Incomplete passenger vehicle	0.1	1.3	-25.6	-19.4	-3.7
Truck	28.7	368.8	3.0	-31.8	-4.6
Semi-trailer towing vehicle	2.2	63.3	-14.1	-69.4	-11.1
Incomplete truck	2.8	57.3	-10.9	-55.7	-3.7

New Energy Cars Sales in October 2021

Unit: 10,000 vehicles, %

	October	Jan -Oct	MoM growth rate	YoY growth rate	YoY cumulative growth rate
New energy cars	38.3	254.2	7.2	134.9	176.6
New energy passenger vehicles	36.6	241.3	7.2	142.2	189.0
Pure electric vehicles	29.8	197.9	6.3	139.4	201.0
Plug-in hybrid electric vehicle	6.7	43.4	11.2	155.5	144.5
New energy commercial vehicles	1.8	13.0	8.4	44.8	54.0
Pure electric	1.8	12.6	9.4	48.0	58.0
Plug-in hybrid electric vehicle	0.01	0.2	-6.4	-56.9	-35.6

Growth in long term needs from EU market is definite. On May 19, 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 26, 2020, French president announced an 8 billion euros car industry aid plan which

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

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.

(4) Medical Equipment

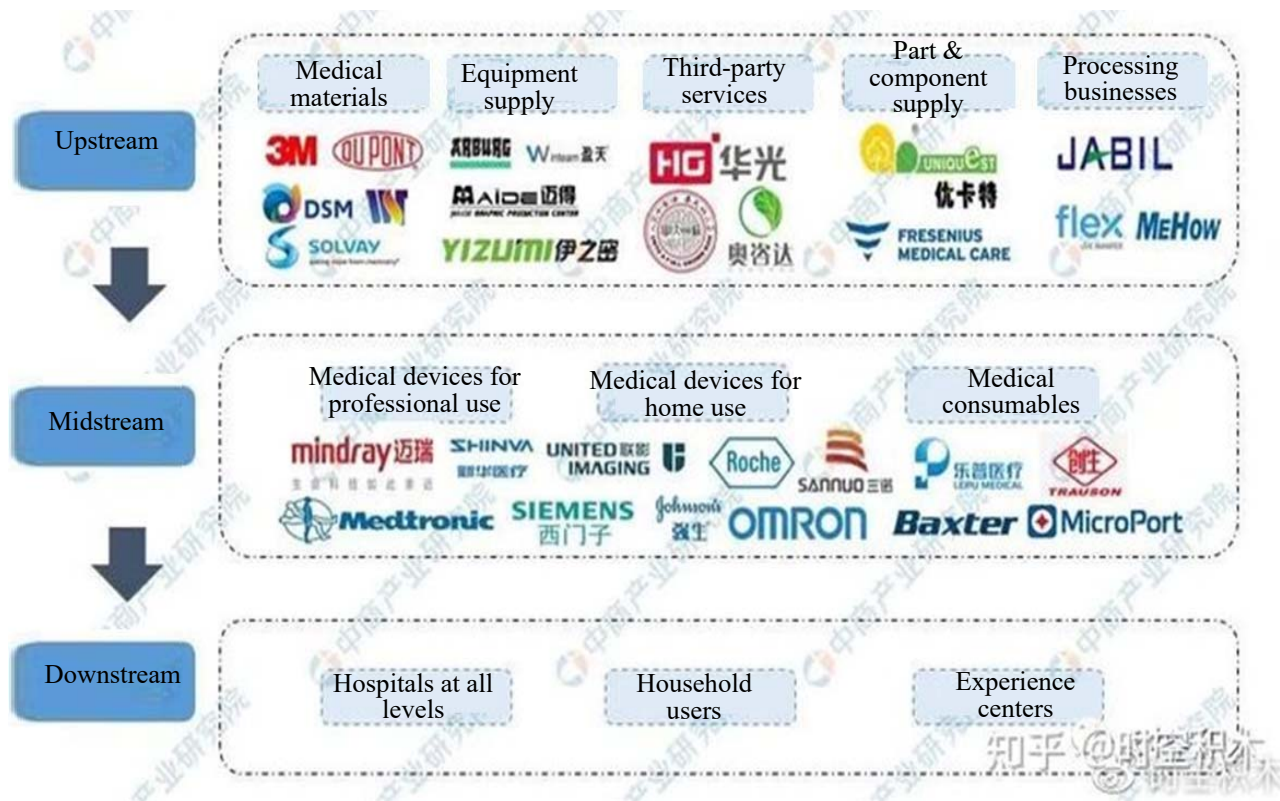
Medical device industry is an important part for respective countries' healthcare service system.

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.

Medical device industry chain

From the perspective of the industry chain, the medical device industry can be divided into three parts: Upstream parts and components manufacturing, midstream medical equipment and consumables manufacturing, downstream clinical examination and end use

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



Medical industry policies and driving forces:

1. National policy environments conducive to industry development

Between 2017 and 2018, various policies have been launched and implemented in a concentrated manner in support of national policies in the field of domestically manufactured equipment. Notable examples include the establishment of an evaluation and approval system for innovative medical devices and a MAH system. This is expected to usher in a golden decade of rapid development for the Chinese medical device industry.

2. Ongoing market expansion

Over the past five years, the Chinese medical device industry has maintained a CAGR of 15%. It is expected that the annual growth rate will remain above 10% in the next ten years.

3. New healthcare reform stimulates rapid growth in the field of mid- and low-end devices

Market increments in the fields of mid- and low-end medical consumables, POCT, and basic laboratories and increasing emphasis of medical device manufacturers and providers on standard markets are clear indicators for market changes since the adoption of the new healthcare reform. In 2018, “upgrades and replacement” and “filling of gaps” were still major trends in the primary care equipment and consumables market

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

4. Ongoing emergence of domestically manufactured devices based on endogenous innovation

In recent years, China has successively adopted policies to encourage the domestic manufacture of medical devices coupled with positive policy incentives with the ultimate goal of invigorating the domestic medical device industry and thereby stimulating swift development. It can be foreseen that a large number of domestically manufactured, innovative medical devices will hit the market within the next 3-5 years. Numerous medical practices will see significant changes due to the emergence of new technologies and products.

5. Vigorous development of medical devices for home use

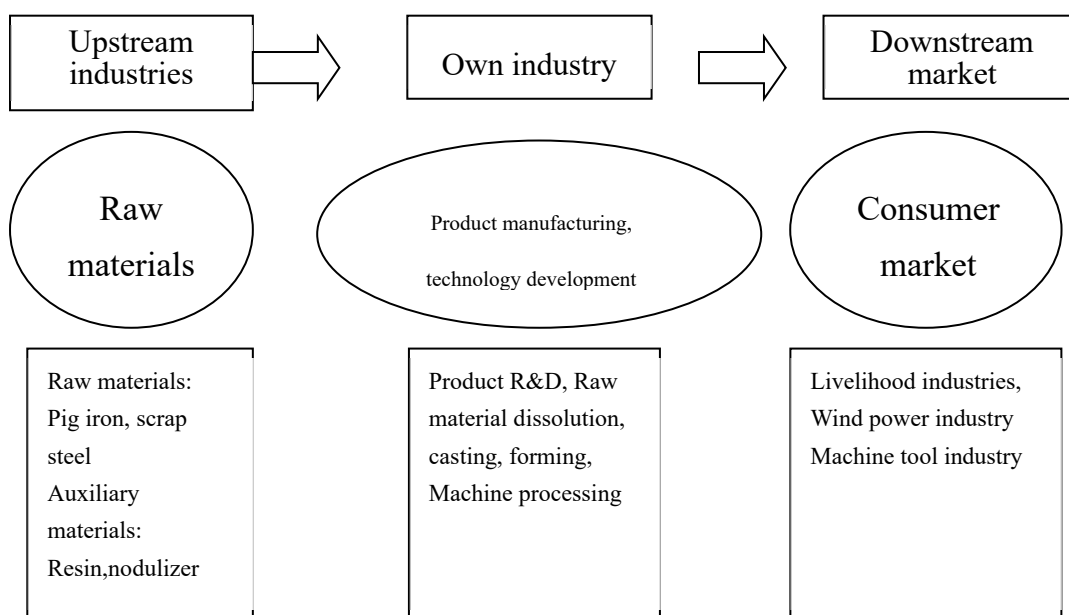
The latest data reveal that the market for home use medical devices has a size of around NT\$ 75 billion and an annual growth rate of 25%. Diagnostic monitoring instruments such as traditional blood pressure and blood glucose monitors and stethoscopes, therapeutic equipment such as personal hemodialysis devices for home use, and rehabilitation equipment such as medical beds and smart workstations perform well on the market. In addition, new types of smart Internet-based products have appeared. In 2018, the Chinese government adopted an “Internet plus Health Care” service system, which is projected to boost the development and launch of new “Internet + “-based new products.

The COVID-19 pandemic has dealt a heavy blow to the global economy. Conversely, medical devices which are bucking the trend, have emerged as the new favorite of investors starting in 2020. Relevant data shows that the global market for medical devices had a size of US\$ 477.4 billion and a YoY growth rate of 5.63% in 2020. It is expected that the market size will reach around US\$ 600 billion in 2022 with a projected CAGR of 5.6% between 2017 and 2024.

The Chinese domestic market for medical devices had a size of RMB\$ 734.1 billion and a YoY growth rate of 18.3% in 2020, which is almost four times the global rate. The Chinese medical device market now ranks a close second to the US market. It is projected that CAGR in this market will hover around 14% in the next five years and the market size will surpass a threshold of 1 trillion in 2023.

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

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. Macroeconomic, industry development, and product competition trends

(1) Wind power industry

The International Energy Agency (IEA) describes the global energy mix in its report titled “Net Zero by 2050: A Roadmap for the Global Energy Sector” as follows: Wind power (35%), PV (33%), hydropower (12%), nuclear power (8%), bioenergy (5%), hydrogen energy (2%), and fossil fuels & carbon capture and storage (2%). The report titled “World Energy Transitions Outlook: 1.5°C Pathway” released by the International Renewable Energy Agency (IRENA) points out that wind power and PV will account for two-thirds of the globally installed generation capacity (wind power and PV installations are projected to reach 8,174 GW and 14,878 GW, respectively, by 2050; wind power has a slight upper hand in the global generation mix). Other power generation methods will include hydropower, bioenergy, geothermal energy, tidal/wave energy, and hydrogen energy.

According to the latest forecasts, annual wind power installations must be quadrupled to reach the goal of 3200 GW by the end of the decade (2030). Rapid development of wind power is the only way to guarantee that global warming can be limited to 1.5°C.

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

The current energy crisis has been triggered by the fossil-fuel centered energy market. Furthermore, the design of wind power generation systems is currently being adjusted in response to the pressure of transformation. The wind power industry is facing higher costs caused by improper market design. Policymakers must therefore reassess markets to meet economic and social goals.

Wind energy is considered the guardian angel of energy transformation. Relevant industries must therefore guarantee that wind energy is viewed as the epitome of social and environmental value. Central governments and local communities must make a concerted effort to develop effective responses to climate change against the backdrop of a rising complexity and interconnectedness of energy systems. Reduction of red tape is crucial for the creation of a green future. If examination and approval procedures governing land allocation, grid connection, and other areas are not simplified, wind power development is bound to stagnate. A more potent international monitoring and control framework must be established to solve the problem of intensifying competition in the field of commodities and key minerals. In addition, public-private sector cooperation is required to meet the new geopolitical challenges of the wind power supply chain.

The disappearance of base loads indicates that flexibility will turn into a key asset of renewable energy-dominated systems. Policymakers must send clear signals to the market that they are determined to invest in relevant tools.

Unprecedented investments in the electrical grid in sync with the pace of renewable energy development represent another key requirement. Electrical grid investments must be tripled by 2030. The wind power industry will play a pivotal role in a fair and reasonable energy transformation process. Manpower planning for large-scale development of renewable energy is therefore a top policy priority in the early stages.

(2) 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

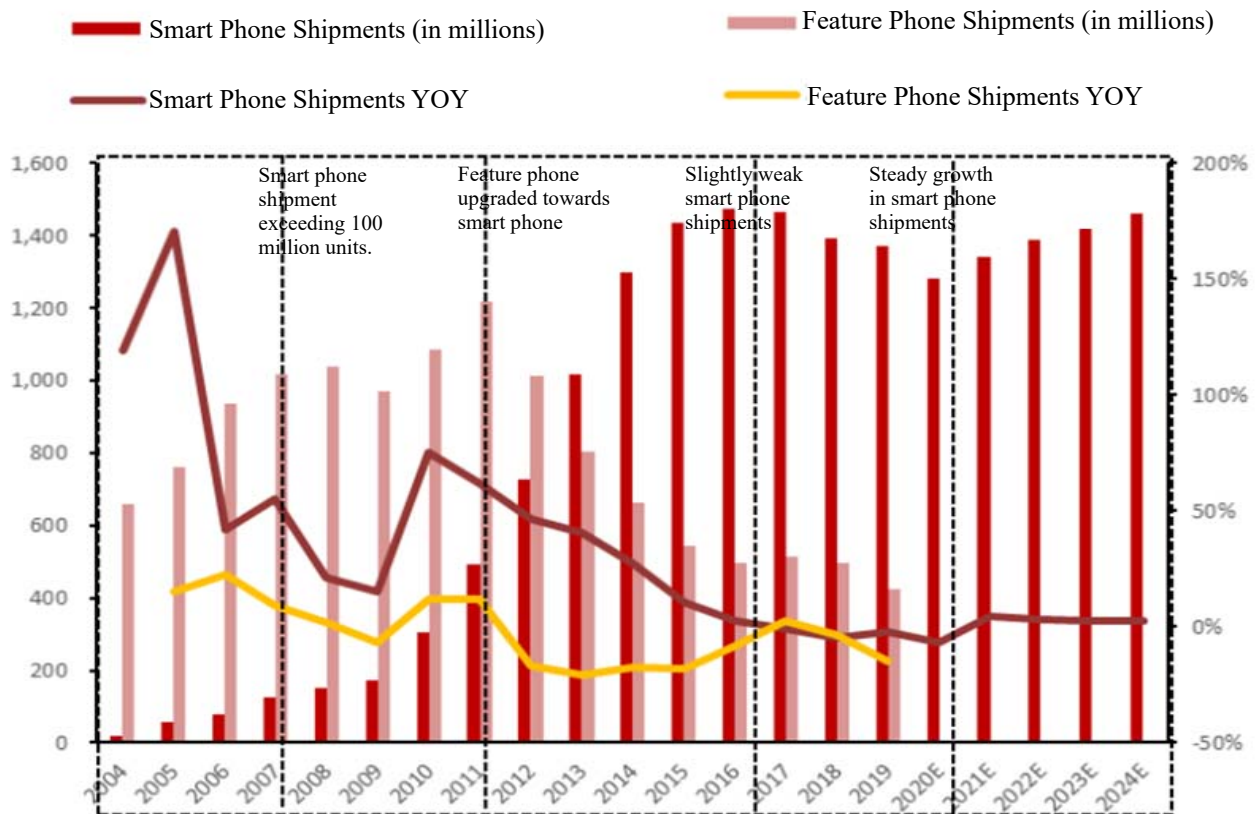
This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

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%.

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

Chart 1: Global Smart Phone Shipments Entering into New Phase after Three-Step Movement



Source of Data: Summary of publicly available data

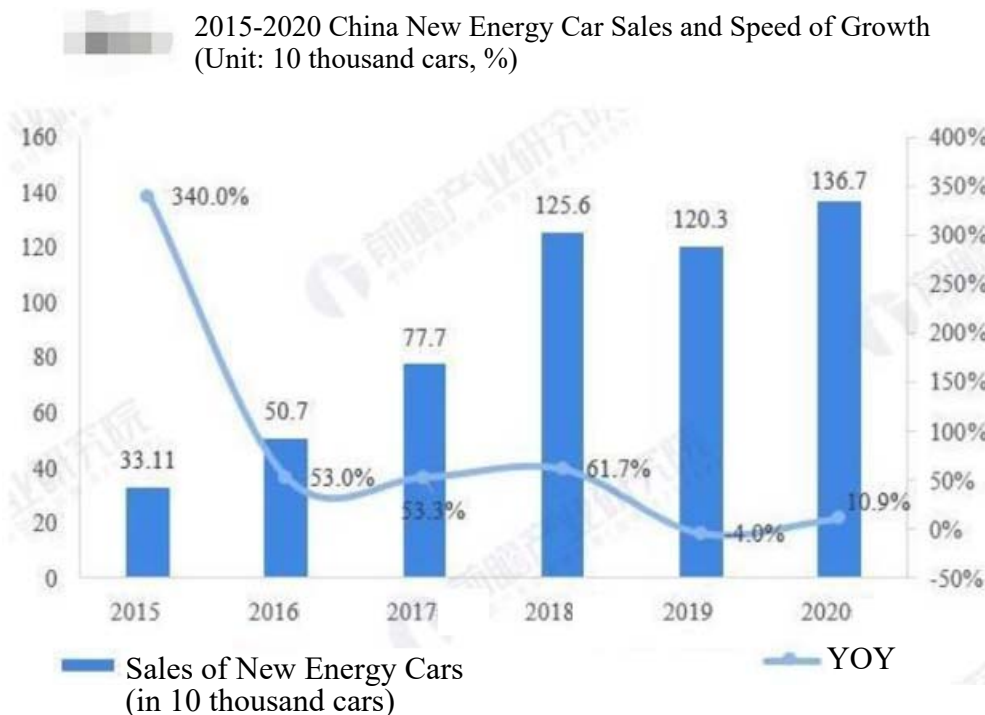
Changes of Automotive Industry

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.

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

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.

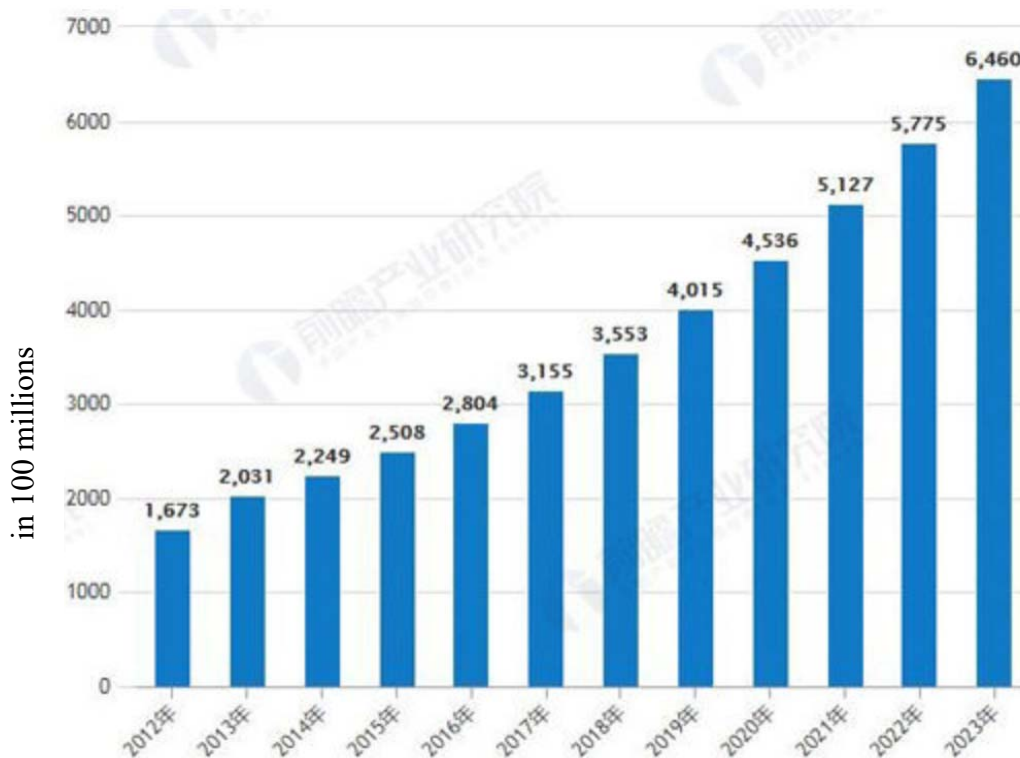


Source of Data: Summary from the Forward Industry Research
Institute of China Association of Automotive Manufactures

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.

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



Small Appliance Market Scale in China
(100 million)

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.

(3) Industrial machinery

On November 6, the China Federation of Logistics & Purchasing announced that the global manufacturing PMI in October 2021 was slightly up 0.1% over the previous month, reaching 55.7%.

Regional observations: (under the dual impact of the pandemic and domestic unrest)

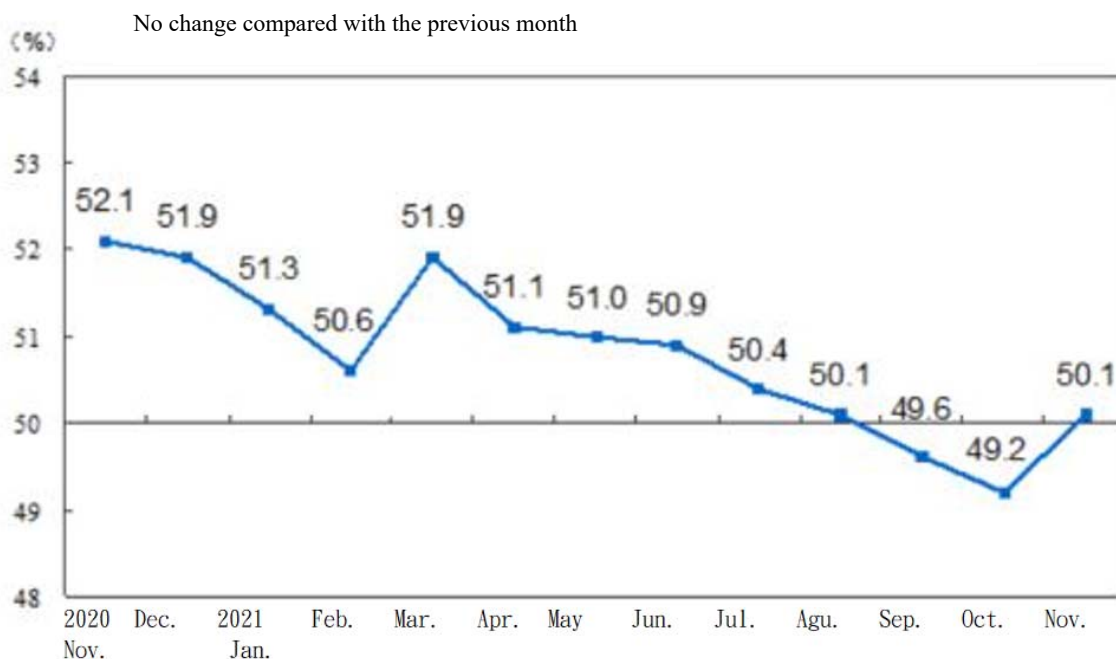
The Asian manufacturing sector exhibits a trend of stable recovery, while its European counterpart maintains steady growth. The US and African manufacturing industries, on the other hand, have entered a period of slackening growth. Based on an analysis of changes in the composite index, it can be concluded that growth in this sector has stabilized compared to

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

the previous month. The manufacturing sectors of several Asian countries that have been most hard hit by the pandemic show clear signs of a rebound, which is the main driving force behind the stable recovery of the Asian manufacturing industry and the steady global growth rate of the industry. However, the global economic revival still faces major uncertainties.

Data released by the National Bureau of Statistics of China on November 30 indicates a manufacturing PMI of 50.1% for November, which represents an increase by 0.9 percentage points MoM. The Non-Manufacturing Business Activity Index was 52.3%, a slight drop by 0.1 percentage points MoM. The Comprehensive PMI Output Index rose by 1.4 percentage points to 52.2%. Mr. Qing-He Zhao, Senior Statistician at the Service Survey Center of the National Bureau of Statistics of China states that “all three major indicators exhibit positive growth, which signals an overall trend of an improving domestic economic climate.”

Fig. 1: Manufacturing PMI (seasonally adjusted)



A. Automotive Industry

In the period from January to October, automobile production and sales reached 20.587 million and 20.97 million vehicles, respectively, which represents a growth by 5.4% and 6.4% YoY. The growth rate continued to drop by 2.1 and 2.3 percentage points, respectively, compared to the period from January to September. Compared to the same period in 2019, production and sales rose by 0.6% and 1.4%, respectively. The growth rate was 0.2 and 0.1 percentage points higher than in the period from January to September.

Automobile sales remained stable in Q4 of 2021, but the market is still affected by uncertainties on the supply side. Gradual easing of chip supply bottlenecks ensures sustained growth of the month-on-month ratio of automobile sales and production, but demand still exceeds supply. Orderly use of electricity and local epidemic hot spots have increased the risk of latent supply chain disruptions in the automotive industry. Rising electricity tariffs and constantly high raw material prices have aggravated cost pressures for large enterprises.

To sum up, automobile production and sales will be slightly higher than in the past year, but will remain below expectations.

B. Construction Machinery Industry

Current state of development of the Chinese construction machinery industry:

The Chinese construction machinery industry has seen swift development. The industry seizes market share in the field of complete machines and its competitiveness is constantly improving. In the area of core parts and components (high-end hydraulic parts, high-end chassis, and large-tonnage engines), it faces the problem of a shortage of high-end products and homogenization of mid- and low-end products. In view of the fact that the import volume of these parts and components is extremely high, the main hurdles are high prices, long cycle length, and unstable supply.

Full autonomy has turned into a key task of industry development in the construction machinery sector in the field of core parts and components in particular. Due to the fact that aftermarket service development is insufficient, the value chain of the industry is rather short. The market value of the enormous inventories is yet to be tapped into.

The total sales volume of the Top 50 construction machinery manufacturers worldwide reached US\$ 197.251 billion in 2020. According to the latest statistics of the Chinese Construction Machinery Association, the Chinese construction machinery industry has an inventory of over 10 million machines. In 2020, the Chinese construction machinery industry was ranked first in the world in terms of sales revenue which exceeded US\$ 700 billion.

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



Figure: The total sales volume of Chinese construction machinery industry from 2000 to 2020

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

Top 20 global excavator manufacturers

Ranking	Manufacturer's Chinese Name		Country	REVENUES (100 million)
1	卡特彼勒		USA	125.58
2	小松		Japan	109.32
3	日立建机		Japan	69.91
4	三一重工		China	57.48
5	沃尔沃/山东临工		Sweden	56.42
6	徐工		China	36.98
7	神钢建机		Japan	32.24
8	利勃海尔		Germany	25.44
9	斗山INFRACORE		Korea	25.22
10	久保田		Japan	19.66
11	住友建机		Japan	16.91
12	迪尔公司		USA	15.06
13	柳工		China	14.75
14	现代工程机械		Korea	14.73
15	CNH工业集团		Italy	9.76
16	竹内		Japan	8.70
17	中联重科		China	6.78
18	JCB		UK	6.74
19	洋马建机		Japan	5.37
20	雷沃工程机械集团		China	4.08

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

C. Machine Tool Industry

As a result of the planning and promotion of epidemic prevention and control and economic and social development by the Chinese government since 2021, the economy has been on a path of steady recovery and the quality of development has been further enhanced. YoY GDP growth reached 9.8% in the first three quarters and the two-year average GDP growth rate was 5.2%. YoY growth of imported and exported goods totaled 22.7%. YoY Value Addition of Industrial Enterprises above Designated Size equaled 11.8% and average growth over the two-year period was 6.4%. The YoY profit growth and two-year average growth rates reached 44.7% and 18.8%, respectively.

As a result of excellent macroeconomic conditions, the machine tool industry maintained the pattern of restorative growth of the second half of 2020 in the first three quarters of 2021. Market demand continues to improve and imports and exports have increased substantially. The outlook of the machine tool industry keeps getting rosier.

Based on a comprehensive analysis of all aspects, it can be concluded that demand in the machine tool market was vibrant in the first three quarters. The industry was characterized by a trend of stable recovery with clear signs of growth and optimism, which represents an excellent foundation for stable growth over the whole year. However, starting in the third quarter, the industry has been facing an increasing number of domestic and international risks and challenges and has been severely impacted by the ongoing spread of the global pandemic, the slowing pace of global economic recovery, constantly high international commodity prices, localized outbreaks of the epidemic and serious floods.

After consideration of all factors and the current excellent order situation of the industry, it can be projected that the growth rate of key indicators such as annual revenue of the machine tool industry will remain at a level above 5%, which is significantly higher than at the beginning of the year.

A report issued by Oxford Economics forecasts that global sales of machine tools will increase by 15% in 2021 and another 8% in 2022. In mid-2022, all premium markets for machine tools will return to the pre-pandemic growth trajectory. As for the global customer base of the industry, the electronics industry (the chip manufacturing, contracted processing, light vehicle, construction and off-road sectors in particular) has exhibited the most rapid and powerful rebound. The global machine tool industry is expected to attain a CAGR of 4.7% in the forecast period from 2021 to 2027.

USA:

According to the latest U.S. Manufacturing Technology Orders Report released by AMT (Association For Manufacturing Technology) on November 8, 2021 indicates that the new

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

order volume in the manufacturing technology sector reached US\$ 590 million in September 2021, which represents an increase by 9% and 60% compared to August 2021 and September 2020, respectively. The cumulative order volume for the first nine months of 2021 amounts to US\$ 4.115 billion, which marks an increase by 53% over the same period of the previous year.

Japan:

The outlook of the Japanese machine tool sector is mixed. Orders are overflowing, but the industry also faces a shortage of parts and components. The order volume has exceeded JPY\$ 100 billion for eight consecutive months, but experts have expressed concern regarding the simultaneous presence of favorable factors and risks. In September, the machine tool order volume exhibited YoY growth of 71.9%, reaching JPY\$ 144.596 billion. This marks the first time since September 2018 that the order volume has exceeded JPY\$ 140 billion.

Germany:

The order volume of the German machine tool industry exhibits a pattern of robust growth. The YoY growth rate of the export volume of German machinery, which reached EUR\$ 133.2 billion in the period from January to September 2021, amounted to 11%. In the third quarter, exports of German machinery to the 27 EU countries grew by 5.8% compared to the same period of the previous year. Exports of machinery and equipment to different sectors included machine and precision tools.

(4) Medical equipment

The global healthcare market has consistently shown a pattern of positive growth. Past data point to the conclusion that the growth rate of the “big health” industry is around two times the average global GDP growth rate. This trend is expected to continue, and the growth rate is expected to remain at a level above 5.6% in the next 5 to 10 years. CAGR in China could reach 10% or even 15% or higher.

The authoritative Medical Design and Outsourcing website has recently released a list of the TOP 100 medical device manufacturers worldwide in 2021

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

TOP 100 medical device manufacturers worldwide		
Ranking	Company Name	Revenues (USD 100 million)
1	美敦力	28,913
2	强生	25,963
3	飞利浦	21,297
4	雅培	19,953
5	GE医疗	19,942
6	BD医疗	17,290
7	西门子医疗	16,197
8	嘉德诺	15,544
9	史赛克	14,844
10	罗氏诊断	13,035
11	波士顿科学	10,735
12	贝朗	8,369
13	捷迈邦美	7,982
14	百特	7,850
15	爱尔康	7,362
16	丹纳赫	6,662
17	3M	6,641
18	奥林巴斯	5,889
19	泰尔茂	5,771
20	基立福	5,711

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

A. 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

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

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.

B. 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.

C. 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. With 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

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

Development Plan), development of China’s medical device industry presents a promising trend. Industry development still makes the industry full of expectation.

(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 2021

Item	Unit: 1000 NTD; %			
	Year	2020	2021	First Quarter of 2022
R&D expenses(Note)		275,826	351,541	70,058
Revenue		8,184,273	8,948,211	1,813,099
Share of revenue (%)		3.37%	3.93%	3.86%

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 content	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

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

Technology or product type	Properties and functions
	quality
CNC wooden pattern processing	Machine tools are employed for 3D programming of 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

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

(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 sector: The Taichung Harbor plant has been constructed to satisfy the demand of wind power customers for offshore wind turbines. Official commissioning of the plant is planned in the third quarter of 2022. Production processes will encompass casting, processing, spray coating, and assembly capabilities. The projected output volume in 2023 is 25,000 tons. Yeong Guan has already acquired orders from major customers for the development of offshore wind turbines. Deployment planning for future production

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

capacities of the new manufacturing site is currently in progress.

- (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 objective of this expansion project is to satisfy the stable global demand for offshore wind power and the demand for castings of heavy industries such as the injection molding machinery and industrial machinery sectors. The output volume is expected to reach 20,000, 50,000, and 80,000 tons in 2023, 2024, and 2025, respectively. The close proximity of the plant to major customers, the active support by the local and central governments, and the location of the plant in the close vicinity of Taichung Harbor represent enormous competitive advantages (e.g., land transportation cost savings).

(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 started in 2022 and it will begin production in 2024. 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

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

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) Lean production: Transparency of manufacturing data and management and constant advances and optimization of lean production processes ensure the streamlining of operations, elimination of useless and redundant elements, and ongoing enhancement of 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: 1000NTD; %

Region \ Year	2020		2021	
	Amount	%	Amount	%
Europe	1,524,780	18.63%	2,168,137	24.23%
China	5,122,446	62.59%	5,305,773	59.29%
USA	547,226	6.69%	419,789	4.69%
Asia	989,821	12.09%	1,054,512	11.78%
Total	8,184,273	100.00%	8,948,211	100.00%

2. Future supply and demand situation and growth prospects

Wind power generation industry

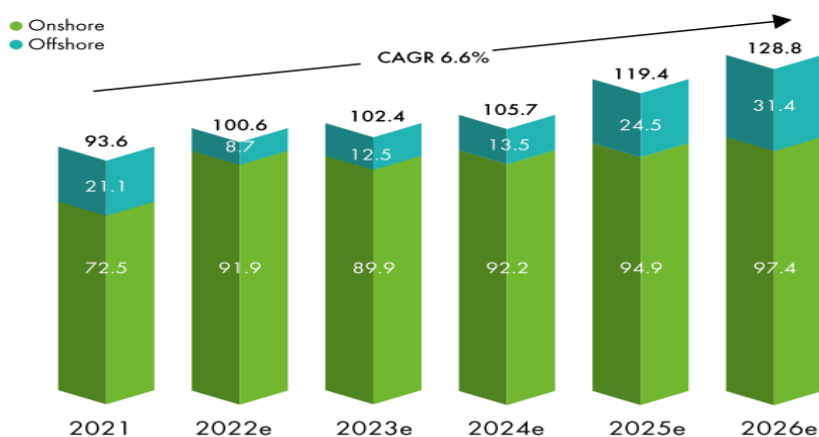
The Global Wind Energy Council (GWEC) has officially released its Global Wind Report

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

2022. Relevant data shows that newly added wind power installations amounted to 93.6 GW (grid-connected capacity) worldwide, which represents the second-highest annual increase in the history of the industry. The cumulative installed capacity has reached 837 GW (an increase by 12% YoY).

Due to the spirit of global solidarity triggered by the net zero commitment paired with the newly perceived urgency of energy security, the market outlook of the global wind power industry is very positive. Despite the fact that new installations reached the second highest level in the history of the industry in 2021, CAGR is projected to reach 6.6% in the next five years.

New wind power installations outlook 2022-2026 (GW)



GWEC's Market Outlook represents the industry perspective for expected installations of new capacity for the next five years. The outlook is based on input from regional wind associations, government targets, available project information and input from industry experts and GWEC members. An update will be released in Q3 2022. A detailed data sheet is available in the member only area of the GWEC Intelligence website.

Based on current policies GWEC forecasts that the global new wind capacity will reach 557 GW within the next five years. By 2026, the capacity of newly added installations per year will exceed 110 GW.

Within the past two years, eligibility for Feed-in-Tariff (FIT) subsidies represented the main growth impetus. However, in view of the termination of FIT policies in China and Vietnam and the planned phasing out of renewable energy subsidies in Sweden and Norway by 2021, the growth momentum of the global wind industry is expected to depend on the following support mechanisms starting in 2022:

- (1) Grid parity program (a price parity scheme for solar and wind power in China, allowing renewable energy to compete with benchmark prices for coal-based grid supplies without needing central government subsidies) ;
- (2) Positive guidance and support by national governments: Compared to other renewable energy forms, offshore wind power projects in particular are characterized by higher investment needs and longer life cycles. Reasonable support policies are therefore required to reduce investment risks and ensure stable revenues. In European and Asian markets such as Germany, the Netherlands, China, Japan, and Vietnam, offshore

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

wind power policies are shifting from Feed-in-Tariffs to more competitive mechanisms. In the US, tax incentive policies are applied to the field of offshore wind power and include Investment Tax Credits (ITC) and Production Tax Credits (PTC) for wind power generation. In emerging markets, investments in offshore wind power projects often rely on international capital. Policy transparency and stability is therefore of vital importance.

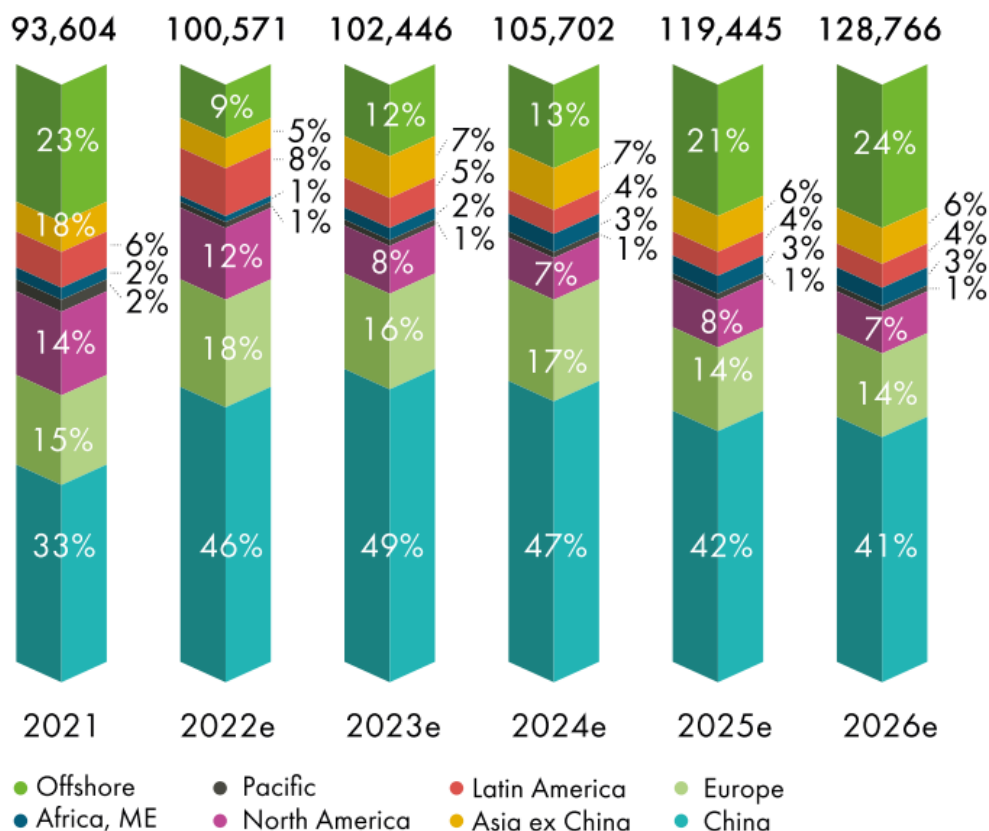
- (3) Pure energy, hybrid propulsion, renewable energy, and technological neutrality auctions (Europe, Latin America, Africa, Middle East, Southeast Asia) : Due to the high popularity of auction/bidding mechanisms in all markets other than China and the US, challenges associated with auctions in the past such as permits and market design must be tackled to sustain growth in the next five years.

The projected CAGR of onshore wind power and the average annual installed capacity are 6.1% and 93.3 GW for the next five years. In the period from 2022 to 2026, the capacity of new installations could reach 420 GW. CAGR of offshore and onshore wind power is expected to reach 8.3% in the next five years. In consideration of the fact that the offshore wind power capacity increased by over 21GW in 2021, this growth rate is very heartening. In view of the fact that the installed wind power capacity in China has decreased, new offshore wind power installations in 2022 could restore the capacity to the level in 2019/2020. However, market growth is expected to regain momentum in 2023 and is forecast to exceed 30GW in 2026.

It is projected that the global installed offshore wind capacity will exceed 90GW in the period from 2022 to 2026. The average annual power output of these offshore installations is expected to reach 18.1GW. It is further forecast that the Asian-Pacific market will be the main driving force for the global growth of onshore and offshore wind power in this five-year period.

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

New wind power installations outlook 2022-2026 by region
MW and per cent, onshore and offshore



Africa and the Middle East

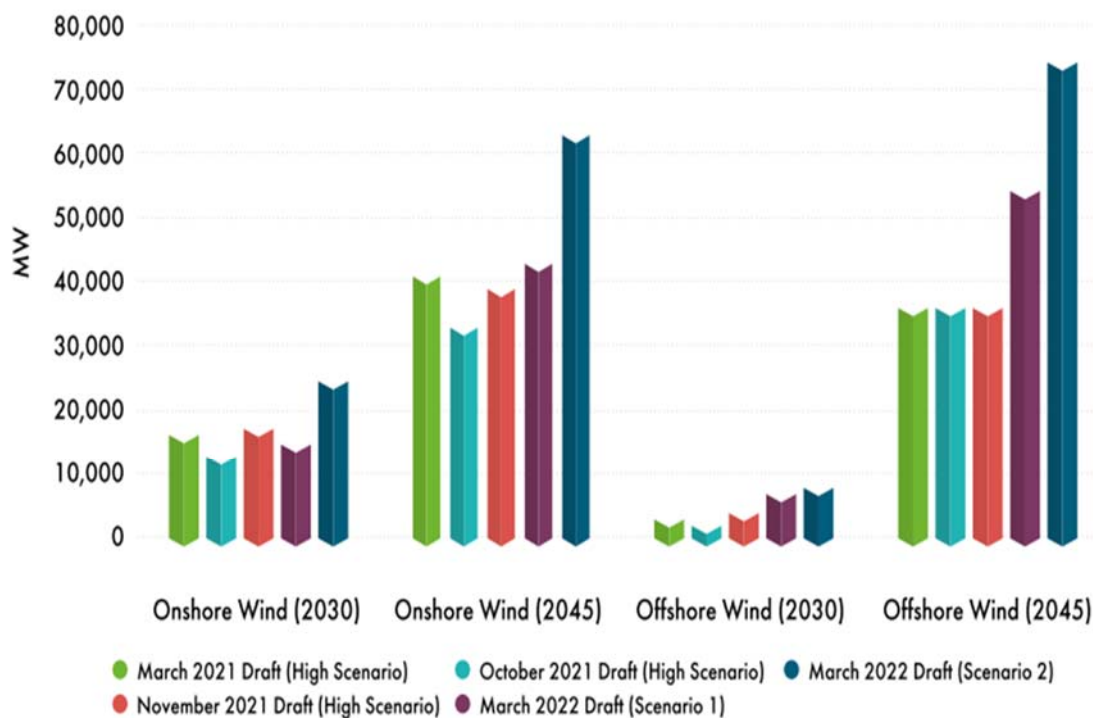
The installed capacity in this region hit a new high in 2021. However, due to the successive delay of the first and second round of the 5G spectrum auction plan in the context of the Renewable Independent Power Producer Programme (REIPPP) of the South African Government, growth is expected to lose steam in 2022 and 2023. Nevertheless, the pending official launch of the 5G spectrum auction of REIPPP Programme will result in a record high in South Africa. In the next five years (2022-2026) the newly added capacity is projected to reach 5.4 GW, 2.2 GW, 1.8 GW, 1.3 GW in South Africa, Egypt, Morocco, and Saudi Arabia, respectively.

Asian regions except China

The momentum generated by the expired FiT policy has triggered a 57% increase in the field of onshore wind power capacity in Vietnam in 2021. The Asian Development Bank forecasts that the Vietnamese GDP will rise by 6.5% in 2022, which will be associated with an increase in electricity consumption by 11%. However, Vietnam cannot satisfy its energy demands by solely relying on domestic fossil fuel production. The country heavily depends on imported fuels. As for the net zero emissions target set at the COP26 summit, the pace of wind power development is expected to slow down in 2022. Following the finalization of the Power Development Plan VIII (PDP8) draft, the wind power sector is projected to rebound and gradually pick up steam.

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

Vietnam’s wind energy targets in the draft PDP8



Due to the second wave of the epidemic in India, the installed capacity failed to reach 20 GW in 2021 as originally planned. Hopefully, the outlook of the sector will improve in 2022. However, due to the impact of rising wind power operating costs and relatively low PPA electricity tariffs, it is to be expected that India will not be able to meet its 20 GW goal in the next five years. In addition, it is anticipated that the installed capacity in emerging markets such as Japan, Pakistan, Southeast Asia, and Central Asia will grow by 16%~18% in the next five years.

Onshore/offshore wind power in China

In 2021, the Chinese onshore wind power market entered a “subsidy-free” era. As a result, the newly added onshore capacity has dropped by 39%. However, based on the Modern Energy System Plan of the National Energy Administration set out in the 14th Five-Year Plan (2021-2025), GEWC has upgraded its forecast for the Chinese onshore wind power capacity by 16% compared to the outlook in Q1 2021. This reassessment is based on the renewable energy development strategy formulated by the government in the 14th Five-Year Plan, which demands an all-out effort to promote the large-scale and high-quality development of wind and solar power, prioritization of localized development and use, acceleration of the construction of decentralized wind power and PV installations in load centers and peripheral areas, and intensified application of low wind speed technologies. The goal is to pave the road for achievement of the “30-60” target. The recently launched electricity market reforms is expected to support a reevaluation of the dominant position of the renewable energy sector in China in the upcoming decades.

Onshore/offshore wind power in Europe

In view of the policies currently in place and the abating pandemic in Europe, it is projected that 2022 will be a year of record highs in the onshore wind power industry. Countries like Germany, Switzerland, Finland, France, Spain, and Turkey will see rapid development in this sector in 2022. After this peak, the sector is expected to return to a relatively stable level of 17.4 GW in the period

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

from 2023 to 2026. It is further projected that the onshore wind power capacity in Europe will grow by 87.7 GW in the next five years. Germany, Spain, France, Switzerland, and Finland will account for 22% (19.7 GW), 11%, 10%, 9%, and 7% of this increase, respectively.

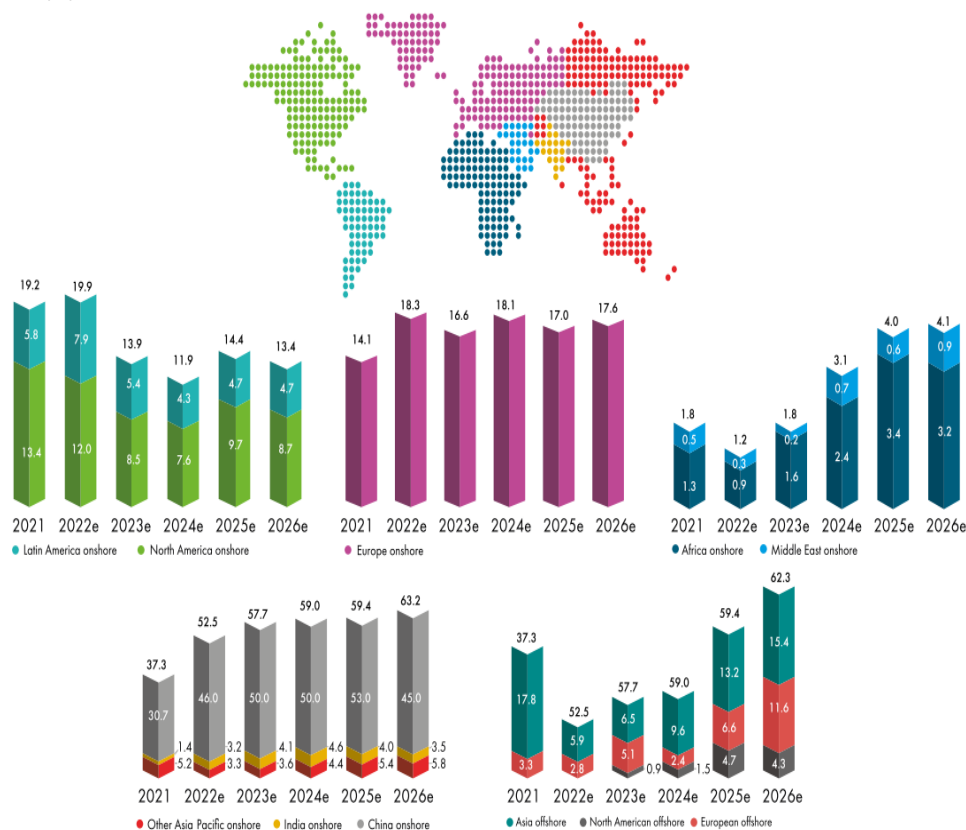
Onshore/offshore wind power in the US

The ongoing enforcement of the renewable electricity Production Tax Credit (PTC) serves as the cornerstone of wind power development in the US and is expected to stimulate continued development in the period from 2022 to 2025.

2022 could be another year of robust growth in new installations since multi-GW onshore wind power projects span a two-year period from 2021 to 2022. Their onshore wind turbines which were assembled in 2016 still meet the COD requirements. In view of the fact that a gradual decrease of Production Tax Credits (PTC) is planned for 2023 and 2024, onshore wind power could see a decline. However, based on estimates against the backdrop of a PTC extension announced for 2019 and 2020, a rebound is expected for 2025.

Market outlook 2022-2026

Regional onshore wind and offshore wind outlook
New installations (GW)



Injection molding machinery industry

Recent development trends in the injection molding machinery industry are one of the main causes of the bullish industry outlook in 2020. In view of the rising demand for medical products as a result of the pandemic, the growth momentum of demand per period in the injection molding machinery market could extend into 2021 or even longer. Chinese injection molding machinery manufacturers

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

have taken the lead in capturing market share. They are poised to gain a first mover advantage in the bullish injection molding machinery market.

Over the past years, Chinese manufacturers have gradually closed the gap with Japanese and European manufacturers by gradually expanding their global market share. Leading manufacturers zoom in on the high-end market and importers. Export data shows newly added demand or sources at the height of the COVID-19 pandemic in 2020. Data for the period starting in March indicates that packaging for pharmaceuticals and plastic goods represents one of the few sectors that saw positive export growth in this period. Major representatives of the domestic injection molding machinery industry such as HaiTien, Yizumi, Chen Hsong, and Bole have announced that their sales figures have soared to a record new high in 2020. Both export and domestic sales exhibited a pattern of linear growth. The positive industry climate spanned the whole year. Due to the fact that domestically produced equipment has been constantly encroaching on the market share of international brands over the past two decades, its output volume is now ranked first in the world. The market value is projected to reach US\$ 3.71 billion in 2025.

The market value of the electric injection molding machinery sector is forecast to see the most rapid growth in the next few years with a projected CAGR of 5.7% in the period from 2018 to 2025. The German injection molding machinery sector is expected to record a market value of US\$ 2.23 billion in the following years. The main impetus comes from advanced infrastructure and technologies, R&D projects, and highly skilled labor. Due to these favorable factors, the market value is expected to soar to US\$ 3.71 billion in 2025.

Due to the impact of the macro environment, a large number of Chinese manufacturers are gradually transitioning from manual labor-intensive to technology-intensive operation modes. Automation equipment is adopted on a large scale at the forefront of production to enhance efficiency, production capacities, quality, corporate image, and market competitiveness. Robotic arms for injection molding is therefore considered a sunrise industry with sustained growth potential.

In line with light-weighting trends in the automotive industry, plastics are becoming more and more indispensable for automobile manufacturing. Consequently, links between automotive production processes and injection molding technologies and equipment are intensifying. Due to this symbiotic relationship, it is evident that rising automobile sales will stimulate growth and drive market development in the injection molding machinery sector. The below analysis of the injection molding machinery sector is based on two overriding trends.

The first trend is specialization. Different shapes and categories of plastic goods often generate special requirements for injection molding machines. For instance, some products require inserts while other don't and there are single-color and bicolor items. As far as categories are concerned, there are thermoplastic and thermoset materials. It is therefore imperative to develop specialized machinery

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

with high cost-performance ratios, technology-intensive characteristics, and simplified structures for distinctive purposes to meet different user needs. Notable examples include gas-assisted, fusible core, and magnetic/metal injection molding machinery.

The increasing importance of automation is the second major trend. Production automation is a crucial strategy to guarantee high product quality, enhanced productivity, reduced labor intensity, improved labor conditions, optimized equipment usage rates, and cost savings. The industry is currently adopting numerous state-of-the-art control device technologies such as programmable logic controllers (PLC) as a replacement for traditional relay technologies. These controllers are highly reliable and allow flexible program adjustment. Minicomputers are utilized for control of injection molding machinery programs and technological parameters. These new control technologies are of vital importance for precision products since they can automatically adjust molding conditions and assure conformity to relevant criteria in the field of dimensions and quality. As for machinery utilized for the production of generic goods, the entire production process from the feeding of materials to the testing and packaging of goods is fully automated. Machine safety is guaranteed through the installation of safety devices. The ultimate goal of adoption of these technologies lies in automation, centralized management, and realization of unmanned operations.

Demand for plastics and injection molding machinery industry is directly linked to social progress and scientific and technological applications. The industry has an immense growth potential and unlimited development prospects. National policy support for the equipment and machinery manufacturing industry generates unprecedented development opportunities for the injection molding machinery sector. Industry insiders point out that Chinese injection molding machinery manufacturers should adopt a development strategy characterized by composite structures, specialization, serialization, standardization, greater complexity, miniaturization, increasing scales, personalization, and smartification. Equal emphasis must be placed on the satisfaction of demands in the field of energy conservation, material savings, and efficiency to meet the cost savings requirements of plastic material and product processing businesses.

Industrial machinery

The International Monetary Fund (IMF) released its latest World Economic Outlook Report on October 12. This report revises the global growth forecast for 2021 slightly downward by 0.1% to 5.9% compared to July, while the forecast for 2022 remains unchanged at 4.9%. IMF experts believe that the pace of global economic recovery will be determined by the extent of medical interventions and the effectiveness of policy support. These factors also account for differences in the pace of economic recovery in different nations.

IMF data also indicates that over 60% of the population in advanced economies is fully vaccinated. Some citizens currently receive their booster shots. In low-income countries, around 90% of the population is still unvaccinated.

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

IMF experts further predict that the total output of advanced economies will be restored to pre-pandemic levels in 2022. Pre-pandemic levels are projected to be exceeded by 0.9% in 2024. The total output of emerging markets and developing economies (excluding China) is expected to remain 5.5 % below pre-pandemic forecasts until 2024. This also implies that there will be a setback in efforts to raise the standard of living in these countries.

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2020	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

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

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

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

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.

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 Pollution 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.

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

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.

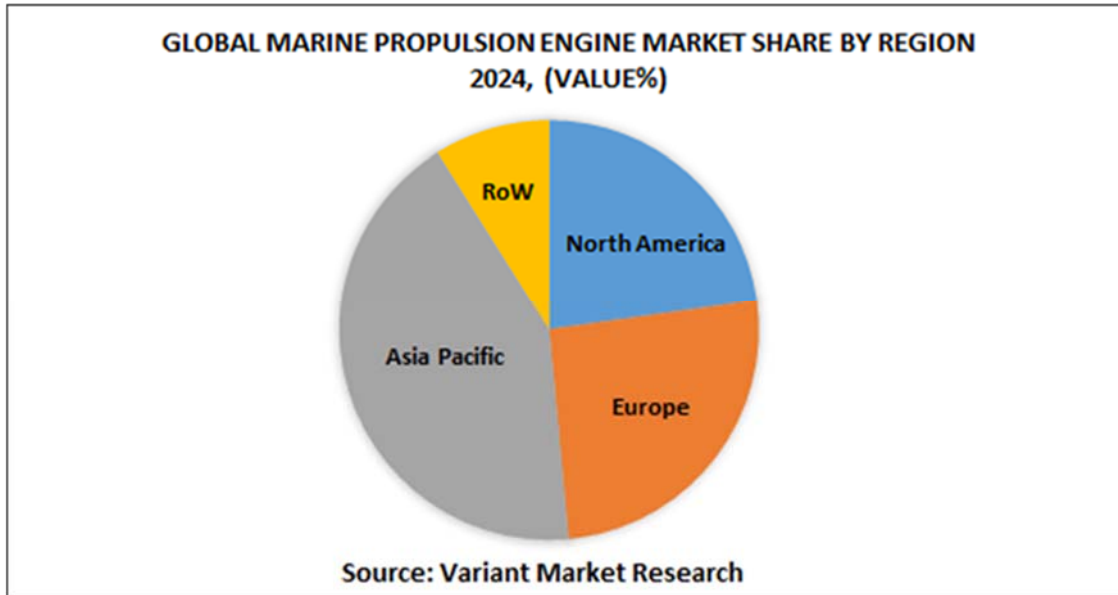
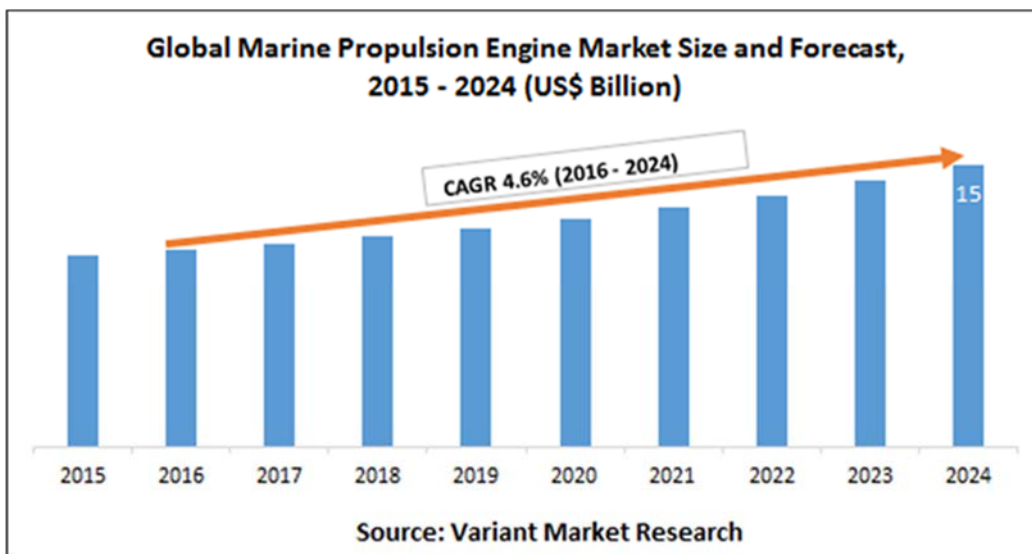


Chart above: Global Marine Propulsion Engine Market Share by Region in 2024 (Source: Variant Market Research)

Chart below: Global Marine Propulsion Engine Market Size and Forecast (Source: Variant Market Research)



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

Medical equipment

The leading manufacturers of radiation therapy equipment are as follows:

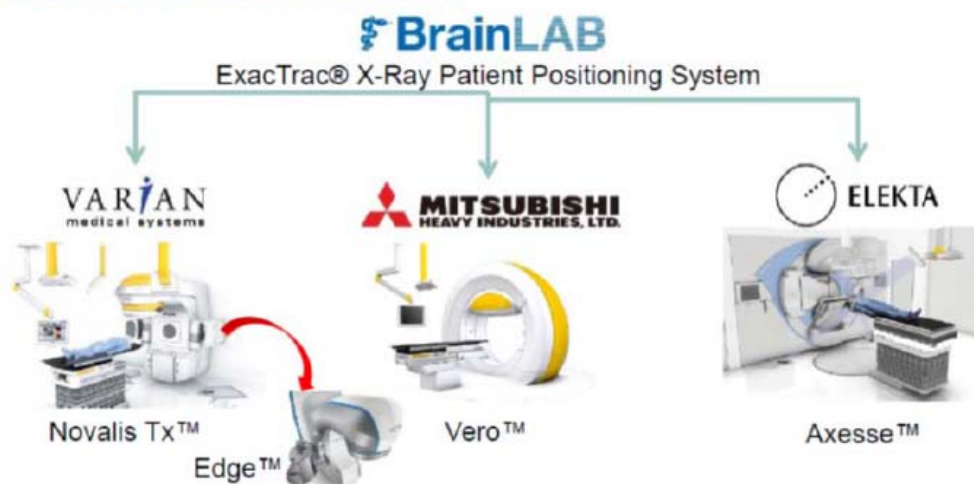
Figure 9: Varian and Elekta Versatile Linac offer



Source: Pr. Hannoun-Levy

SBRT(Stereotactic Body Radiation Therapy)

Figure 19: Dedicated SBRT solutions



Source: Pr. Hannoun-Levy

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

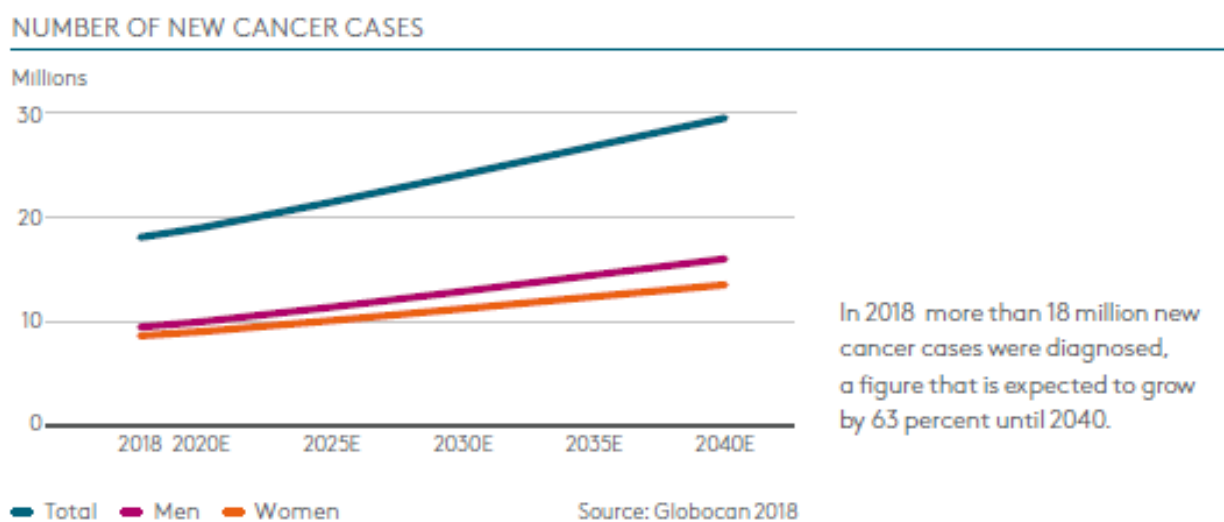
Despite the client is a multinational group with employees from numerous countries, a single project team is in charge of cross-departmental and multinational cooperation. The group is committed to

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

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.

Global Area:

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.

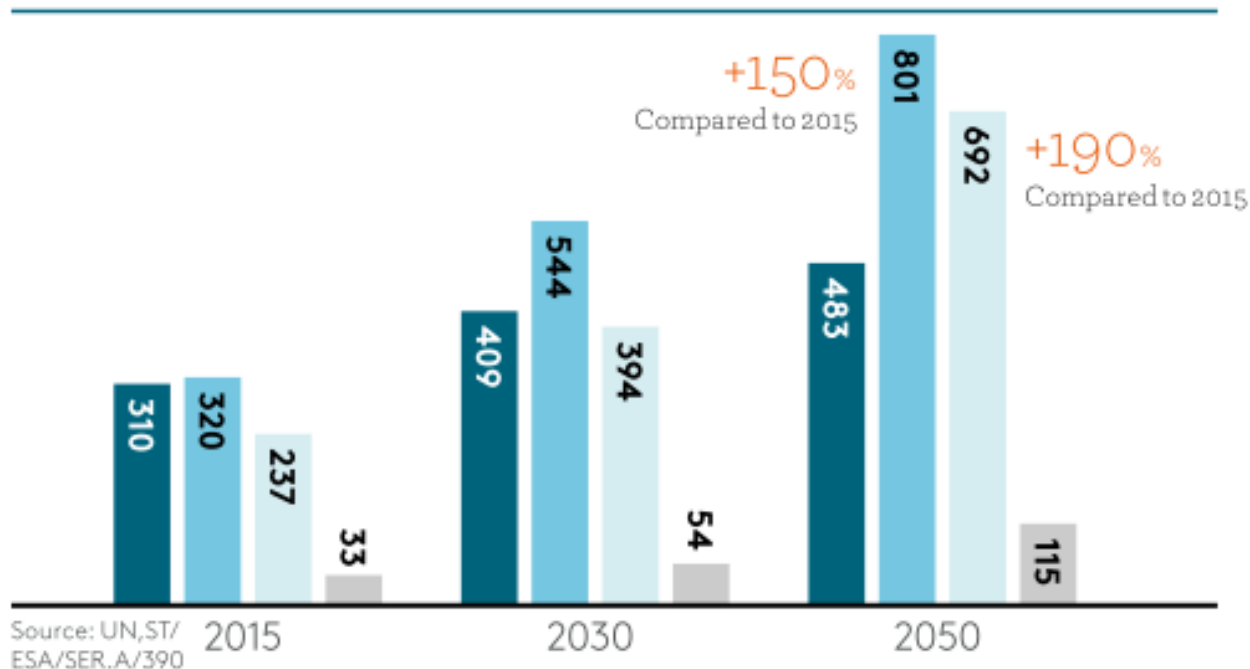
As a consequence of extensions of the human lifespan, accelerating population aging, and strengthening of supporting policies, the medical device market is constantly expanding. A majority of the world population currently lives in countries with below-average income levels. These countries are also 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

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

infrastructure for radiation therapy equipment.

Growth of the population aged 60 or above worldwide

AGE 60+, EXPECTED NUMBER, 100 MILLIONS



China Region:

With residents' increased living standard and enhanced awareness for medical care, demands for medical device continue to grow. With influence from national support policies for medical device industry, domestic medical device industry as a whole has stepped into a phase of high speed growth. From 2016 to 2019, scale for China's medical device market has grown from RMB370 billion to RMB623.5 billion, a compound annual growth of 19.3%. Its speed of growth has far exceeded the one for global medical device market in the same period, and it remains in the fast track of growth. It is estimated to reach RMB1,229.5 billion in 2024.

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



Source of Material: Frost & Sullivan, Organized by ASKCI Research Institute

Medical device can be categorized into medical equipment consumable based on product features. Among them, scale for China's consumable market reached USD458.1 billion and USD271.3 billion for equipment market in 2020. It is also estimated that China's consumable market scale will reach USD611.2 billion and USD351.8 billion for equipment market in 2022. Market scale for our nation's consumable market is appropriate and it is bigger than the one for equipment market.



Source of Material: Frost & Sullivan, Organized by ASKCI Research Institute

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

3. Competitive Niche

- (1) The Group has more than 40 years of experience in casting industry. Its unique metallurgy technology and stable quality has created a leading position in the industry. Currently, the Group has 6 foundries, 2 processing plants, 2 painting plants, 1 assembly factory and 1 welding plant around the world. Its lot-size purchase of raw materials comes with a certain degree of procurement scale. The 7th foundry is in Taichung Harbor of Taiwan and it is currently under construction. Production is expected to begin in the 3rd quarter of 2022 and output is expected to reach 25,000 tons in 2023, 50,000 tons in 2024 and 75,000 tons in 2025. Going forward, the Group will continue to plan and invest in Thailand factory for the purpose of responding to global wind power needs as well as needs from future ASEAN clients.
- (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-

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

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 7 casting plants, 2 processing plants, one assembly plant, and one resource recycling plant (recycled scrap steel is used as a substitute raw material) in Dongguan in Guangdong 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

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

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 Jan. 1, 2020.

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. Jiangsu Bright Steel Fine Machinery Co., Ltd. was successfully nominated into the list of 2020 Jiangsu Province Green Factory (the first batch) on December 2, 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

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

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

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

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.

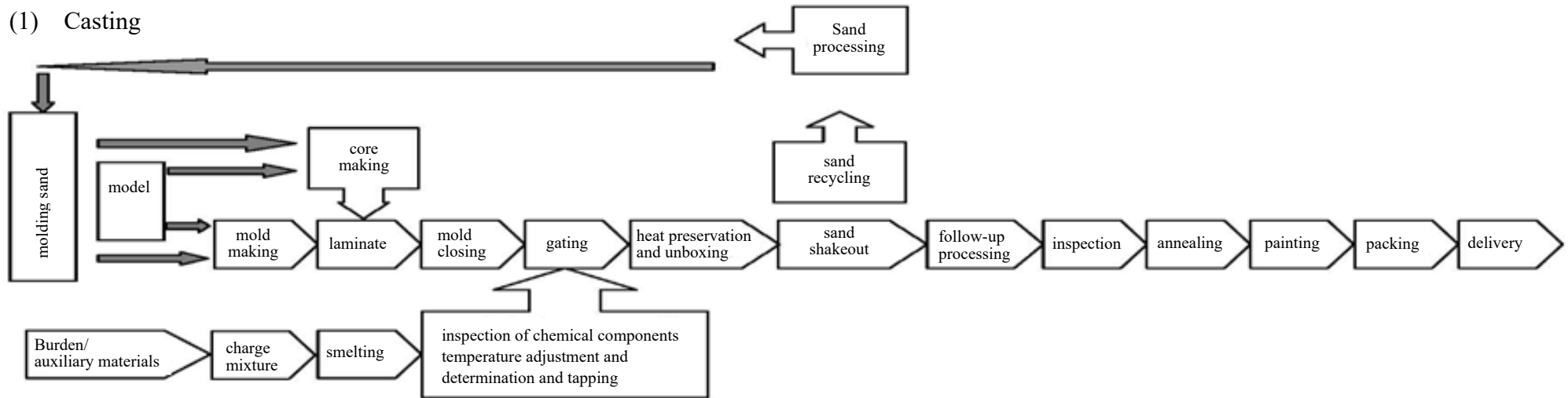
This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

(b) Main uses and production procedures of major products

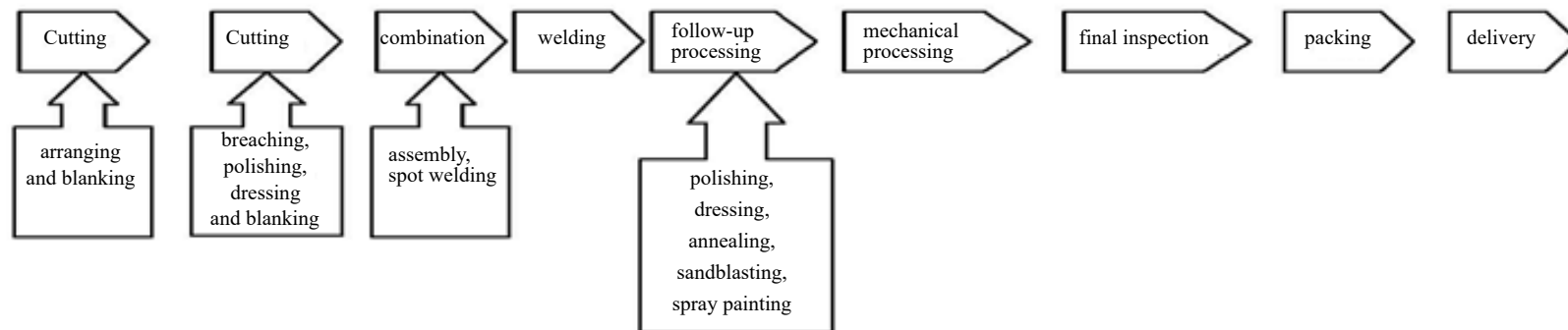
1. Main uses of major products: Provision of key components for industrial machinery equipment of different industrial fields including wind energy and injection molding machinery.

2. Production procedures:

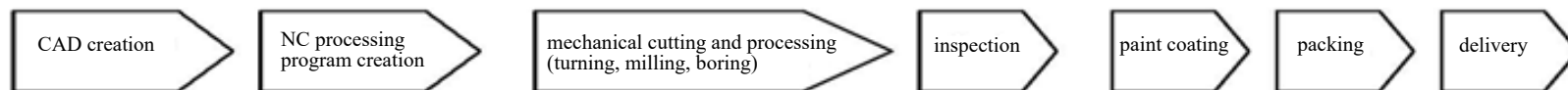
(1) Casting



(2) Welding



(3) Mechanical processing



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

(c) Supply status of main materials

Main raw materials	Main suppliers	Supply status
Pig iron	Benxi Shentie Iron Co., Ltd., Ningbo Yijung Trade Company, Ningbo Qi Chang Trading Co., Ti Yuan Jinmingda Trade Company, Hebei Long Fong Shan Company, Guangdong Hungde Foundry Materials Company, Fushun Han Wang 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, Jiangsu Jiangnan Recycling Company, Jiangsu Zilian Recycling Company, Zhejiang New Century Renewable Resources Development Co., Ltd., Zhejiang Wang Gang Recycling Company	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.

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

(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; %

Item	2020				2021				1 st Quarter of 2022			
	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)	563,505	12.01%	None	Jiangsu Recycling Company	513,025	10.4%	None	Ningbo Yijung Trade Company	187,430	13.8%	None
2	Ningbo Yijung Trade Company	325,502	6.94%	None	Benxi Shentie (Group)	496,015	9.7%	None	Benxi Shentie (Group)	118,951	8.8%	None
3	Kao Shanghai	243,105	5.18%	None	Fushun Han Wang Company	334,681	7.6%	None	Kao Shanghai	67,536	5.0%	None
	Other	3,558,045	75.86%	None	Other	4,170,095	72.3%	None	Other	932,061	72.4%	None
	Net purchases	4,690,157	100%		Net purchases	5,513,816	100%		Net purchases	1,355,999	100%	

Explanation on Reasons for Changes on Increase/Decrease:

- (1) Ningbo Yijung Trade Company is one of the major suppliers for cast iron. Purchase of cast iron is higher than purchase of other raw materials and auxiliary materials in the first quarter because a batch of cast iron with price lower than market price was purchased prior to Chinese New Year in 2022.
- (2) Benxi Shentie is one of the suppliers for cast iron. Due to continued high price for cast iron, purchase amount in the first quarter is relatively higher than purchase of other materials.
- (3) Kao Shanghai is one of the suppliers for resin and paint. Due to continued high price for resin before and after Chinese New Year of 2022, purchase amount has increased to No. 3.
- (4) Fushun Han Wang Company is one of the main suppliers for cast iron. Due to production suspension for repair before and after Chinese New Year in 2022, purchase amount for the first quarter dropped and therefore this company has ceased to become top 10 suppliers in the first quarter. Jiangsu Recycling Company is one of the main suppliers for scrap steel. New suppliers were added in February of 2022 due to tax rate concern. Accordingly, purchase for the first quarter decreased and the company now drops to No. 4 position.

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

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; %

Item	2020				2021				1 st Quarter of 2022			
	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	E	2,061,008	25.18%	None	E	1,053,098	11.77%	None	N	218,620	12.06%	None
2	IO	1,151,105	14.06%	None	IO	999,337	11.17%	None				None
3	N	809,057	10.00%	None				None				None
4	Other	4,163,102	50.76%	None	Other	6,895,774	77.06%	None	Other	1,594,479	87.94%	None
	Net purchases	8,184,272	100.00%		Net purchases	8,948,209	100.00%		Net purchases	1,813,099	100.00%	

Explanation on Changes of Increase/Decrease:

- (1) E Company: This company took advantage of installation boom on land with subsidies from the National Energy Administration. Overall orders for 2020 reached 48,000 tons. In 2021, however, orders received only reached 23,000 tons due to the National Energy Administration's cancellation of subsidy, fierce competition from industry players and market conditions. Sales revenue has therefore presented a downward trend.
- (2) IO Company: The main reason is 2021 demands in the industry where the company is positioned decreased compared with the ones for 2020. Accordingly, orders received by our company had decreased from 24,000 tons to 22,000 tons. In the meantime, sales prices dropped by roughly 2% compared with the ones for 2020 under the purpose of obtaining more orders.
- (3) N Company: Overall market demand in 2021 for certain series of models decreased to only 29% of forecasted amount, and a drop of 34% compared with the one for 2020. Market acceptance for N Company's another series of new models is relatively higher. Actual overall shipment quantity for 2021 is quite large, and increases by 172% compared with the one for 2020. All these factors have contributed to 7% increase in N Company's overall shipment quantity for 2021, and sales revenue increased by 4.7% compared with the one for 2020.

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

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

Unit: tons; 1000 NTD

Year Production categories	2018			2019		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Casting products	210,100	188,985	4,912,563	211,300	202,112	6,145,927
Precisely processed products (Note1)	417,240 (hour)	344,725 (hour)	575,511	462,768 (hour)	345,517 (hour)	609,033
Pressed scrap steel blocks	42,000	27,130	295,139	42,000	31,076	467,462
Other	Note 2	Note 2	393,516	Note 2	Note 2	460,522

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.

Explanation on Reasons for Increase/Decrease:

- (1) Output for casting products in 2021 had increased. The main reason is relatively faster growth from two industries launched in 2021. These two industries had contributed to 80% of increase in output compared with the one for 2020.
- (2) Production capability, production output and output value for processed products in 2021 had basically remained unchanged. The main reason is that wind power for 2021 fell short of expectation.
- (3) Output for baled scrap has increased compared with the one for previous period. Given increased demand for scrap steel from the Group's subsidiaries, output volume and output value have both increased accordingly.

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

Unit: tons; 1000 NTD

Year Sales volume/value Main products	2020				2021			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Energy product castings	80,727	3,733,553	35,648	1,829,398	53,877	2,697,174	30,640	1,553,761
Injection molding machine castings	15,420	544,423	16,428	600,211	29,668	1,113,546	30,588	1,135,450
Other castings	22,501	1,159,096	5,808	317,592	41,407	1,979,564	8,632	468,716
Total	118,648	5,437,072	57,884	2,747,201	124,952	5,790,284	69,860	3,157,927

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

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		2020	2021	1 st Quarter of 2022
Number	Executives	96	99	89
	Production line staff	1,908	1,764	1,785
	General staff	355	396	391
	R&D personnel	85	93	92
	Total	2,444	2,352	2,357
Average age			39.51	40.16
Average years of service			8.21	8.44
Distribution of level of education (%)	PhD/MA	0.29%	0.34%	0.42%
	BA	7.08%	6.25%	5.94%
	Junior college or below	92.64%	93.41%	93.64%

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

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

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 incurred from labor dispute (including labor inspection result's violation of Labor Standards Act, and date of disposition, serial number of disposition, regulation violated, contents of regulation violated and contents of disposition shall all be listed accordingly) during the latest year and as of the date when annual report is published shall be listed, and estimated amounts which may incur currently and in the future as well as responding measures shall be disclosed. In the event that amounts cannot be reasonably estimated, facts of inability for reasonable estimate shall be explained.

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.

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

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. Information security management

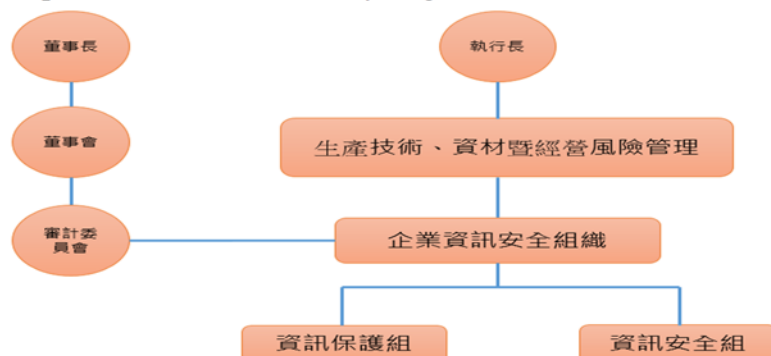
(1). Infocom security management strategy and structure

A. Enterprise Information Security Governance Organization

The company established the "Enterprise Information Security Organization" in 2022. It has an information security team and an information protection team under its jurisdiction to coordinate the formulation, implementation, risk management and compliance inspection of information security and protection-related policies. Report information security management effectiveness, information security related issues and directions to the Audit Committee of the Board of Directors

The company implements the information security strategy set by the enterprise information security organization to ensure the internal compliance of information security-related standards, procedures and regulations, and specially established the "Yongguan Energy Technology Group Company Exclusive Information Protection Committee", which is chaired by the top director of the Information Department. The top managers of the Resources, Sustainability Department, and Sales Office are members of the committees, and the director of the corporate information security group is the executive secretary, and the top director of the audit office is the observer. Meetings are held quarterly to review and decide on information security and information protection policies and policies. Implement the effectiveness of information security management measures.

B. Enterprise Information Security Organizational Structure



(2) Information security risks and countermeasures

The company has established comprehensive network and computer-related information security protection measures, but cannot guarantee that the computer system that controls or maintains the company's manufacturing operations and accounting and other important corporate functions can completely avoid network attacks from any third-party paralyzed system. These network attacks illegally invade the company's internal network system, and carry out activities such as sabotaging

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

the company's operations and damaging the company's goodwill. The company continuously reviews and evaluates its information security regulations and procedures to ensure their appropriateness and effectiveness, but cannot guarantee that the company will not be affected by emerging risks and attacks amid the ever-changing information security threats.

In order to effectively implement information security management, the enterprise information security organization holds regular monthly meetings through the "information protection work promotion team" covering the Taiwan plant and overseas subsidiaries. -Check-Act, PDCA) management cycle mechanism to review the applicability of information security policies and protection measures, and report the implementation results to the dedicated information protection committee on a regular basis.

(A).The "planning stage" focuses on information security risk management, establishes a complete Information Security Management System (ISMS), and promotes the continuous passing of international information security management system certifications (ISO/IEC 27001, ISO/IEC 15408) for all factories.), reduce the threat of enterprise information security from the aspects of system, technology, program, and internal management, and establish confidential information protection services that meet customer needs and the highest standards.

(B). In the "implementation stage", multi-layer information security protection is constructed, innovative technologies for information security defense are continuously introduced, the information security control and management mechanism is integrated and internalized in the daily operation processes such as software and hardware maintenance and operation, supplier information security management, etc., and the information is systematically monitored. Security, maintaining the confidentiality, integrity and availability of the Company's important assets.

(C). "Inspection phase" actively monitors the effectiveness of information security management, conducts information security index measurement and quantitative analysis based on the audit results, and conducts information security maturity assessment through regular simulation exercises of information security attacks.

(D). The "action stage" is based on review and continuous improvement, and implements supervision and audit to ensure the continued effectiveness of information security standards; based on performance indicators and maturity assessment results, regularly review and implement improvements including information security measures, education and training, and publicity. As a way to ensure that the company's important confidential information is not leaked.

(3) Major information security incident

As of the publication date of the annual report, no major information security incident has occurred.

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

7. Critical Contracts

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
Insurance	Insured: Ningbo Yeong Shang Insurance company: China Pacific Insurance	2021.6.29~ 2022.6.28	Employer Liability Insurance	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Ningbo Yeong Shang	2021.7.8~ 2022.7.7	Property Insurance	Nil
Insurance	Insured: Ningbo Yeong Shang Insurance company: China Pacific Insurance	2021.11.9~ 2022.11.8	Liability Insurance of Safe Production	Nil
Insurance	Insured: Ningbo Lu Lin Insurance company: PICC P&C	2021.6.29~ 2022.6.28	Employer Liability Insurance	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Ningbo Lu Lin	2021.7.8~ 2022.7.7	Property Insurance	Nil
Insurance	Insured: Ningbo Lu Lin Insurance company: China Pacific Insurance	2022.2.9~ 2023.2.8	Liability Insurance of Safe Production	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Jiangsu Bright	2021.7.8~ 2022.7.7	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: Jiangsu Bright Insurance company: Ping An Property & Casualty Insurance	2022.1.10~ 2023.1.9	Employer Liability Insurance	Nil
Insurance	Insured: Dongguan Yeong Guan Insurance company: PICC P&C	2021.6.29~ 2022.6.28	Employer Liability Insurance	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Dongguan Yeong Guan	2021.7.8~ 2022.7.7	Property Insurance	Nil
Insurance	Insured: Dongguan Yeong Guan Insurance company: PICC P&C	2021.8.6~ 2022.8.5	Liability Insurance of Safe Production	Nil
Property insurance	Party A: Fubon Property & Casualty Insurance Party B: Shanghai No.1 Machine Tool Foundry	2021.7.8~ 2022.7.7	Property Insurance	Nil
Insurance	Insured: Shanghai No.1 Machine Tool Foundry Insurance company: Cathay Insurance	2021.6.30~ 2022.6.29	Liability Insurance of Safe Production	Nil
Insurance	Insured: Shanghai No.1 Machine Tool Foundry Insurance company: Cathay Insurance	2021.7.1~ 2022.6.30	Employer Liability Insurance	Nil
Insurance	Insured: Ningbo Yeong Chia Mei Insurance company: China Pacific Insurance	2021.6.29~ 2022.6.28	Employer Liability Insurance	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Jiangsu Bright	from 2021.3.29 till now	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Shanghai No.1 Machine Tool Foundry	from 2021.3.29 till now	Pig iron	Nil

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

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Shanghai No.1 Machine Tool Foundry	from 2021.5.17 till now	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Jiangsu Bright	from 2021.5.17 till now	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Jiangsu Bright	from 2021.5.11 till now	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Shanghai No.1 Machine Tool Foundry	from 2021.5.11 till now	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Jiangsu Bright	from 2021.7.15 till now	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Jiangsu Bright	from 2021.11.24 till now	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Jiangsu Bright	from 2021.11.24 till now	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Jiangsu Bright	from 2021.12.13 till now	Pig iron	Nil
Collateral contract	Debtor: Ningbo Yeong Shang Creditor: Bank of China	2019.12.06~2029.12.05	Debtor provided 110,933 square meters of land and 93,072 square meters of factory as collateral for the guarantee, and principal of creditor's rights under this guarantee shall not exceed RMB220,000,000.	Nil
Collateral contract	Debtor: Jiangsu Bright Creditor: Bank of China	2019.1.16~ 2022.1.15	Debtor provided 144,714.3 square meters of land and 90,432.53 square meters of factory as collaterals for the guarantee, and the highest principal balance amount under this guarantee is RMB120,000,000.	Nil
Long-term loan agreement	Debtor: Yeong Guan Holding Co., Limited Taiwan Branch Mortgager: Yeong Chen Asia Pacific Co., Ltd. Lender: Land Bank of Taiwan Joint guarantor: Yeong Guan Energy Technology Group Company Limited	2021.5.1~2041.4.30	In terms of this 20-year loan agreement with total amount of NT\$2,120,000,000, Yeong Chen Asia Pacific Co., Ltd. provides 149.14 square meters of land and 334.64 square meters of house as collaterals for the guarantee, and the Company conducted endorsement for the debtor to guarantee NT\$1,484,000,000.	Nil
Syndicated loans agreement	Borrower: Yeong Guan Energy Technology Group Company Limited, Yeong Guan Holding Co., Limited Taiwan Branch, Yeong Chen Asia Pacific Co., Ltd. Lender: Total 6 banks, including Land Bank of Taiwan Joint guarantor: Yeong Guan Energy Technology Group Company Limited	2022.1.4~2027.1.3	Credit line with the total amount of USD130 million and NTD2.145 billion or foreign currency of equivalent value with credit extension period starting from the date of first appropriation until 5-year expiration date.	Nil

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

IV. 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 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current Asset		7,312,847	7,805,153	6,783,485	9,413,781	9,305,056	9,501,523
Property, Plant and Equipment		6,279,225	5,920,262	5,734,533	5,755,961	7,239,302	7,863,905
Intangible Asset		144,002	139,618	137,409	137,522	137,958	140,059
Other Asset		746,716	665,604	865,578	1,087,122	1,787,540	2,163,752
Total Asset		14,482,790	14,530,637	13,521,005	16,394,386	18,469,856	19,669,239
Current Liability	Before allocation	4,657,277	3,571,359	3,097,188	3,619,765	5,443,845	5,388,517
	After Allocation	4,828,464	3,571,359	3,044,380	3,785,691	Note 2	Note 2
Non-current Liability		110,326	2,678,315	2,601,750	4,010,679	4,191,396	5,247,348
Total Liability	Before allocation	4,767,603	6,249,674	5,698,938	7,630,444	9,635,241	10,635,865
	After Allocation	4,938,790	6,249,674	5,646,130	7,796,370	Note 2	Note 2
Owner's Equities Attributed to Parent Company		9,423,372	8,131,634	7,661,102	8,607,458	8,709,270	8,906,372
Share Capital		1,188,175	1,116,175	1,056,175	1,106,175	1,106,175	1,106,175
Additional Paid-in Capital		6,204,774	5,837,900	5,553,059	5,980,154	5,980,154	5,980,154
Retained Earnings	Before allocation	2,869,086	2,298,397	2,455,384	2,915,719	2,972,313	2,778,693
	After Allocation	2,697,899	2,298,397	2,402,576	2,749,793	Note 2	Note 2
Other Equities		(838,663)	(1,021,629)	(1,403,516)	(1,394,590)	(1,349,372)	(958,650)
Treasury Share		0	99,209	0	0	0	0
Non-controlling Equities		291,815	149,329	160,965	156,484	125,345	127,002
Total Equities	Before allocation	9,715,187	8,280,963	7,822,067	8,763,942	8,834,615	9,033,374
	After Allocation	9,544,000	8,280,963	7,769,259	8,598,016	Note 2	Note 2

Note 1: Financial data for last 5 years and those as of March 31, 2022 have all been audited or reviewed by certified accountants.

Note 2: As of May 9, 2020, 2022 earnings distribution has yet to be approved by shareholder meeting resolution.

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

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 31, 2022 (Note 1)
		2017	2018	2019	2020	2020	
Operation Revenue		6,404,342	6,195,855	7,899,986	8,184,273	8,948,211	1,813,099
Operation Profit Margin		1,432,199	830,936	1,371,353	1,789,787	1,769,821	195,745
Operation Income		295,449	(245,012)	212,460	544,700	316,057	(118,452)
Non-operation Revenue & Expenses		46,318	13,111	8,868	79,038	4,563	(98,125)
Pre-tax Net Profit		341,767	(231,901)	221,328	623,738	320,620	(216,577)
Current Net Profit for Continuing Operations		257,924	(274,073)	163,526	516,530	213,973	(196,438)
Discontinued Operations Loss		0	0	0	0	0	00
Current Net Profit		257,924	(274,073)	163,526	516,530	213,973	(196,438)
Current Other Consolidated Income (after tax net amount)		(217,094)	(179,993)	(376,790)	1,058	38,731	395,197
Current Consolidated Income Total Amount		40,830	(454,066)	(213,264)	517,588	252,704	198,759
Net Profit Attributed to Parent Company Owner		270,474	(278,658)	162,976	513,143	216,102	(193,620)
Net Profit Attributed to Non-controlling Equities		(12,550)	4,585	550	3,387	(2,129)	(2,818)
Consolidated Income Total Attributed to Parent Company Owner		53,131	(461,624)	(218,911)	522,069	267,738	197,102
Consolidated Income Total Attributed to Non-controlling Equities		(12,301)	7,558	5,647	(4,481)	(15,034)	1,657
Earnings Per Share		2.28	(2.48)	1.54	4.81	1.95	(1.75)

Note 1: Financial data for last 5 years and current financial data as of March 31, 2022 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
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
2021	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Huang, Yao-Ling	No Reservation

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

2. Financial analysis for the last five years

I. Financial Analysis

Items Analyzed (note4)		Year		Financial analysis for the last five years					Current Financial Data as of March 31, 2022
		2017	2018	2019	2020	2021			
Finance Structure	Debt Ratio (%)	32.92	43.01	42.15	46.54	52.17	54.07		
	Long Term Fund to Fixed Asset Ratio (%)	151.83	182.59	178.97	219.22	178.2	179.98		
Repayment Capability	Current Ratio (%)	157.02	218.55	219.02	260.07	170.93	176.33		
	Quick Ratios (%)	124.2	172.74	171.71	218.55	134.19	133.22		
	Times Interest Earned	5.99	(0.74)	2.37	7.67	5.72	(8.85)		
Operating Performance	Account Receivables Turnover Rate (Times)	3.04	2.97	3.11	2.52	2.63	2.37		
	Average Collection Days	120	123	117	145	139	154		
	Inventory Turnover Rate (Times)	3.69	3.76	4.65	4.79	4.71	3.53		
	Account Payable Turnover Rate (Times)	4.45	4.91	6.40	4.85	3.53	2.87		
	Average Inventory Turnover Days	99	97	78	75	77	103		
	Fixed Asset Turnover Rate (Times)	1.07	1.02	1.36	1.42	1.38	0.96		
	Total Asset Turnover Rate (Times)	0.43	0.43	0.56	0.55	0.51	0.38		
Profitability	Return on Asset (%)	2.13	(1.06)	2.21	3.97	1.49	(0.93)		
	Return on Equity (%)	2.69	(3.17)	2.06	6.31	2.50	(2.20)		
	Pre-tax Net Profit to Paid-in Capital (%)	4.62	(3.33)	3.35	8.80	4.52	(3.06)		
	Net Margin Rate (%)	4.03	(4.42)	2.07	6.31	2.39	(10.83)		
	Earnings Per Share (NTD)	2.28	(2.48)	1.54	4.81	1.95	(1.75)		
Cash Flow	Cash Flow Ratio (%)	14.43	(3.84)	(10.50)	16.51	18.29	(11.03)		
	Cash Flow Adequacy Ratio (%)	77.95	64.50	44.90	39.98	28.40	8.85		
	Cash Re-investment Ratio (%)	2.25	(2.16)	(2.35)	3.33	5.07	(3.33)		
Leverage	Operating Leverage	2.69	(1.19)	3.63	1.99	2.70	(0.14)		
	Financial Leverage	1.30	0.65	4.18	1.21	1.27	0.84		
Reasons for changes of various financial ratios within the last two years (analysis is exempted for changes of increase/decrease less than 20%)									
1. Current Ratio, Quick Ratios and Times Interest Earned have all decreased compared with the same period last year. Main reason for this is because of increases in short-term loans and notes issued from the needs of operations.									
2. Main reason for decrease in Account Payable Turnover Rate is because of increase in current notes payable compared with the same period last year.									
3. Return on Asset, Return on Equity, Pre-tax Net Profit to Paid-in Capital, Net Margin Rate, Earnings Per Share, Operating Leverage and Financial									

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

	<p>Leverage: Exponential increase in raw material prices has led to decrease of the Company's gross profit.</p> <p>4. Main reason for decrease of Cash Flow Adequacy Ratio compared with the one for last year is because of increase in capital expenditure from building Taichung new factory.</p> <p>5. Main reason for increase in Operating Leverage and Financial Leverage compared with the ones for last year is because of decrease of current operation profit.</p>
--	---

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)

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

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 2022

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of the company the 2021 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, 2022

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

- 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	2020	2021	Difference	
				Amount	%
Current Asset		9,413,781	9,305,056	(108,725)	(1.15%)
Property, Plant and Equipment		5,755,961	7,239,302	1,483,341	25.77%
Intangible Asset		137,522	137,958	436	0.32%
Other Asset		1,087,122	1,787,540	700,418	64.43%
Total Asset		16,394,386	18,469,856	2,075,470	12.66%
Current Liability		3,619,765	5,443,845	1,824,080	50.39%
Non-Current Liability		4,010,679	4,191,396	180,717	4.51%
Total Liability		7,630,444	9,635,241	2,001,797	26.27%
Share Capital		1,106,175	1,106,175	-	0%
Paid-in Capital		5,980,154	5,980,154	-	0%
Retained Earnings		2,915,719	2,972,313	56,594	1.94%
Other Equities		(1,394,590)	(1,349,372)	45,218	(3.24%)
Non-controlling Interest		156,484	125,345	(31,139)	(19.90%)
Total Interest		8,763,942	8,834,615	70,673	0.81%
<p>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):</p> <ol style="list-style-type: none"> 1. “Property, Plant and Equipment”, “Other Asset” and “Total Asset”: Main reason for this is because of balance amount increase for asset related account titles from building Taichung new factory. 2. Current Liability: Main reason for this is because of increase in material costs and relatively more stocking at year end. 					

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

2. Financial Performance

(1) Operating Performance Analysis Table

Unit: NTD in thousands

Item \ Year	2020	2021	Difference	
			Amount	%
Operating Income	8,184,273	8,948,211	763,938	9.33%
Operating Cost	6,394,486	7,178,390	783,904	12.26%
Operating Gross Margin	1,789,787	1,769,821	(19,966)	(1.12%)
Operating Expense	1,245,087	1,453,764	208,677	16.76%
Operating Net Income	544,700	316,057	(228,643)	(41.98%)
Non-Business Income & Expense	79,038	4,563	(74,475)	(94.23%)
Pre-Tax Net Income	623,738	320,620	(303,118)	(48.60%)
Income Tax Expense	107,208	106,647	(561)	(0.52%)
Current Net Income	516,530	247,973	(302,557)	(58.57%)
<p>Explanations on items with significant changes (items with changes exceeding 10% and with change amount reaching 1% of current year total asset amount) Main reason for this is that rapid increase in current raw material costs has lowered the Company's profits and led to drastic decrease in gross profit and net profit.</p>				

(2) Expected Sales and Reasons

The Company maintains a neutral and conservative attitude with regard to overall sales income for 2020 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.

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

3. Cash Flow

(1) Analysis of Cash Flow Changes in Recent Years

Unit: NTD in thousands

Item \ Year	2020	2021	Increased (Decreased) Amount %	Increased (Decreased) Percentage %
Operating Activity	597,773	995,560	397,787	66.54%
Investment Activity	(898,672)	(2,757,751)	(1,859,079)	206.87%
Financing Activity	1,521,842	1,033,036	(488,806)	(32.12%)
Analysis of Changes: 1. Operating Activity: 2021 net cash flow for operating activity has increased mainly because of growth in operating income as well as collection of accounts receivables. 2. Financing Activity: 2021 net cash flow for financing activity has decreased mainly because of conducting capital increase through cash as well as issuance of corporate bonds in 2020.				

(2) Cash flow liquidity analysis and liquidity insufficiency improvement plan for the upcoming year

The Company continues to invest in the building of Taichung new factory in 2022. Investment activities are expected to lead to net cash outflow exceeding NT\$3.0 billion. The Company will respond to these using mid/long term bank loans. The Company's assessment indicates that current capital conditions and bank credit extension amount are sufficient in funding capital needed. The Company is not expected to have insufficient liquidity for 2022.

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.

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

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 Holdings Co., Ltd.	296,608	This is mainly because investment income is assessed using equity method.	—
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	(2,264)	This is mainly because invested enterprise is still in its opening phase and business has not yet started.	Nil
Yeong Guan International Co., Ltd.	335,831	This is mainly because investment income is assessed using equity method.	—

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

Invested Enterprises	Recognized Investment Gain/Loss Amount	Reason for Gain or Loss	Improvement Plan
Shin Shang Trade Co., Ltd.	(568)	This is mainly because of losses incurred from exchange of foreign currency. The company has already been liquidated in 2021.	Nil
Yeong Chen Asia Pacific Co., Ltd.	27,122	Profit for main business remains steady.	—
Ningbo Yeong Shang Casting Iron Co., Ltd.	147,896	Profit for main business remains steady.	—
Dongguan Yeong Guan Mould Factory Co., Ltd.	(30,125)	This is mainly because of increase in costs from increase in raw materials.	Nil
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	49,820	Profit for main business remains steady.	—
Jiangsu Bright Steel Fine Machinery Co., Ltd.	304,211	Profit for main business remains steady.	—
Ningbo Yong Jia Mei Trade Co., Ltd.	(413)	This is mainly because of decrease in procurement service revenue.	Nil
Shanghai No.1 Machine Tool Foundry (Su Zhou) Co., Ltd.	(28,756)	This is mainly because of increase in costs from increase in raw materials.	Nil
Qing Dao Rui Yao Building Material Co., Ltd.	146	It still made profits through interest income. The company has already been liquidated in 2021.	—
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	—	Operation has not yet started officially.	—

(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

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

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 2020 and 2021 are NTD96,471 thousands and NTD65,905 thousands with percentages of 1.18% and 0.74% 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 sixty percent (60%) 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 2020 and 2021 are NTD80,315 thousands and NTD3,394 thousands respectively accounting for 0.98% and 0.04% 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

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

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.

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

- (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

- (a) 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

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

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 future 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.

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

(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 2021, raw material purchasing was impacted by inflation and numerous domestic production restrictions for environmental protection. This has led to increase in raw material costs and therefore purchase amount for 2021 has also increased accordingly. 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 41.81% and 36.46% respectively, with each supplier accounting for less than 20%. With the exceptions of suppliers for steel scrap, 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, our 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.

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

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 1 case of pending litigation and arbitration for the Company and its subsidiaries, 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.

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

- (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 RMB2,127,871 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 185 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.

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

VIII. Special Matters Documented

1. Subsidiary Related Information

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

(2) Subsidiary Basic Information

March 31, 2022, 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	No.622/15, Rama2 Road, Samae Dam Sub-District, BangkhunTien District, Bangkok Metropolis.	THB 600,000	Manufacturing and selling of cast iron
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
Qing Dao Rui Yao Building Material Co., Ltd.	2018.03	No. 6, Fenghe Rd., Jiaozhou Economic and Technology Development Zone, Qingdao City, Shangdong Province, China	RMB 16,400	Manufacturing and selling of decorative materials; processing and selling of stones material
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.	-	Manufacturing and selling of cast iron

Note: This is still in the pilot phase and the Company has not yet invested capital in this.

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

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

(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 Jatupornpukdi; Niyom Jatuponpakdi; 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 Liu, Han-Pang Huang, Ching-Chung
	Supervisor	Tsai, Chang-Ming
	President	Huang, Ching-Chung
Ningbo Yeong Shang Casting Iron Co., Ltd.	Director	Hsu, Ching-Hsiung Liu, Han-Pang Huang, Ching-Chung
	Supervisor	Tsai, Chang-Ming
	President	Huang, Ching-Chung
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	Director	Hsu, Ching-Hsiung Liu, Han-Pang Huang, Ching-Chung
	Supervisor	Tsai, Chang-Ming
Jiangsu Bright Steel Fine Machinery Co., Ltd.	Director	Tsai, Chang-Ming Liu, Han-Pang Chang, Chun-Chi
	Supervisor	Hsu, Ching-Hsiung
	President	Liang, Li-Sheng
Ningbo Yong Jia Mei Trading Co., Ltd.	Director	Hsu, Ching-Hsiung
	Supervisor	Tsai, Chang-Ming
Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	Director	Tsai, Chang-Ming Liu, Han-Pang Chang, Chun-Chi
	Supervisor	Hsu, Ching-Hsiung
	President	Chang, Chun-Chi
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	Director	Tsai, Chang-Ming Liu, Han-Pang Chang, Chun-Chi
	Supervisor	Hsu, Ching-Hsiung
	President	Tsai, Chang-Ming

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

(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.	5,369,920	14,847,678	2,105,556	12,742,122	0	(63,014)	301,200	1.55
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	746,640	472,206	487	471,719	0	(3,659)	(3,499)	(0.04)
Yeong Guan International Co., Limited	2,856,945	10,369,498	67,513	10,301,985	0	(114)	335,254	0.42
Yeong Chen Asia Pacific Co., Ltd.	95,000	1,701,684	1,118,787	582,897	2,453,116	48,044	31,612	Note 1
Dongguan Yeong Guan Mould Factory Co., Ltd.	110,038	704,751	155,718	549,033	575,266	(4,932)	(31,470)	Note 1
Ningbo Yeong Shang Casting Iron Co., Ltd.	1,193,008	4,211,404	799,695	3,411,709	2,519,599	68,954	155,710	Note 1
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	379,354	2,409,213	292,378	2,116,835	1,261,355	7,878	38,379	Note 1
Jiangsu Bright Steel Fine Machinery Co., Ltd.	3,179,076	6,592,665	1,355,872	5,236,793	4,288,142	327,114	305,581	Note 1
Ningbo Yong Jia Mei Trading Co., Ltd.	27,680	35,603	1,155	34,448	7,399	(1,167)	(422)	Note 1
Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	932,262	2,155,740	1,894,923	260,817	1,544,574	11,354	(44,081)	Note 1

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

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

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
<p>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.</p> <p>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.</p>	<p>Whereas permitted by the laws of Cayman Islands and within requirements of applicable laws, the Company is entitled to raise litigation against directors.</p> <p>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:</p> <p>(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</p> <p>(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 Taipei District Court as the jurisdiction court for the first instance trial.</p>	<p>Company Act of Cayman Islands does not have specific requirements to permit minority shareholders to raise litigation procedure against directors in Cayman Islands court.</p> <p>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</p>

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

Critical Matters on Shareholder's Equity Protection	Contents of Amendments on the Company's Articles of Incorporation	Reasons for Differences
	<p>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.</p>	<p>stipulates that minority shareholders (or shareholders eligible for 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</p>

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

Critical Matters on Shareholder's Equity Protection	Contents of Amendments on the Company's Articles of Incorporation	Reasons for Differences
		<p>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.</p>

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

IX. In the latest year and as of the date when annual report was published, occurrence of events with significant effect on shareholder's equity or securities prices as prescribed in Clause 2, Paragraph 2, Article 36 of Securities & Exchange Law: None.

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

YEONG GUAN ENERGY
TECHNOLOGY GROUP CO.,
LTD. and Subsidiaries

Consolidated Financial Statements for
the Years Ended December 31, 2021
and 2020 and
Independent Auditors' Report

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Address: Cricket Square, Hutchins Drive,
Po Box 2681, Grand Cayman, KY1-1111,
Cayman Islands
Telephone: 002-86-574-86228866

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

§ Table of Contents §

<u>ITEM</u>	<u>PAGE</u>	<u>FINANCIAL STATEMENT NOTE NO.</u>
1. Cover	1	-
2. Table of Contents	2	-
3. Independent Auditors' Report	3~6	-
4. Consolidated Balance Sheet	7	-
5. Consolidated Income Statement	8	-
6. Consolidated Statement of Changes in Equity	9	-
7. Consolidated Statement of Cash Flows	10-11	-
8. Consolidated Financial Statement Notes		-
(1) History of Company	12	1
(2) Date and Process for Financial Statement Approval	12	2
(3) Application of Newly Promulgated and Modified Guidelines and Explanation	12-14	3
(4) Explanation of Summarized Significant Accounting Policy	15~29	4
(5) Significant Accounting Judgment and Assessment and Major Source of Assumption Uncertainty	30	5
(6) Significant Accounting Item Explanation	30~65	6~28
(7) Related Party Transaction	65~66	29
(8) Mortgaged or Pledged Assets	66~67	30
(9) Significant Contingencies or Unrecognized Contractual Commitment	-	-
(10) Significant Disaster Loss	-	-
(11) Other Items	67	31
(12) Significant Subsequent Events	-	-
(13) Foreign Currency Financial Assets and Liabilities Exchange Rate Information	67-68	32
(14) Notes Disclosures		
1. Significant Transaction Related Information	68~69	33
2. Reinvestment Related Information	69	33
3. China Investment Information	69~70	33
(15) Segment Information	70-72	34

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD.

Opinion

We have audited the accompanying financial report of YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these

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

matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

The Occurrence of Operating Revenue

With respect to the Group's consolidated operating revenue for 2021, revenue from renewable energy products accounted for 47.51% of annual operating revenue. The revenue from major client products of renewable energy accounted for 88.96% of the annual revenue from renewable energy. Given the fact that operating revenue amount from such clients was material, recognition of operating revenue from major clients of renewable energy category was therefore listed as a key audit matter.

With respect to this key audit matter, we hereto took the Group's occurrence of operating revenue recognition into consideration in evaluating design and execution of operating revenue related to internal control. Samples were selected from renewable energy major clients to conduct verification test on detail items for the purpose of checking transaction vouchers as well as audit process for subsequent payment collection. Meanwhile, letters were sent to such clients to verify period-end account receivable balance for the purpose of verifying that operating revenue actually occur and amount was accurate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards

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

generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte and Touche

CPA Chen, Chih-Yuan

CPA Huang, Yao-Ling

Financial Supervisory Commission

Financial Supervisory Commission

Executive Yuan

Executive Yuan

Approval Document No.

Approval Document No.

Gin-Guan-Zheng-Shen-Tze

Gin-Guan-Zheng-Shen-Tze

No. 1060023872

No. 106004806

March 16, 2022

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

Unit: in thousands of NTD

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalent(Notes 4 and 6)	\$ 1,993,773	11	\$ 2,682,852	16
1110	Financial assets at fair value through profit or loss – current(Notes 4 and 7)	579,631	3	509,346	3
1136	Financial assets measured based on amortized cost – current(Note 4 and 9)	304,440	2	252,900	2
1150	Notes receivable(Notes 4 and 22)	432,953	2	226,445	1
1170	Account receivables, net(Notes 4, 10 and 22)	2,808,556	15	3,290,489	20
130X	Inventories, net(Notes 4 and 11)	1,660,444	9	1,324,434	8
1476	Other financial assets-current(Notes 16 and 30)	1,106,684	6	862,010	5
1479	Other current assets(Notes 4 and 24)	418,575	2	265,305	2
11XX	Total Current Assets	<u>9,305,056</u>	<u>50</u>	<u>9,413,781</u>	<u>57</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	76,768	1	-	-
1600	Property, plant and equipment(Notes 4, 13 and 30)	7,239,302	39	5,755,961	35
1755	Right of Use Assets(Notes 4, 14 and 30)	563,722	3	608,628	4
1760	Investment property, net(Notes 4)	731	-	737	-
1805	Goodwill(Notes 15)	137,958	1	137,522	1
1840	Deferred income tax assets(Notes 4 and 24)	67,025	-	110,659	1
1910	Real estate prepayments	141,256	1	-	-
1915	Equipment prepayments	724,498	4	311,673	2
1990	Other non-current assets(Notes 4, 16 and 30)	213,540	1	55,425	-
15XX	Total Non-Current Assets	<u>9,164,800</u>	<u>50</u>	<u>6,980,605</u>	<u>43</u>
1XXX	TOTAL ASSETS	<u>\$ 18,469,856</u>	<u>100</u>	<u>\$ 16,394,386</u>	<u>100</u>
	LIABILITIES and SHAREHOLDER'S EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 17 and 30)	\$ 1,839,364	10	\$ 1,178,458	7
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	363	-
2150	Notes payable	1,635,644	9	847,435	5
2170	Account payables	786,669	4	798,946	5
2219	Other accounts payable (Notes 19)	687,750	4	741,378	5
2230	Current income tax liabilities (Notes 4 and 24)	67,513	-	11,887	-
2280	Lease liabilities - current (Notes 4, 14 and 29)	24,031	-	35,122	-
2321	Current portion of long-term borrowings (Notes 17 and 30)	390,672	2	-	-
2399	Other current liabilities	12,202	-	6,176	-
21XX	Total Current Liabilities	<u>5,443,845</u>	<u>29</u>	<u>3,619,765</u>	<u>22</u>
	NON-CURRENT LIABILITIES				
2500	Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 18)	24,750	-	10,350	-
2530	Bonds payable (Notes 4 and 18)	1,473,192	8	1,465,987	9
2540	Long-term borrowings (Notes 17 and 30)	2,504,584	14	2,319,627	14
2570	Deferred income tax liabilities (Notes 4 and 24)	7,966	-	9,540	-
2580	Lease liabilities - non-current (Notes 4, 14 and 29)	180,904	1	205,175	2
25XX	Total Non-Current Liabilities	<u>4,191,396</u>	<u>23</u>	<u>4,010,679</u>	<u>25</u>
2XXX	TOTAL LIABILITIES	<u>9,635,241</u>	<u>52</u>	<u>7,630,444</u>	<u>47</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
3110	Common stock capital	1,106,175	6	1,106,175	7
3200	Additional paid-in capital	5,980,154	32	5,980,154	36
	Retained earnings				
3310	Legal reserve	554,684	3	503,370	3
3320	Special reserve	1,394,590	8	1,404,195	9
3350	Unappropriated retained earnings	1,023,039	5	1,008,154	6
3300	Total Retained Earnings	<u>2,972,313</u>	<u>16</u>	<u>2,915,719</u>	<u>18</u>
	Other components of Equity				
3410	Exchange difference on translation of foreign financial statements	(1,353,964)	(7)	(1,394,590)	(9)
3420	Unrealized evaluation gains and losses of the equity instrument investment benefit measured at fair value through other comprehensive gains and losses	4,592	-	-	-
3400	Total Other Components of Equity	<u>(1,349,372)</u>	<u>(7)</u>	<u>(1,394,590)</u>	<u>(9)</u>
31XX	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>8,709,270</u>	<u>47</u>	<u>8,607,458</u>	<u>52</u>
36XX	Non-controlling interests	125,345	1	156,484	1
3XXX	TOTAL EQUITY	<u>8,834,615</u>	<u>48</u>	<u>8,763,942</u>	<u>53</u>
	TOTAL LIABILITIS and EQUITY	<u>\$ 18,469,856</u>	<u>100</u>	<u>\$ 16,394,386</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statement.

Chairman: Chang, Hsien-Ming

General Manager: Chang, Hsien-Ming

Chief Accountant: Tsai, Ching-Wu

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

Consolidated Income Statement

For periods from January 1 to December 31 of 2021 and 2020

Unit: in thousands of NTD,
Except Earnings Per Share

Code		2021		2020	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 4 and 22)	\$ 8,948,211	100	\$ 8,184,273	100
5000	OPERATING COSTS (Notes 4, 11 and 23)	<u>7,178,390</u>	<u>80</u>	<u>6,394,486</u>	<u>78</u>
5900	GROSS PROFIT	<u>1,769,821</u>	<u>20</u>	<u>1,789,787</u>	<u>22</u>
	OPERATING EXPENSES (Notes 10 and 23)				
6100	Marketing expenses	476,495	6	434,277	5
6200	General and administrative expenses	619,275	7	525,172	7
6300	Research and development expenses	351,541	4	275,826	4
6450	Expected credit loss	<u>6,453</u>	<u>-</u>	<u>9,812</u>	<u>-</u>
6000	Total operating expenses	<u>1,453,764</u>	<u>17</u>	<u>1,245,087</u>	<u>16</u>
6900	PROFIT FROM OPERATIONS	<u>316,057</u>	<u>3</u>	<u>544,700</u>	<u>6</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Notes 23)	56,312	1	48,462	1
7190	Other income (Notes 18, 23 and 29)	14,348	-	29,039	-
7235	Financial product net (loss) profit at fair value through profit and loss (Notes 7 and 18)	(1,552)	-	14,731	-
7630	Foreign currency exchange net profit (Notes 23 and 32)	3,394	-	80,315	1
7510	Finance costs (Notes 18, 23 and 29)	(67,939)	(1)	(93,509)	(1)
7000	Total non-operating income and expenses	<u>4,563</u>	<u>-</u>	<u>79,038</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX	320,620	3	623,738	7
7950	INCOME TAX EXPENSE (Notes 4 and 24)	<u>106,647</u>	<u>1</u>	<u>107,208</u>	<u>1</u>
8200	NET PROFIT FOR THE YEAR	213,973	2	516,530	6
	OTHER COMPREHENSIVE INCOME(LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain on financial assets at fair value through other comprehensive income	11,010	-	-	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	<u>27,721</u>	<u>1</u>	<u>1,058</u>	<u>-</u>
8300	Total other comprehensive income (net of income tax)	<u>38,731</u>	<u>1</u>	<u>1,058</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 252,704</u>	<u>3</u>	<u>\$ 517,588</u>	<u>6</u>
	NET PROFIT(LOSS) ATTRIBUTABLE TO:				
8610	Shareholders of the parent	\$ 216,102	2	\$ 513,143	6
8620	Non-controlling interests	(2,129)	-	3,387	-
8600		<u>\$ 213,973</u>	<u>2</u>	<u>\$ 516,530</u>	<u>6</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	\$ 267,738	3	\$ 522,069	6
8720	Non-controlling interests	(15,034)	-	(4,481)	-
8700		<u>\$ 252,704</u>	<u>3</u>	<u>\$ 517,588</u>	<u>6</u>
	EARNINGS PER SHARE (Note 25)				
9750	Basic	<u>\$ 1.95</u>		<u>\$ 4.81</u>	
9850	Diluted	<u>\$ 1.88</u>		<u>\$ 4.80</u>	

The accompanying notes are an integral part of the consolidated financial statement.

Chairman: Chang, Hsien-Ming

General Manager: Chang, Hsien-Ming

Chief Accountant: Tsai, Ching-Wu

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
For periods from January 1 to December 31 of 2021 and 2020

Unit: in thousands of NTD

		EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 8 and 21)										Other Equity					
		Capital Surplus					Retained Earnings					Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income		Non-Controlling Interests (Notes 21 and 26)		Total Equity	
Code		Common Stock	Additional Paid-In Capital	Stock Option	Invalid Stock Option	Treasury Stock Transaction	Total	Legal Reserve	Special Reserve	Retained Earnings	Total	Exchange Differences on Translation of Foreign Operations	Total	Total	Total	Total	
A1	BALANCE AT JANUARY 1, 2020	\$ 1,056,175	\$ 5,375,511	\$ 385	\$ 148,490	\$ 28,673	\$ 5,553,059	\$ 487,072	\$ 1,024,331	\$ 943,981	\$ 2,455,384	(\$ 1,403,516)	\$ -	(\$ 1,403,516)	\$ 7,661,102	\$ 160,965	\$ 7,822,067
	Appropriation and distribution of 2019 earnings:																
B1	Legal reserve	-	-	-	-	-	-	16,298	-	(16,298)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	-	379,864	(379,864)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	-	-	(52,808)	(52,808)	-	-	-	(52,808)	-	(52,808)
	Subtotal	-	-	-	-	-	-	16,298	379,864	(448,970)	(52,808)	-	-	-	(52,808)	-	(52,808)
D1	Net income in 2020	-	-	-	-	-	-	-	-	513,143	513,143	-	-	-	513,143	3,387	516,530
D3	2020 Other comprehensive income	-	-	-	-	-	-	-	-	-	-	8,926	-	8,926	8,926	(7,868)	1,058
D5	2020 Total comprehensive income	-	-	-	-	-	-	-	-	513,143	513,143	8,926	-	8,926	522,069	(4,481)	517,588
E1	Issuance of common stock	50,000	346,997	-	-	-	346,997	-	-	-	-	-	-	-	396,997	-	396,997
C5	Due to recognition of equity component of convertible bonds issued	-	-	80,098	-	-	80,098	-	-	-	-	-	-	-	80,098	-	80,098
T1	Redemption of convertible matured bond	-	-	(385)	385	-	-	-	-	-	-	-	-	-	-	-	-
Z1	BALANCE AT DECEMBER 31, 2020	\$ 1,106,175	\$ 5,722,508	\$ 80,098	\$ 148,875	\$ 28,673	\$ 5,980,154	\$ 503,370	\$ 1,404,195	\$ 1,008,154	\$ 2,915,719	(\$ 1,394,590)	\$ -	(\$ 1,394,590)	\$ 8,607,458	\$ 156,484	\$ 8,763,942
	Appropriation and distribution of 2020 earnings:																
B1	Legal reserve	-	-	-	-	-	-	51,314	-	(51,314)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	-	(9,605)	9,605	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	-	-	(165,926)	(165,926)	-	-	-	(165,926)	-	(165,926)
	Subtotal	-	-	-	-	-	-	51,314	(9,605)	(207,635)	(165,926)	-	-	-	(165,926)	-	(165,926)
D1	Net income in 2021	-	-	-	-	-	-	-	-	216,102	216,102	-	-	-	216,102	(2,129)	213,973
D3	2021 Other comprehensive income	-	-	-	-	-	-	-	-	-	-	40,626	11,010	51,636	51,636	(12,905)	38,731
D5	2021 Total comprehensive income	-	-	-	-	-	-	-	-	216,102	216,102	40,626	11,010	51,636	267,738	(15,034)	252,704
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	6,418	6,418	-	(6,418)	(6,418)	-	-	-
O1	Non-controlling interest change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,105)	(16,105)
Z1	BALANCE AT DECEMBER 31, 2021	\$ 1,106,175	\$ 5,722,508	\$ 80,098	\$ 148,875	\$ 28,673	\$ 5,980,154	\$ 554,684	\$ 1,394,590	\$ 1,023,039	\$ 2,972,313	(\$ 1,353,964)	\$ 4,592	(\$ 1,349,372)	\$ 8,709,270	\$ 125,345	\$ 8,834,615

The accompanying notes are an integral part of the consolidated financial statement.

Chairman: Chang, Hsien-Ming

General Manager: Chang, Hsien-Ming

Chief Accountant: Tsai, Ching-Wu

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
For periods from January 1 to December 31 of 2021 and 2020

Unit: in thousands of NTD

Code		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 320,620	\$ 623,738
A20010	Adjustments for:		
A20100	Depreciation expense	530,454	533,638
A20200	Amortization expense	6,176	4,889
A20300	Expected credit loss recognized	6,453	9,812
A20400	Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	14,400	2,459
A20900	Finance costs	67,939	93,509
A21200	Interest income	(56,312)	(48,462)
A22500	Loss on disposal of property, plant and equipment	27,305	11,111
A23800	Recognition (reversal) of write-down of inventories	7,518	(61,753)
A24100	Net gain on foreign currency exchange	(8,311)	(27,693)
A24200	Loss on disposal of subsidiaries	6,516	-
A29900	Amortization of prepaid lease payment	(249)	(161)
A30000	Net change on operating assets and liabilities		
A31130	Notes receivable	(203,776)	(27,130)
A31150	Account receivables	492,200	(542,567)
A31200	Inventories	(331,366)	(32,355)
A31240	Other current assets	(161,409)	7,746
A32110	Financial instrument at fair value through profit and loss	2,314	4,955
A32130	Notes payable	777,918	574,792
A32150	Account payables	(18,640)	74,586
A32180	Other payables	(45,588)	178,858
A32230	Other current liabilities	5,950	(5,032)
A32990	Other financial assets	(369,978)	(599,260)
A33000	Operating net cash inflows	1,070,134	775,680
A33300	Interest paid	(65,905)	(96,471)
A33500	Income tax paid	(8,669)	(81,436)
AAAA	Net cash generated from operating activities	<u>995,560</u>	<u>597,773</u>

(to be continued)

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

(brought forward)

Code		2021	2020
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at fair value through other comprehensive income	(\$ 76,476)	\$ -
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	10,718	-
B00040	Purchase of financial assets at amortized cost	(331,136)	(9,176)
B00050	Proceeds from disposal of financial assets at amortized cost	281,863	117,783
B00100	Purchase of financial asset at fair value through profit or loss	(618,413)	(670,513)
B00200	Proceeds from disposal of financial asset at fair value through profit or loss	547,182	400,405
B02300	Cash outflow generated from disposal of subsidiaries	(30,836)	-
B02700	Purchase of property, plant and equipment	(1,975,201)	(503,599)
B02800	Disposal of property, plant and equipment	3,620	6,288
B04500	Payment for intangible assets	(2,995)	(4,556)
B06700	(Increase) decrease in other non-current assets	(3,623)	45,193
B07100	Increase in equipment prepayments	(477,316)	(328,827)
B07300	Increase in real estate prepayments	(141,256)	-
B07500	Interests collected	<u>56,118</u>	<u>48,330</u>
BBBB	Net cash generated used in investing activities	<u>(2,757,751)</u>	<u>(898,672)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short term loan	652,009	(305,085)
C01200	Issuance of bond	-	1,549,294
C01300	Repayment of bond	-	(6,562)
C01600	Proceeds from long term loan	588,227	-
C01700	Repayment of long term loan	-	(28,084)
C04020	Payments of lease liabilities	(41,274)	(31,910)
C04500	Dividends paid to owners of the Company	(165,926)	(52,808)
C04600	Issuance of common stocks	<u>-</u>	<u>396,997</u>
CCCC	Net cash generated from financing activities	<u>1,033,036</u>	<u>1,521,842</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>40,076</u>	<u>11,226</u>
EEEE	NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(689,079)	1,232,169
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,682,852</u>	<u>1,450,683</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,993,773</u>	<u>\$ 2,682,852</u>

The accompanying notes are an integral part of the consolidated financial statement.

Chairman: Chang, Hsien-Ming

General Manager: Chang, Hsien-Ming

Chief Accountant: Tsai, Ching-Wu

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
for periods from January 1 to December 31 of 2021 and 2020
(Unless otherwise specified, all amounts are in thousands of NTD.)

1. GENERAL

Yeong Guan Energy Technology Group Co., Ltd. (hereinafter referred to as the “Company”) was established on January 22, 2008 in British Cayman Islands under the main purpose of organization restructuring. According to the Company’s equity swap agreement, organization restructuring was completed on September 22, 2008. The Company has become an investment holding company after the restructuring.

The Company’s stocks were listed and traded in Taiwan Stock Exchange starting April 27, 2012.

Consolidated financial statements hereto are presented in the Company’s functional currency of NTD.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on March 16, 2022.

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

A. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Group’s accounting policies.

B. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022

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

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continually assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed

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

C. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 – Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(2) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within twelve months after the reporting period; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within twelve months after the reporting period; and
3. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

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

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Table 8 and Table 9 for the detailed information of subsidiaries (including the percentage of ownership and main business).

(5) Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

(6) Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

Depreciation is recognized using the straight-line method. Each part of a property, plant and equipment item that is significant to the total cost of the item is depreciated separately. The estimated useful lives, residual values and depreciation method are audited at the end of each reporting period, with any changes in estimates accounted for prospectively.

Any gain or loss on the disposal or retirement of a property, plant and equipment item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(8) Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(9) Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication of unit impairment, by

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

comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(10) Intangible Assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2. Derecognition of intangible assets

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

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

(11) Impairment of property, plant and equipment, right-of-use-asset, investment properties, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

1. Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

Types of financial assets held by the consolidated company are financial assets at fair value through profit or loss and financial assets measured at amortized costs.

A. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, note receivables at amortized cost, trade receivables and other receivables, are measured at

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

amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

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

2. Equity Instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Financial Liabilities

(1) Subsequent Measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 26.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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

4. Convertible bonds

The component parts of compound instruments (i.e., mandatory convertible bonds and convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share

premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component, and amortize by using the effective method in subsequent periods.

(13) Revenue Recognition

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

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

Revenue from sale of goods

Revenue from sale of goods comes from sales of various high end casting products. With respect to high end casting product delivery patterns such as shipping origin and destination, clients are already entitled to the rights of setting prices and utilization, and clients also assume risks of products being obsolete. Accordingly, the Group recognized revenue and account receivables at that specific point of time.

During subcontract processing, control of ownership for processed products is not transferred. Therefore, subcontract processing is not recognized as income.

(14) Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before

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

the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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

(16) Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(17) Retirement Benefit Costs

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(18) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current Tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

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

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash On Hand	\$ 1,453	\$ 1,288
Checking Accounts and Demand Deposit	1,390,888	2,014,297
Cash Equivalents		
Time Deposits with Original Maturities within 3 months	<u>601,432</u>	<u>667,267</u>
	<u>\$ 1,993,773</u>	<u>\$ 2,682,852</u>

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank Deposit	0.0001%~3.85%	0.0001%~3.79%

7. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2021	December 31, 2020
<u>Financial assets at FVTPL- current</u>		
Financial assets mandatorily classified as at FVTPL		

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

	December 31, 2021	December 31, 2020
Derivative financial assets (not under hedge accounting)		
- Foreign exchange forward contracts	\$ -	\$ 2,677
Non-derivative financial assets		
- Financial product	<u>579,631</u>	<u>506,669</u>
	<u>\$ 579,631</u>	<u>\$ 509,346</u>
 <u>Financial liabilities at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
– Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 363</u>
 <u>Financial liabilities at FVTPL - non-current</u>		
Derivative financial assets (not under hedge accounting)		
– Domestic Third Convertible Bond (Note18)	<u>\$ 24,750</u>	<u>\$ 10,350</u>

At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

December 31, 2020

	Currency	Maturity Date	Contract Amount (in thousands)
Sell	USD/RMB	2021.01.07-2021.02.24	USD 15,500/RMB 101,801
Sell	EUR/RMB	2021.03.10	EUR 3,800/RMB 30,295

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Non-current</u>		
Unlisted shares	\$ <u>76,768</u>	\$ <u>-</u>

The Company invested in Formosa 4 International Investment Co., Ltd., Formosa 5 International Investment Co., Ltd., and KOP Investment Limited Company common stocks and expect to make profits from long-term investments. The management of the Company considered that the inclusion of short-term fluctuations in the fair value of these investments in profit and loss is inconsistent with the long-term investment plan described above, and therefore chose to designate these investments as being measured at fair value through other comprehensive income.

In September 2021, the Company adjusted its investment position and sold the common stock of Taiwan Huanfeng Holding Co., Ltd. at the fair value of 10,718 thousand, and transferred the unrealized gain of financial assets measured at the fair value of 6,418 thousand through other comprehensive income into retained earnings.

9. Financial Assets Measured at Amortized Cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Time deposits with original maturity of more than 3 months	\$ <u>304,440</u>	\$ <u>252,900</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.5%-0.8% and 0.85%-1.4% per annum as of December 31, 2021 and 2020, respectively.

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

10. Account Receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Account Receivables</u>		
At amortized cost		
Gross carrying amount	\$2,841,314	\$3,316,657
Less: Allowance for impairment loss	(<u>32,758</u>)	(<u>26,168</u>)
	<u>\$ 2,808,556</u>	<u>\$ 3,290,489</u>

At amortized cost

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

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

December 31, 2021

	<u>Non-Default</u>	<u>Default 1~90 Days</u>	<u>Default 91~180 Days</u>	<u>Default Exceeding 181Days</u>	<u>Total</u>
Expected credit loss rate	0.04%	0.34%	9.56%	100%	-
Gross carrying amount	\$ 2,615,441	\$ 184,818	\$ 11,053	\$ 30,002	\$ 2,841,314
Loss allowance (Lifetime ECL)	(<u>1,070</u>)	(<u>630</u>)	(<u>1,056</u>)	(<u>30,002</u>)	(<u>32,758</u>)
Amortized Costs	<u>\$ 2,614,371</u>	<u>\$ 184,188</u>	<u>\$ 9,997</u>	<u>\$ -</u>	<u>\$ 2,808,556</u>

December 31, 2020

	<u>Non-Default</u>	<u>Default 1~90 Days</u>	<u>Default 91~180 Days</u>	<u>Default Exceeding 181Days</u>	<u>Total</u>
Expected credit loss rate	0.01%	4.79%	-	100%	-
Gross carrying amount	\$ 3,208,305	\$ 86,648	\$ -	\$ 21,704	\$ 3,316,657
Loss allowance (Lifetime ECL)	(<u>314</u>)	(<u>4,150</u>)	-	(<u>21,704</u>)	(<u>26,168</u>)
Amortized Costs	<u>\$ 3,207,991</u>	<u>\$ 82,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,290,489</u>

The movements of the loss allowance of account receivables were as follows:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 26,168	\$ 17,004
Add: Net remeasurement of loss allowance	6,453	9,812
Less: Impairment losses reversed	-	(757)
Foreign exchange gains and losses	<u>137</u>	<u>109</u>
Balance at December 31	<u>\$ 32,758</u>	<u>\$ 26,168</u>

11. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Finished goods	\$ 574,884	\$ 332,345
Work in progress	614,606	551,441
Raw materials	<u>470,954</u>	<u>440,648</u>
	<u>\$ 1,660,444</u>	<u>\$ 1,324,434</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$7,178,390 thousand and \$6,394,486 thousand, respectively. For

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

the year ended December 31, 2021 and 2020, the cost of goods sold included inventory write-downs of \$7,518 thousand and inventory recovery benefits \$61,7535 thousand, respectively.

12. Subsidiaries

Subsidiaries included in this consolidated financial statement

<u>Investor</u>	<u>Investee</u>	<u>Nature of Business</u>	Shareholding percentage	
			2021 December 31	2020 December 31
Yeong Guan Energy Technology Group Co., Ltd.(Company)	Yeong Guan Holding Co., Ltd. (YGV)	Investment	100	100
	Yeong Guan Heavy Industry (Thailand) Co., Ltd. (YGZ)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	75	75
YGV	Yeong Guan International Co., Ltd. (YGI)	Investment	100	100
	Shin Shang Trade Co., Ltd. (YGX)	Transaction of various steel castings and casting molds as well as related import/export businesses	-	100
	Yeong Chen Asia Pacific Co., Ltd. (YGA)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
YGI	Ningbo Yeong Shang Casting Iron Co., Ltd. (YGS)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
	Ningbo Lu Lin Machine Tool Foundry Co., Ltd. (YGL)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
	Dongguan Yeong Guan Mould Factory Co., Ltd. (YGD)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
	Jiangsu Bright Steel Fine Machinery Co., Ltd. (YGB)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	80	80
	Ningbo Yeong Chia Mei Trade Co., Ltd. (YGM)	Transaction of various steel castings and casting molds as well as related import/export businesses	100	100
YGS	Shanghai No. 1 Machine Tool Foundry (Su zhou) Co., Ltd.(YGW)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	37.04	30.74
	Jiangsu Bright Steel Fine Machinery Co., Ltd. (YGB)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	20	20
YGD	Shanghai No. 1 Machine Tool Foundry (Su zhou) Co., Ltd. (YGW)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	58.06	58.06
	Qing Dao Rui Yao Building Material Co., Ltd.(YQQ)	Manufacturing and selling of Decorative Material, processing and selling of stones material	-	25
YGL	Qing Dao Rui Yao Building Material Co., Ltd.(YQQ)	Manufacturing and selling of Decorative Material, processing and selling of stones material	-	25

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

Note 1: The financial reports for 2021 and 2020 have been verified by CPA.

Note 2: The Company decided the subsidiary Yeong Guan Holding Co., Ltd. (surviving company) absorbed and merged Shin Shang Trade Co., Ltd. (eliminated company) on March 31, 2021.

Note 3: The Company signed an agreement to dissolve its subsidiary Qing Dao Rui Yao Building Material Co., Ltd. on January 14, 2021 and obtained the cancellation approval from the local government on March 25, 2021. The disposal was completed on March 30, 2021, please refer to Note 26.

13. Property, Plant and Equipment

Assets used by the Group

	Self-Owned Land	Building	Machine Equipment	Transportation Equipment	Other Equipment	Work-in- Progress Property	Total
<u>Cost</u>							
Balance at January 1, 2021	\$621,653	\$3,263,930	\$4,696,353	\$ 60,980	\$ 590,721	\$1,281,778	\$ 10,515,415
Additions	-	11,930	14,799	5,404	10,628	1,915,628	1,958,389
Disposals	-	(15,154)	(72,668)	(2,027)	(17,591)	-	(107,440)
Capitalized interest	-	-	-	-	-	12,290	12,290
Reclassification	-	368,032	237,563	2,868	9,845	(576,700)	41,608
Effect of foreign currency exchange differences	(49,259)	28,240	38,252	439	4,726	2,066	24,464
Balance at December 31, 2021	<u>\$ 572,394</u>	<u>\$3,656,978</u>	<u>\$4,914,299</u>	<u>\$ 67,664</u>	<u>\$ 598,329</u>	<u>\$2,635,062</u>	<u>\$ 12,444,726</u>
<u>Accumulated Depreciation and Impairment</u>							
Balance at January 1, 2021	\$ -	\$1,493,353	\$2,762,244	\$ 43,688	\$ 460,169	\$ -	\$ 4,759,454
Disposals	-	(15,154)	(43,928)	(1,825)	(15,608)	-	(76,515)
Depreciation Expenses	-	162,528	272,730	4,606	42,484	-	482,348
Reclassification	-	-	(89)	-	-	-	(89)
Effect of foreign currency exchange differences	-	13,119	22,974	317	3,816	-	40,226
Balance at December 31, 2021	<u>\$ -</u>	<u>\$1,653,846</u>	<u>\$3,013,931</u>	<u>\$ 46,786</u>	<u>\$ 490,861</u>	<u>\$ -</u>	<u>\$ 5,205,424</u>
Carrying amount at December 31, 2021	<u>\$ 572,394</u>	<u>\$2,003,132</u>	<u>\$1,900,368</u>	<u>\$ 20,878</u>	<u>\$ 107,468</u>	<u>\$2,635,062</u>	<u>\$ 7,239,302</u>

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

	Self-Owned Land	Buildings	Machine Equipment	Transportation Equipment	Other Equipment	Work-in- Progress Property	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 652,343	\$ 3,161,802	\$ 4,522,739	\$ 61,892	\$ 598,197	\$ 1,078,832	\$10,075,805
Additions	-	26,285	69,946	4,828	18,784	370,446	490,289
Disposals	-	(7,538)	(47,841)	(5,918)	(30,597)	(35)	(91,929)
Reclassification	-	75,425	140,679	76	3,177	(168,549)	50,808
Effect of foreign currency exchange differences	(30,690)	7,956	10,830	102	1,160	1,084	(9,558)
Balance at December 31, 2020	<u>\$ 621,653</u>	<u>\$ 3,263,930</u>	<u>\$ 4,696,353</u>	<u>\$ 60,980</u>	<u>\$ 590,721</u>	<u>\$ 1,281,778</u>	<u>\$10,515,415</u>
<u>Accumulated Depreciation and Impairment</u>							
Balance at January 1, 2020	\$ -	\$ 1,336,352	\$ 2,532,578	\$ 42,134	\$ 430,208	\$ -	\$ 4,341,272
Disposals	-	(5,575)	(44,408)	(2,665)	(21,882)	-	(74,530)
Depreciation Expense	-	157,894	275,571	4,175	50,606	-	488,246
Reclassification	-	18	(9,086)	(42)	62	-	(9,048)
Effect of foreign currency exchange differences	-	4,664	7,589	86	1,175	-	13,514
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 1,493,353</u>	<u>\$ 2,762,244</u>	<u>\$ 43,688</u>	<u>\$ 460,169</u>	<u>\$ -</u>	<u>\$ 4,759,454</u>
Carrying amount at December 31, 2020	<u>\$ 621,653</u>	<u>\$ 1,770,577</u>	<u>\$ 1,934,109</u>	<u>\$ 17,292</u>	<u>\$ 130,552</u>	<u>\$ 1,281,778</u>	<u>\$ 5,755,961</u>

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	5 to 20 years
Machine Equipment	3 to 10 years
Transportation Equipment	5 to 20 years
Other Equipment	3 to 10 years

Major components for the Group's building include factory main building and power generating equipment. Depreciation for them is recognized based on service life of 20 years and 5 years respectively.

Refer to Note 30 for the carrying amount of property, plant and equipment pledged by the Group to secure bank loans.

14. Lease Arrangements

(1) Right-of-Use Assets

	December 31, 2021	December 31, 2020
Carrying amount		
Land	\$543,815	\$563,202
Building	15,527	25,859
Machine Equipment	617	1,661
Transportation Equipment	<u>3,763</u>	<u>17,906</u>
	<u>\$563,722</u>	<u>\$608,628</u>

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

Refer to Note 30 for the carrying amount of right-of-use assets pledged by the Group to secure bank loans.

	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>34,117</u>
Depreciation of right-of-use assets		
Land	\$ 22,276	\$ 22,127
Buildings	10,424	8,672
Machine Equipment	1,053	433
Transportation Equipment	<u>14,347</u>	<u>14,154</u>
	<u>\$ 48,100</u>	<u>\$ 45,386</u>

(2) Lease Liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carry amount		
Current	<u>\$ 24,031</u>	<u>\$ 35,122</u>
Noncurrent	<u>\$180,904</u>	<u>\$205,175</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	2%~2.1%	2%~2.1%
Buildings	1.92%~4.37%	1.92%~4.61%
Machine Equipment	4.35%	4.35%
Transportation Equipment	4.61%	4.61%~4.66%

(3) Material leasing activities and terms

To meet with demands from related businesses of wind-power turbine industry, the Group leased roughly 4.9 hectares of land in Taichung Port Industrial Zone from Port of Taichung, Taiwan International Ports Corporation Limited, with a lease term of 20 years. The Group itself invests in the conducting of planning, design and construction of related facilities. Ownership of such facilities belong to the Group. However, establishment of superficies is not permitted and transfer of such facilities shall obtain consent from the Port of Taichung, Taiwan International Ports Corporation Limited. Without consent from the Port of Taichung, Taiwan International Ports Corporation Limited, the Group shall not request to withdraw from the lease prior to expiration under any reasons. In the event that the Group intends to continue the lease

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

upon expiration of lease term, the Group shall apply for renewal of the lease, in writing, from the Port of Taichung, Taiwan International Ports Corporation Limited 6 months prior to expiration of the lease. In the event that the Port of Taichung, Taiwan International Ports Corporation Limited still intends to lease the land, renewal terms shall therefore be negotiated by both parties and shall be under the premises of non-violation of laws and regulations at the time of renewal.

(4) Other Lease Information

	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases	<u>\$14,847</u>	<u>\$ 13,782</u>
Expenses relating to low-value asset leases	<u>\$ 754</u>	<u>\$ 787</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$14,182</u>	<u>\$ -</u>
Total cash outflow for leases	<u>(\$76,394)</u>	<u>(\$ 52,488)</u>

The Group selects buildings, which meet with short-term lease, and certain office equipment leases, which meet with low-value asset lease, for application of recognition exemption. Related right-of-use asset or lease liabilities will not be recognized upon such leases.

15. Goodwill

	<u>2021</u>	<u>2020</u>
<u>Cost</u>		
Balance at January 1	\$ 137,522	\$ 137,409
Effect of foreign currency exchange differences	<u>436</u>	<u>113</u>
Balance at December 31	<u>\$ 137,958</u>	<u>\$ 137,522</u>

The recoverable amount was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 5.66% to 9.05%. The cash flows beyond that 5-year period have been extrapolated using a 0% per annum growth rate. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

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

16. Other Financial Assets

	December 31, 2021	December 31, 2020
<u>Current</u> (Note 30)		
Pledged bank acceptance	\$ 867,202	\$ 496,707
Bank acceptance deposits	128,532	318,387
Restricted time deposits	46,735	46,652
Quality guarantee deposits	64,215	253
Others	<u>-</u>	<u>11</u>
	<u>\$1,106,684</u>	<u>\$ 862,010</u>
	December 31, 2021	December 31, 2020
<u>Non-current</u> (Note 30)		
Quality guarantee deposits(under other non-current assets)	\$ 40,133	\$ 35,933
Restricted time deposits(under other non-current assets)	<u>130,010</u>	<u>-</u>
	<u>\$ 170,143</u>	<u>\$ 35,933</u>

17. Loans

(1) Short Term Loans

	December 31, 2021	December 31, 2020
<u>Secured Loans</u> (Note 30)		
Bank Loans	\$ 483,000	\$ 855,878
<u>Unsecured Loans</u>		
Line of Credit Loans	<u>1,356,364</u>	<u>322,580</u>
	<u>\$ 1,839,364</u>	<u>\$ 1,178,458</u>

The range of weighted average effective interest rate on credit borrowings was 0.7%-4% and 0.7%-4.25% per annum as of December 31, 2021 and 2020, respectively.

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

(2) Long Term Loans

	December 31, 2021	December 31, 2020
<u>Secured Loans</u> (Note 30)		
Bank Loans	<u>\$ 649,941</u>	<u>\$ -</u>
 <u>Unsecured Loans</u>		
Syndicated loan	2,246,365	2,323,127
Minus: Syndicated loan fee	(1,050)	(3,500)
Minus: Current portion	(390,672)	-
	<u>1,854,643</u>	<u>2,319,627</u>
	<u>\$ 2,504,584</u>	<u>\$ 2,319,627</u>

As of December 31, 2021 and 2020, the range of weighted average effective interest rates of the bank borrowings was 1.119%-1.797% and 1.16%-1.23% per annum, respectively.

On May 4, 2018, the Group entered a syndicated loan agreement of credit extension total amount of NT\$4.2 billion with ten financial institutes including the Land Bank of Taiwan. Specifically, (1) A-1 credit extension: It is for the borrower Yeong Guan Energy Technology Group Company Limited to repay its domestic 2nd unsecured convertible bond. Credit line is USD85 million dollars. Multiple drawdowns are available. However, revolving credit is not allowed. (2) A-2 Credit Extension: It is for the borrower Yeong Guan Energy Technology Group Company Limited to strengthen mid-term operation capital. Credit line is USD53 million dollars. Revolving credit is available. (3) B-1 Credit Extension: It is for the borrower Yeong Guan Holdings Co., Limited Taiwan Branch to strengthen mid-term operation capital. Credit line is NT\$1 billion dollars or foreign currency with equivalent value (limited to USD, Euro Dollar). Multiple drawdowns are available. However, revolving credit is not allowed. (4) B-2 Credit Extension: It is for the borrower Yeong Guan Holdings Co., Limited Taiwan Branch to strengthen mid-term operation capital. Credit line is NT\$2.7 billion dollars or foreign currency with equivalent value (limited to USD, Euro dollar). Revolving credit is available. (5) C Credit Extension: It is for borrower Yeong Cheng Asia Pacific Co., Ltd. to strengthen mid-term operation capital. Credit line is NT\$1.5 billion dollars or foreign currency with equivalent value (limited to USD, Euro Dollar). Revolving

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

credit is available. The credit period shall be from the date of first use to the date of expiration of 5 years. The borrower shall fully pay off all debts under this credit.

18. Corporate Bond Payable

	December 31, 2021	December 31, 2020
Third Domestic Unsecured Convertible Bonds	<u>\$1,473,192</u>	<u>\$1,465,987</u>

- (1) As of August 18, 2020, the second domestic unsecured convertible corporate bonds have been completely redeemed. Capital surplus – stock option for convertible corporate bond has been transferred to capital surplus – expired stock option of NT\$385 thousand.
- (2) On September 3, 2021, the Company issued 15,000 units NTD denominated un-secured convertible corporate bond with 0% coupon rate and total principal amount of NT\$1.5 billion.

Each unit corporate bond holder is entitled to convert the bond into the Company's common shares under the price of NT\$100/share. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of Dec. 31, 2021, conversion price has been adjusted to NT\$97.4 and conversion period starts from December 4, 2020 to September 3, 2025. In the event of unconverted corporate bond upon expiration of aforementioned period, onetime cash repayment of bond face value plus interest compensation will be made on September 3, 2025. In the event that conditions are met, the Company shall be entitled to request to redeem this convertible corporate bond from creditors based on agreed prices.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the Company's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the Company will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue

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

amount, the Company will therefore be entitled to send out a 30-day-expiration “Bond Redemption Notice” based on names recorded on bondholder’s name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 3-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the Company’s share agent within 40 days prior to aforementioned sell back record dates requesting the Company to redeem bond held by them in cash and in 101.51% of face value.

This convertible corporate bond includes liability and equity components. Equity components are presented as Additional Paid-In Capital - Share Subscription Right under equities. Liability components, on the other hand, are cognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instrument have been assessed at fair value of NT\$24,750 and NT\$10,350 thousand (included in financial liabilities - noncurrent which are measured through profit/loss based on fair value) on December 31, 2021 and December 31, 2020 respectively; non-derivative product liability have been measured on December 31, 2021 and December 31, 2020 are NT\$1,473,192 thousand NT\$1,465,987 thousand (included in corporate bond payable which is due, or whose put option will be exercised, in one year) based on amortized cost and its effective interest rate originally recognized is 0.4923%.

Issuance Proceeds (less transaction cost of NT\$4,094 thousand)	\$ 1,549,294
Equity Components	(<u>80,098</u>)
Net Liability Components on Issue Day (including NT\$1,463,619 thousand of corporate bond payable and NT\$5,577 thousand of financial assets at fair value – noncurrent)	1,469,196
Interest Calculated in Effective Interest Rate	9,573
Loss on Valuation of Financial Instrument	<u>19,173</u>
Net Liability Components on December 31, 2021	<u>\$ 1,497,942</u>

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

All of the third unsecured convertible corporate bonds have not yet been converted as of December 31, 2021.

19. Other Payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salary Payable	\$ 304,314	\$ 258,478
Payables on Equipment	73,534	89,696
Freight Payable	39,995	61,066
Processing Fee Payable	54,670	89,278
Tax Payable	35,317	27,756
Utilities Payable	35,023	39,512
Interest Payable	4,581	2,769
Others	<u>140,316</u>	<u>172,823</u>
	<u>\$ 687,750</u>	<u>\$ 741,378</u>

20. Retirement Benefit Plans

Yeong Chen Asia Pacific Co., Ltd. and Yeong Guan Holdings Co., Limited Taiwan branch adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

21. Equity

(1) Share Capital

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Number of Shares Authorized (in thousands)	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>\$ 110,618</u>	<u>\$ 110,618</u>
Shares issued	<u>\$ 1,106,175</u>	<u>\$ 1,106,175</u>

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

On May 6, 2020, the Company's board of directors resolved to issue 5,000 thousand ordinary shares with a par value of \$10, for a consideration of \$80 per share which increased the share capital issued and fully paid to \$1,106,175 thousand. On June 29, 2020, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors to be October 15, 2020.

Fully paid ordinary shares, which have a par value at \$10, carry one vote per share and carry a right to dividends.

(2) Capital Surplus

The capital surplus arising from shares issued in excess of par (including share premium from the issuance of ordinary shares, treasury share transactions, consolidation excess and expired share options) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus generated from equity component of convertible bonds payable may not be used for any purpose; Capital surplus generated from forfeited share options may only be used to offset a deficit.

(3) Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, when Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and then any remaining profit together with any undistributed retained earnings, distributed, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and of bonus of shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 23. compensation of employees and remuneration of directors.

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

Distribution of shareholder dividend and employee bonus can be distributed, pursuant to Board of Director’s Meeting determination, to employees or shareholders in cash, proceeds from fully paid shares not yet issued, or both cash and aforementioned proceeds. For shareholder dividend, however, cash dividend distributed shall not be less than 10% of all dividends. The Company will not pay for interest on undistributed dividend or bonus.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. Legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 approved in the shareholders’ meetings on July 30, 2021 and June 19, 2020 were as follows:

	Earnings Distribution	
	2020	2019
Legal Reserve	<u>\$ 51,314</u>	<u>\$ 16,298</u>
Special Reserve	<u>(\$ 9,605)</u>	<u>\$ 379,864</u>
Cash Dividends	<u>\$ 165,926</u>	<u>\$ 52,808</u>
Cash Dividends per share(NT\$)	<u>\$ 1.5</u>	<u>\$ 0.5</u>

The 2021 distribution of surplus earnings proposed by the Company’s Board of Directors Meeting dated March 16, 2022 is as follows:

	Earnings Distribution
Legal Reserve	<u>\$ 21,610</u>
Special Reserve	<u>(\$ 45,393)</u>
Cash Dividends	<u>\$ 66,371</u>
Cash Dividends per share(NT\$)	<u>\$ 0.6</u>

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

2021 Earnings Distribution proposal is pending for resolution from the shareholders' meeting which is expected to be held in June 17, 2022.

(4) Special Reserve

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 1,404,195	\$ 1,024,331
Special Reserve		
Exchange Difference on Translation of Foreign Financial Statement	(9,605)	379,864
Balance at December 31	<u>\$ 1,394,590</u>	<u>\$ 1,404,195</u>

Upon the Company's first adoption of IFRSs, accumulated conversion adjustment amount transferred into retained earnings was NT\$8,214 thousand. The same amount of special reserve has already been appropriated accordingly. Upon earnings distribution, other shareholder's equity deduction as of the ending day of reporting period as well as special reserve appropriated during first adoption of IFRSs shall also be recognized. In the event that there is a subsequent reversal on other shareholder's equity reduction balance, distribution of earnings can then be conducted on the reserval portion.

(5) Non-Controlling Interest

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 156,484	\$ 160,965
Current Net Profit	(2,129)	3,387
Other comprehensive (Loss)/income		
Exchange Difference on Translation of Foreign Financial Statement	(12,905)	(7,868)
Non-Controlling Interest Decreased by Qing Dao Rui Yao Building Material Co., Ltd.	(37,350)	-
Non-Controlling Interest Increased by Yeong Guan Heavy Industry (Thailand) Company	<u>21,245</u>	-
Balance at December 31	<u>\$ 125,345</u>	<u>\$ 156,484</u>

22. Revenue

(1) Balance of Client Contract

	<u>2021</u>	<u>2020</u>
Client Contract Revenue		
Product Sales Revenue	<u>\$ 8,948,211</u>	<u>\$ 8,184,273</u>

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

- (2) Disaggregation of revenue from contracts with customers

Please refer to note 34 for detail information on client contract revenue.

23. Net Profit

- (1) Interest Income

	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 56,312	\$ 48,462

- (2) Other Profits and Losses

	<u>2021</u>	<u>2020</u>
Subsidized Income	\$ 9,312	\$ 36,019
Net Loss from Disposal and Abandonment of Property, Factory and Equipment	(27,305)	(11,111)
Loss on disposal of subsidiaries	(6,516)	-
Profit from lease modifications	249	161
Others	<u>38,608</u>	<u>3,970</u>
	<u>\$ 14,348</u>	<u>\$ 29,039</u>

- (3) Financial Cost

	<u>2021</u>	<u>2020</u>
Interest on Bank Loans	\$ 67,687	\$ 85,054
Interest on Lease Liabilities	5,337	6,009
Interest on Convertible Bond	<u>7,205</u>	<u>2,446</u>
	80,229	93,509
Less: Amounts included in the cost of qualifying assets	(<u>12,290</u>)	-
	<u>\$ 67,939</u>	<u>\$ 93,509</u>

Information on capitalized interest is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Capitalized interest amount	\$ 12,290	\$ -
Capitalization rate	1.163-1.797%	-

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

(4) Depreciation, Amortization and Employee Benefit Expense

	2021			2020		
	Business Cost	Business Expense	Total	Business Cost	Business Expense	Total
Employment Benefit Expense						
Post-Employment Benefit	\$ 52,388	\$ 14,898	\$ 67,286	\$ 7,710	\$ 3,871	\$ 11,581
Other Employment Benefit	949,055	451,908	1,401,963	898,282	329,205	1,227,487
	<u>\$ 1,001,443</u>	<u>\$ 466,806</u>	<u>\$ 1,469,249</u>	<u>\$ 905,992</u>	<u>\$ 333,076</u>	<u>\$1,239,068</u>
Depreciation	<u>\$ 425,401</u>	<u>\$ 105,047</u>	<u>\$ 530,448</u>	<u>\$ 432,882</u>	<u>\$ 100,750</u>	<u>\$ 533,632</u>
Amortization	<u>\$ 197</u>	<u>\$ 5,979</u>	<u>\$ 6,176</u>	<u>\$ 66</u>	<u>\$ 4,823</u>	<u>\$ 4,889</u>

Aforementioned depreciation expense does not include depreciation expenses of NT\$6 thousand for investment real property for 2021 and 2020 (included under non-operating revenue and expense – other benefits and losses).

(5) Employee Compensation and Director/Supervisor Compensation

The Company shall appropriate employee compensation and director/supervisor compensation in accordance with respective distribution zones of 2%~15% and no higher than 3% after current year pre-tax benefits prior to the distribution of employee and director/supervisor compensation are deducted. The employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on March 16, 2022 and March 16, 2021, respectively, were as follows:

Ratio

	2021	2020
Employee Compensation	2.5%	2%
Director/Supervisor Compensation	-	-

Amount

	Cash Bonus	Cash Bonus
Employee Compensation	\$ 5,541	\$ 10,500
Director/Supervisor Compensation	-	-

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

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(6) Gain on Foreign Currency Exchange

	<u>2021</u>	<u>2020</u>
Foreign exchange gains	\$ 2,187,066	\$ 2,483,331
Foreign exchange losses	(<u>2,183,672</u>)	(<u>2,403,016</u>)
Net Profit	<u>\$ 3,394</u>	<u>\$ 80,315</u>

24. Income Tax

(1) Income tax recognized in profit or loss

The major components of tax expense were as follow:

	<u>2021</u>	<u>2020</u>
Current Tax		
In respect of the current year	\$ 74,823	\$ 85,876
Adjustments for prior years	(<u>11,452</u>)	<u>4,428</u>
	<u>63,371</u>	<u>90,304</u>
Deferred Tax		
In respect of the current year	28,678	27,666
Tax Rate Change	22,400	734
Adjustments for prior years	(<u>7,802</u>)	(<u>11,496</u>)
	<u>43,276</u>	<u>16,904</u>
Income tax expense recognized in profit or loss	<u>\$ 106,647</u>	<u>\$ 107,208</u>

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

A reconciliation of accounting profit and income tax expenses is as follows:

	<u>2021</u>	<u>2020</u>
Profit before tax	<u>\$ 320,620</u>	<u>\$ 623,738</u>
Income tax expense calculated at the statutory rate	\$ 130,745	\$ 132,798
Nondeductible expense of tax	138	8,353
Unrecognized deductible temporary difference	14,357	(2,176)
R&D tax credit	(41,739)	(25,433)
Tax Rate Change	22,400	734
Adjustments recognized for current tax of prior years	(19,254)	(7,068)
Income tax expense recognized in profit or loss	<u>\$ 106,647</u>	<u>\$ 107,208</u>

(2) Current Income Tax Asset and Liability

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax assets		
Tax refund receivable (included in other current asset)	<u>\$ 18,353</u>	<u>\$ 2,290</u>
Current tax liabilities		
Current income tax liabilities	<u>\$ 67,513</u>	<u>\$ 11,887</u>

(3) Deferred Tax Assets and Liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

2021

	<u>Beginning Balance</u>	<u>Recognized in P/L</u>	<u>Exchange Difference</u>	<u>Others</u>	<u>Ending Balance</u>
<u>Deferred Income Tax Assets</u>					
Temporary Differences					
Allowance for Loss on Inventories	\$ 5,546	\$ 1,745	\$ 52	(\$ 81)	\$ 7,262
Allowance for impaired receivables	5,116	1,138	33	(1,147)	5,140
Others	<u>15,249</u>	<u>(9,043)</u>	<u>71</u>	<u>(516)</u>	<u>5,761</u>
Loss Carry forward	25,911	(6,160)	156	(1,744)	18,163
	<u>84,748</u>	<u>(23,345)</u>	<u>523</u>	<u>(13,064)</u>	<u>48,862</u>
	<u>\$ 110,659</u>	<u>(\$ 29,505)</u>	<u>\$ 679</u>	<u>(\$ 14,808)</u>	<u>\$ 67,025</u>
<u>Deferred Income Tax Liability</u>					
Temporary Differences					
Adjustments of Unrealized Financial Instrument Evaluation Gain or Loss	\$ 58	(\$ 58)	\$ -	\$ -	\$ -
Unrealized Exchange Gains	1,759	(45)	(593)	-	1,121
Capitalized Interest	6,340	(642)	49	4	5,751
Others	<u>1,383</u>	<u>(82)</u>	<u>7</u>	<u>(214)</u>	<u>1,094</u>
	<u>\$ 9,540</u>	<u>(\$ 827)</u>	<u>(\$ 537)</u>	<u>(\$ 210)</u>	<u>\$ 7,966</u>

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

2020

	Beginning Balance	Recognized in P/L	Exchange Difference	Others	Ending Balance
<u>Deferred Income Tax Assets</u>					
Temporary Differences					
Allowance for Loss on Inventories	\$ 15,206	(\$ 9,599)	(\$ 56)	(\$ 5)	\$ 5,546
Allowance for impaired receivables	3,346	1,722	48	-	5,116
Others	<u>4,378</u>	<u>10,895</u>	<u>110</u>	(<u>134</u>)	<u>15,249</u>
	22,930	3,018	102	(139)	25,911
Loss carryforwards	<u>109,601</u>	(<u>36,541</u>)	<u>67</u>	<u>11,621</u>	<u>84,748</u>
	<u>\$ 132,531</u>	(<u>\$ 33,523</u>)	<u>\$ 169</u>	<u>\$ 11,482</u>	<u>\$ 110,659</u>
<u>Deferred Income Tax Liability</u>					
Temporary Differences					
Adjustments of Unrealized Financial Instrument Evaluation Gain or Loss					
	\$ 611	(\$ 539)	(\$ 14)	\$ -	\$ 58
Unrealized Exchange Gains	7,034	(5,230)	(45)	-	1,759
Capitalized Interest	6,234	(707)	13	800	6,340
Others	<u>837</u>	<u>619</u>	<u>7</u>	(<u>80</u>)	<u>1,383</u>
	<u>\$ 14,716</u>	(<u>\$ 5,857</u>)	(<u>\$ 39</u>)	<u>\$ 720</u>	<u>\$ 9,540</u>

Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2021	December 31, 2020
Loss Carryforwards		
Due in 2021	\$ -	\$ 260
Due in 2022	218	246
Due in 2023	2,277	2,575
Due in 2024	257	291
Due in 2025	122	138
Due in 2026	658	902
Due in 2027	-	115
Due in 2028	-	580
Due in 2029	-	595
Due in 2030	<u>-</u>	<u>14</u>
	<u>\$ 3,532</u>	<u>\$ 5,716</u>

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

- (5) Information about unused loss carry-forward as of December 31, 2021 comprised of :

<u>Expiry Year</u>	<u>Unused Amount</u>
2022	\$ 1,088
2023	11,387
2024	1,287
2025	612
2026	58,041
2027	62,954
2028	109,617
2029	50,096
2031	<u>107,850</u>
	<u>\$ 402,932</u>

- (6) Income tax assessments

Yeong Chen Asia Pacific Company's tax filing cases prior to the year of 2018 have all been assessed by tax authority. Tax filing cases for Taiwan branches of Yeong Guan Holdings Co., Limited and Shin Shang Trade Company prior to the year of 2019 have all been assessed by tax authority. Furthermore, all subsidiaries in China and Yeong Guan Heavy Industries have all completed their income tax filings within deadlines in accordance with local tax authorities' requirements.

25. Earnings per Share

The weighted average number of shares outstanding used for the earnings per share computation were as follows:

Net profit for the period

	<u>2021</u>	<u>2020</u>
Profit for the period attributable to owners of the Company	\$ 216,102	\$ 513,143
Effect of potentially dilutive ordinary shares: Convertible Bonds	<u>21,605</u>	<u>77</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 237,707</u>	<u>\$ 513,220</u>

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

<u>Number of Shares</u>	Unit: 1,000 shares	
	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	110,618	106,683
Effect of potentially dilutive ordinary shares:		
Convertible Bonds	15,400	21
Employee Bonus or Compensation	<u>114</u>	<u>160</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u><u>126,132</u></u>	<u><u>106,864</u></u>

If the Company offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The Group's third outstanding domestic unsecured convertible bonds are potential common shares. However, given the counter-dilution effect from such potential common shares of 2020, they are not included in the calculation of diluted earnings per share.

26. DISPOSAL OF SUBSIDIARIES

On January 14, 2021, the Group entered into a sale agreement to dissolution of subsidiary Qing Dao Rui Yao Building Material Co., Ltd., which is decoration material production, sales and stone processing sales business. The dissolution got the approval from the local government on March 25, 2021 and completed the dissolution on March 30, 2021

- a. Consideration received from disposals

**Qing Dao Rui Yao Building
Material Co., Ltd.**

Total consideration received	<u>\$ 30,834</u>
------------------------------	------------------

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

- b. Analysis of assets and liabilities on the date control was lost

**Qing Dao Rui Yao Building
Material Co., Ltd.**

Current assets	
Cash and cash equivalents	\$ 61,670
Prepayment	13,025
Other current asset	<u>5</u>
Net assets disposed of	<u>\$ 74,700</u>

- c. Loss on dissolution of subsidiaries

**Qing Dao Rui Yao Building
Material Co., Ltd.**

Consideration received	\$ 30,834
Net assets disposed of	(74,700)
Non-controlling interests	<u>37,350</u>
Gain on disposals	<u>(\$ 6,516)</u>

- d. Net cash inflow on disposals of subsidiaries

**Qing Dao Rui Yao Building
Material Co., Ltd.**

Consideration received in cash and cash equivalents	\$ 30,834
Less: Cash and cash equivalent balances disposed of	<u>(61,670)</u>
	<u>(\$30,836)</u>

27. Capital Risk Management

The Group engages itself in capital management to ensure necessary finance resources and operation plan for the purpose of meeting the needs for future 12-month operation capital, capital expenditure, debt repayment as well as dividend payment. Under the premise that respective enterprise of the Group will be able to operate continuously, shareholder's compensation will be maximized through optimization of debt and equity balances.

The Group's major management regularly review the Group's capital structure. Contents of review include consideration of various capital costs as well as their related risks. With major management's suggestions, the Group balances its overall capital

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

structure through dividend payment, new share issuance, new debt issuance or repayment of existing debt.

28. Financial Instruments

(I) Fair value of financial instruments that are not measured at fair value

December 31, 2021

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial Liability</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$1,473,192</u>	<u>\$1,568,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,568,400</u>

December 31, 2020

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial Liability</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$1,465,987</u>	<u>\$1,655,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,655,850</u>

(II) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial Product	<u>\$ -</u>	<u>\$ 579,631</u>	<u>\$ -</u>	<u>\$ 579,631</u>
<u>Financial assets at FVTOCI</u>				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,768</u>	<u>\$ 76,768</u>
<u>Financial liabilities at FVTPL</u>				
Convertible Bond Payables	<u>\$ -</u>	<u>\$ 24,750</u>	<u>\$ -</u>	<u>\$ 24,750</u>

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

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivatives	\$ -	\$ 2,677	\$ -	\$ 2,677
Financial Product	<u>-</u>	<u>506,669</u>	<u>-</u>	<u>506,669</u>
	<u>\$ -</u>	<u>\$ 509,346</u>	<u>\$ -</u>	<u>\$ 509,346</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	\$ -	\$ 363	\$ -	\$ 363
Convertible Bond Payables	<u>-</u>	<u>10,350</u>	<u>-</u>	<u>10,350</u>
	<u>\$ -</u>	<u>\$ 10,713</u>	<u>\$ -</u>	<u>\$ 10,713</u>

There were no transfers between the level 1 and level 2 during the period of years ended December 31, 2021 and 2020.

2. Reconciliation of Level 3 fair value measurements of financial instruments

<u>Financial Assets</u>	<u>Financial Assets at FVTOCI</u> <u>Equity Instruments</u>
Balance at January 1, 2021	\$ -
Purchases	<u>76,476</u>
Recognized in other comprehensive income	11,010
Sales	<u>(4,300)</u>
Other comprehensive income for the year	83,186
Transfers into retained earning	<u>(6,418)</u>
Balance at December 31, 2021	<u>\$76,768</u>

3. Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Types of Financial Instruments</u>	<u>Assessment Techniques and Input Values</u>
Derivatives - foreign exchange forward contracts	Discounted Cash Flow Method: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial Product	Discounted Cash Flow Method: Future cash flow is assessed using period-end observable interest rates and rates of return stipulated in agreements, and is discounted respectively using discount rates which are

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

Domestic Third Unsecured Convertible Corporate Bond	capable of reflecting respective transaction counterparties' credit risks Under the assumption that corporate bond will be redeemed on September 13, 2025, discount rate adopted is calculated via interpolation method using government bond yield rates from public offer 2-year and 5-year period.
--	--

4. Valuation techniques and inputs applied for Level 3 fair value measurement
The fair values of unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

(III) Categories of Financial Instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial Asset</u>		
Financial assets at FVTPL	\$ 579,631	\$ 509,346
Financial assets at amortized cost (Note 1)	5,607,799	6,531,816
Financial assets at FVTOCI	76,768	-
<u>Financial Liability</u>		
Financial liability at FVTPL	24,750	10,713
Measured at amortized cost (Note 2)	9,317,875	7,351,831

Note 1: The balances included receivables measured at amortized cost, which comprise cash and cash equivalents, financial asset measured by amortized cost – current, notes receivable, trade receivables, other receivables and refundable deposit.

Note. 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, trade and other payables, and bonds issued.

(IV) Financial risk management objectives and policies

The Group's main financial instruments include cash and cash equivalents, notes and trade receivables, bond payables, loans and lease liability. The finance department of the Group provides service to business departments, coordinates access to domestic

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

and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the Company's board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use financial derivatives and non-derivative financial instrument, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

After completion of derivative financial instrument transaction, finance department will file report to the Board of Directors Meeting accordingly.

1. Market Risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see Note (1) below) and interest rates (see Note (2) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contract.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and

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

of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 7 and 30.

Sensitivity Analysis

The Group was mainly exposed to the currency USD and EUR. The following table details the Group’s sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the functional currency strengthen 1% against the relevant foreign currencies. For a 1% weakening of the functional currency against the relevant foreign currencies, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	2021	2020
USD	\$ 18,398	\$ 17,511
EUR	1,773	(2,284)
RMB	(226)	(739)

Aforementioned foreign currency’s influence over profit or loss mainly comes from fair value changes, on the balance sheet day, of consolidated company’s outstanding USD, EUR and RMB denominated account receivables/payables without cash flow hedge as well as total amount investment hedge derivatives. Management doesn’t think sensitivity analysis will be able to represent exchange rate inherent risks because foreign currency exposure on balance sheet day cannot reflect exposure during mid-year.

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

(2) Interest Rate Risk

The Group is exposed to interest rate risk because entities in the Group borrow loans at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair Value Risks		
-Financial Assets	\$ 1,186,352	\$ 1,361,937
-Financial Liabilities	3,043,015	2,454,275
Cash Flow Risks		
-Financial Assets	1,600,809	2,468,358
-Financial Liabilities	3,427,831	2,823,439

Sensitivity Analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher or lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would decrease or increase by (\$18,270) thousand and (\$3,551) thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

(2) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments. In

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

addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax/post-tax profit for the years ended December 31, 2021 would have increased/decreased by \$768 thousand.

2. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, management of consolidated company assigns a specific team responsible for credit extension amount determination, credit extension approval as well as other monitoring processes to ensure that appropriate actions have been taken to recover overdue account receivables. Additionally, consolidated company will, on balance sheet day, re-verify each account receivable recoverable amount to ensure unrecoverable account receivables have already been recognized as appropriate impairment losses. With this, the Company's management considers that consolidated company's credit risks have been reduced dramatically.

The Group transacted with a large number of customers from various industries and geographical locations. The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable.

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

Current capital transaction counterparties are financial institutions and company organizations with good credit ratings, and therefore their credit risks are limited. The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3. Liquidity Risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities set out in (3) below.

(I) Liquidity and Interest Rate Risk Tables for Non-Derivative Financial Liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

	On Demand or Less than 1 Month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years
<u>Non-derivative financial liability</u>					
Non-interest bearing	\$1,414,770	\$1,061,435	\$ 329,544	\$ -	\$ -
Lease liability	2,926	5,852	19,507	62,875	145,065
Variable interest rate instrument	208,388	169,200	545,659	2,504,584	-
Fixed interest rate instrument	<u>681,620</u>	<u>309,119</u>	<u>316,051</u>	<u>1,500,000</u>	<u>-</u>
	<u>\$2,307,704</u>	<u>\$1,545,606</u>	<u>\$1,210,761</u>	<u>\$4,067,459</u>	<u>\$ 145,065</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liability	<u>\$ 28,285</u>	<u>\$ 62,875</u>	<u>\$ 71,905</u>	<u>\$ 71,905</u>	<u>\$ 1,255</u>	<u>\$ -</u>

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

December 31, 2020

	On Demand or Less than 1 Month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years
<u>Non-derivative financial liability</u>					
Non-interest bearing	\$ 1,064,068	\$ 902,019	\$ 163,194	\$ -	\$ -
Lease liability	3,440	6,881	30,821	93,422	145,065
Variable interest rate liabilities	70,250	185,397	248,165	2,319,627	-
Fixed interest rate instrument	-	322,580	352,066	1,500,000	-
	<u>\$ 1,137,758</u>	<u>\$ 1,416,877</u>	<u>\$ 794,246</u>	<u>\$ 3,913,049</u>	<u>\$ 145,065</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liability	<u>\$ 41,142</u>	<u>\$ 93,422</u>	<u>\$ 71,905</u>	<u>\$ 71,905</u>	<u>\$ 1,255</u>	<u>\$ -</u>

Differences between floating interest rate and interest rate estimated on balance sheet day will lead to changes in floating interest rate instrument amounts for aforementioned non-derivative financial liability.

(2) Liquidity and Interest Rate Risk Tables for Derivative Financial Liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2020

	On Demand or Less than 1 Month	1 to 3 months	3 months to 1 year
<u>Net settled</u>			
Foreign exchange forward contracts			
- Inflow	\$ 328,113	\$ 244,039	\$ -
- Outflow	(327,364)	(242,474)	-
	<u>\$ 749</u>	<u>\$ 1,565</u>	<u>\$ -</u>

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

(3) Financing Facilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured Bank Overdraft Facility, Reviewed Annually		
– Amount Used	\$ 3,601,679	\$ 2,642,207
– Amount Unused	<u>2,451,576</u>	<u>2,542,901</u>
	<u>\$ 6,053,255</u>	<u>\$ 5,185,108</u>
Secured Bank Overdraft Facility, Extendable If Agreed by the Parties)		
– Amount Used	\$ 1,132,941	\$ 855,878
– Amount Unused	<u>2,963,163</u>	<u>6,590,015</u>
	<u>\$ 4,096,104</u>	<u>\$ 7,445,893</u>

(V) Information of Financial Asset Transfer

The Group transferred a portion of its banker’s acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable is not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group’s continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2021 and December 31, 2020, the face amounts of these unsettled bills receivable were \$1,381,977 and \$1,333,787 respectively. The unsettled bills receivable will be due in 7 months and 6 months after December 31, 2021 and 2020. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the year ended December 31, 2021 and 2020, the Group did not recognize any gains or losses upon the transfer of the banker’s acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

29. Transactions With Related Party

Balances, transactions, revenue and expenses between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below

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

(1) Name and Relation

<u>Name</u>	<u>Relation</u>
Yeong Guan Mould Factory Co., Ltd.	Substantial related-party
Chang, Hui-Jieh	Substantial related-party

(2) Lease contract

<u>Item Recognized</u>	<u>Type of Related Party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lease liability	Substantial related-party	\$ <u> -</u>	\$ <u> 32</u>

<u>Type of Related Party</u>	<u>2021</u>	<u>2020</u>
<u>Interest expense</u>		
Substantial related-party	\$ <u> -</u>	\$ <u> 5</u>

(3) Others

<u>Item Recognized</u>	<u>Type of Related Party</u>	<u>2021</u>	<u>2020</u>
Rent Income(included in other income)	Substantial related-party	\$ <u> 60</u>	\$ <u> 60</u>

For lease contract with related party, rent is determined under reference of market prices and payment is subject to the general terms and conditions.

(7) Major Management Remuneration

	<u>2021</u>	<u>2020</u>
Short-term Employee Benefit	\$ 54,229	\$ 52,240
Post-Employment Benefit	<u>2,529</u>	<u>446</u>
	\$ <u>56,758</u>	\$ <u>52,686</u>

The compensation to directors and other key management personnel were determined by the Remuneration Committee in accordance with the individual performance and the market trends.

30. Assets Pledged as Collateral or for Security

The Group's following assets are provided as loan collaterals, construction performance bond or product quality warranty.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, Plant and Equipment	\$ 971,015	\$ 957,058
Right-to-Use Asset, Net	184,223	188,141
Other Financial Assets – Current	1,106,684	862,010
Other Financial Assets – Noncurrent (included in other noncurrent assets)	<u>170,143</u>	<u>35,933</u>
	<u>\$ 2,432,065</u>	<u>\$ 2,043,142</u>

31. Other Items

After the outbreak of COVID-19 in January, 2020, operation resumptions for Yeong Shang Casting Iron Company, Lu Lin Machine Tool Foundry Company, Dongguan Yeong Guan Mould Factory Company, Bright Steel Fine Machinery Company, Yeong Chia Mei Trade Company and Shanghai No. 1 Machine Tool Foundry Company have been delayed accordingly. However, those operating locations returned to operation, starting from February 21 2020. With the easing of the epidemic and policy easing, the operations of the Group have returned to normal

32. Significant Assets and Liabilities Denominated in Foreign Currencies

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2021

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Book Value</u>
<u>Financial Assets</u>			
<u>Currency Item</u>			
USD	\$ 29,759	6.3757 (USD: RMB)	\$ 823,729
USD	18,502	27.68 (USD: NTD)	512,135
EUR	18,315	7.2197 (EUR: RMB)	573,626
EUR	13,691	31.32 (EUR: NTD)	428,802
RMB	11,338	4.3415 (RMB: NTD)	49,224
<u>Financial Liability</u>			
<u>Currency Item</u>			
USD	12,900	6.3757 (USD: RMB)	357,072
USD	101,826	27.68 (USD: NTD)	2,818,544
EUR	363	7.2197 (EUR: RMB)	11,369
EUR	37,305	31.32 (EUR: NTD)	1,168,393
RMB	6,134	4.3415 (RMB: NTD)	26,631

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

December 31, 2020

<u>Financial Assets</u>	<u>Foreign Currency</u>		<u>Book Value</u>
<u>Currency Item</u>			
USD	\$ 20,658	6.5249 (USD: RMB)	\$ 580,490
USD	16,014	28.1 (USD: NTD)	449,993
EUR	13,905	8.025 (EUR: RMB)	480,557
EUR	117	1.23 (EUR: USD)	4,044
EUR	7,643	34.56 (EUR: NTD)	264,142
RMB	25,499	4.3066 (RMB: NTD)	109,813
Non-monetary items			
<u>Derivatives</u>			
USD	82	6.5249 (USD: RMB)	2,307
USD	13	28.1 (EUR: RMB)	370
Financial			
<u>Liability</u>			
<u>Currency Item</u>			
USD	10,515	6.5249 (USD: RMB)	295,472
USD	88,569	28.1 (USD: NTD)	2,488,789
EUR	2,695	8.025 (EUR: RMB)	93,139
EUR	12,352	34.56 (EUR: USD)	426,885
RMB	8,343	4.3066 (RMB: NTD)	35,930
Non-monetary			
items			
<u>Derivatives</u>			
EUR	8	34.56 (EUR: NTD)	271
EUR	3	8.025 (EUR: RMB)	92

For the year ended in December 31, 2021 and 2020, realized and unrealized net foreign exchange gains were \$3,394 thousand and \$80,315 thousand respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

33. Disclosed Items

- (I) Information about significant transactions and (2) investees:
1. Loans provided to other parties (Table 1)
 2. Endorsements/guarantees given to other parties (Table 2)
 3. Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities) (Table 3)
 4. Purchases or sales of the same marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital. (Table 4)

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

5. Acquisition of real estate at costs of at least NT \$300 million or 20% of the paid-in capital (Table 5)
 6. Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 7. Purchases or sales with related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
 9. Derivative transactions (Note 7 “Financial Instruments at Fair Value through Profit or Loss ”)
 10. Intercompany relationships and significant intercompany transactions (Table 10)
- (II) Information on investees (Table 8)
- (III) Information for investments in Mainland China
1. Information for any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, and limit on the amount of investment in the mainland China area (Table 9)
 2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 1 to 10)
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements/guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance, the ending balance, the interest rate range, and the total of current interest with respect to loans provided.

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

- (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(IV) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 11)

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Departments shall be reported by the Group are casting processing and other.

- (1) Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

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

	Department Income		Department Profit	
	2021	2020	2021	2020
Casting Processing Dept.	\$ 8,928,358	\$ 8,129,415	\$ 941,751	\$ 1,069,063
Other	<u>19,853</u>	<u>54,858</u>	(<u>6,419</u>)	<u>809</u>
Total amounts of continuing operations	<u>\$ 8,948,211</u>	<u>\$ 8,184,273</u>	935,332	1,069,872
Interest revenue			56,312	48,462
Other Profit and Loss			14,348	29,039
Financial Product Net Profit at Fair Value through Profit and Loss			(1,552)	14,731
Net exchange gains			3,394	80,315
Finance costs			(67,939)	(93,509)
Management and Administration Expense			(<u>619,275</u>)	(<u>525,172</u>)
Profit before income tax			<u>\$ 320,620</u>	<u>\$ 623,738</u>

The segment revenues were accounted for the transactions with external customers. No inter-segment sales occurred for the years ended December 31, 2021 and 2020.

Segment profit represented the profit before tax earned by each segment without interest income, other gain or loss, net gain on financial assets and liabilities at fair value through profit and loss, exchange gain or loss, finance costs, allocation of central administration costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(2) Segment Total Assets

Measurement of consolidated company's assets is not provided to operating decision makers, and therefore measurement amount for assets is zero.

(3) Other Segment Information

	Depreciation and Amortization	
	2021	2020
Casting Processing Dept.	\$ 529,159	\$ 526,839
Other	<u>7,471</u>	<u>11,688</u>
	<u>\$ 536,630</u>	<u>\$ 538,527</u>

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

(4) Major Product Income

Major products for consolidated company's continuous operating units are analysed as follows:

	<u>2021</u>	<u>2020</u>
Energy Castings	\$4,250,935	\$ 5,562,951
Injection Molding Machine Castings	2,248,995	1,144,634
Industry Machine Castings	<u>2,448,281</u>	<u>1,476,688</u>
	<u>\$ 8,948,211</u>	<u>\$ 8,184,273</u>

(5) Geographical Information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	<u>Revenue from External Customers</u>		<u>Non-Current Assets</u>	
	<u>2021</u>	<u>2020</u>	December 31, <u>2021</u>	December 31, <u>2020</u>
China	\$ 6,509,792	\$ 6,206,449	\$ 4,703,434	\$ 5,031,674
Taiwan	2,438,419	1,977,824	4,137,237	338,752
Other	<u>-</u>	<u>-</u>	<u>86,961</u>	<u>1,463,587</u>
	<u>\$ 8,948,211</u>	<u>\$ 8,184,273</u>	<u>\$ 8,927,632</u>	<u>\$ 6,834,013</u>

Non-current assets excluded those classified as financial instruments and deferred tax assets.

(6) Information of Major Customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	<u>2021</u>	<u>2020</u>
Client A	\$ 1,053,098	\$ 2,061,008
Client B	999,338	1,151,105

Note: Income is less than 10% of total income

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
 LOANS PROVIDED TO OTHER PARTIES
 FOR THE YEAR ENDED DECEMBER 31, 2021

Table 1

Unit: NTD in thousands unless otherwise prescribed

Serial No	Financing Company	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Balance Used	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Bad Debt Allowance	Collateral		Financing limit for each borrowing company	Financing Amount Limits	Note
													Item	Value			
1	Yeong Guan Holdings Co., Limited	Yeong Guan Energy Technology Group Co., Ltd	Other Account Receivable—Related Party	Yes	\$ 170,000	\$ 170,000	\$ 170,000	1	Short Term Financing Capital	\$ -	Business Turnover	\$ -	-	-	\$ 3,822,637	\$ 5,096,849	
		Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable—Related Party	Yes	65,122 (RMB 15,000 thousand)	65,122 (RMB 15,000 thousand)	65,122 (RMB 15,000 thousand)	1	Short Term Financing Capital	-	Business Turnover	-	-	-	3,822,637	5,096,849	
2	Yeong Shang Casting Iron Company	Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable—Related Party	Yes	725,028 (RMB 167,000 thousand)	573,076 (RMB 132,000 thousand)	573,076 (RMB 132,000 thousand)	4	Short Term Financing Capital	-	Business Turnover	-	-	-	1,023,513	1,364,684	
3	Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable—Related Party	Yes	594,783 (RMB 137,000 thousand)	442,831 (RMB 102,000 thousand)	442,831 (RMB 102,000 thousand)	4	Short Term Financing Capital	-	Business Turnover	-	-	-	635,051	846,734	
		Yeong Shang Casting Iron Company	Other Account Receivable—Related Party	Yes	151,952 (RMB 35,000 thousand)	151,952 (RMB 35,000 thousand)	151,952 (RMB 35,000 thousand)	4	Short Term Financing Capital	-	Business Turnover	-	-	-	4,233,670	4,233,670	
4	Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable—Related Party	Yes	303,904 (RMB 70,000 thousand)	169,318 (RMB 39,000 thousand)	151,952 (RMB 35,000 thousand)	4	Short Term Financing Capital	-	Business Turnover	-	-	-	1,571,038	2,094,717	
5	Dongguan Yeong Guan Mould Factory Company	Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable—Related Party	Yes	138,927 (RMB 32,000 thousand)	-	-	4	Short Term Financing Capital	-	Business Turnover	-	-	-	164,710	219,613	

Note 1: Maximum balance and ending balance for this year are calculated based on exchange rate on December 31, 2021.

Note 2: All intercompany transactions have been eliminated upon consolidation.

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE YEAR ENDED DECEMBER 31, 2021

Table 2

Unit: NTD in thousands unless otherwise prescribed

Serial No.	Endorsement / Guarantee Provider	Guaranteed Party		Endorsement /guarantee amount limit to each company	Maximum endorsement /guarantee balance for this year	Ending Endorsement /guarantee balance	Balance Used	Endorsement /guarantee amount collateralized by property	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Endorsement /guarantee amount limit	Parent company's endorsement /guarantee for subsidiary	Subsidiary's endorsement /guarantee for Parent company	endorsement /guarantee for China region	Note
		Name	Relationship											
0	Yeong Guan Energy Technology Group Co., Ltd	Shanghai No. 1 Machine Tool Foundry Company	Subsidiary of Sub- subsidiary	\$ 870,927	\$ 355,475	\$ 355,475	\$ 203,522	\$ -	3.97%	\$ 8,709,270	Y	N	Y	
		Yeong Guan Holdings Co., Limited	Subsidiary	4,354,635	(USD 5,000 thousand) (RMB 50,000 thousand) 3,301,080	(USD 5,000 thousand) (RMB 50,000 thousand) 3,034,000	(USD 5,000 thousand) (RMB 15,000 thousand) 1,186,676	-	33.86%	8,709,270	Y	N	N	
		Yeong Chen Asia Pacific Company	Sub-subsidiary	4,354,635	1,570,664	70,664	-	-	0.79%	8,709,270	Y	N	N	
		Bright Steel Fine Machinery Company	Subsidiary of Sub- subsidiary	4,354,635	276,800	-	-	-	-	-	8,709,270	Y	N	Y
1	Yeong Chen Asia Pacific Company	Yeong Guan Holdings Co., Limited	Parent	291,449	(USD 10,000 thousand) 85,430	85,430	-	85,430	12.81%	466,318	N	Y	N	

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD

December 31, 2021

Table 3

Unit: thousand shares / NTD thousand

Holding Company	Types and Names of Securities	Relationship with Securities Issuer	Recognized Account	End of Period				Note
				Number of Shares	Book Amount	Holding Percentage	Fair Value	
Yeong Shang Casting Iron Company	Bank of Hangzhou happiness 99 Zhen wallet open financial planning	Not related party	Financial asset measured at fair value through profit and loss	-	43,415 (RMB 10,000 thousand)	-	43,415 (RMB 10,000 thousand)	
Lu Lin Machine Tool Foundry Company	Bank of Ningbo - Ningxin Term Finance No. 27	Not related party	Financial asset measured at fair value through profit and loss	-	130,244 (RMB 30,000 thousand)	-	130,244 (RMB 30,000 thousand)	
Lu Lin Machine Tool Foundry Company	Bank of Ningbo - Ningxin Term Finance No. 27	Not related party	Financial asset measured at fair value through profit and loss	-	43,415 (RMB 10,000 thousand)	-	43,415 (RMB 10,000 thousand)	
Lu Lin Machine Tool Foundry Company	Bank of China - Accumulated Wealth Management (Wealth Management Exclusive)	Not related party	Financial asset measured at fair value through profit and loss	-	91,171 (RMB 21,000 thousand)	-	91,171 (RMB 21,000 thousand)	
Lu Lin Machine Tool Foundry Company	Bank of Hangzhou a happiness 99 quarterly tian Yi No. 1909	Not related party	Financial asset measured at fair value through profit and loss	-	26,049 (RMB 6,000 thousand)	-	26,049 (RMB 6,000 thousand)	
Lu Lin Machine Tool Foundry Company	Bank of Hangzhou a happiness 99 weekly tian Yi No. 2101	Not related party	Financial asset measured at fair value through profit and loss	-	43,415 (RMB 10,000 thousand)	-	43,415 (RMB 10,000 thousand)	
Lu Lin Machine Tool Foundry Company	Hangzhou Bank a happiness 99 new wallet	Not related party	Financial asset measured at fair value through profit and loss	-	52,098 (RMB 12,000 thousand)	-	52,098 (RMB 12,000 thousand)	
Yeong Chia Mei Trade Company	Bank of China accumulated a plan B	Not related party	Financial asset measured at fair value through profit and loss	-	19,580 (RMB 4,510 thousand)	-	19,580 (RMB 4,510 thousand)	
Bright Steel Fine Machinery Company	Bank of China - Smart Capital Series 211290	Not related party	Financial asset measured at fair value through profit and loss	-	65,122 (RMB 15,000 thousand)	-	65,122 (RMB 15,000 thousand)	
Bright Steel Fine Machinery Company	Citic Bank financial account win-win robust cycle 182	Not related party	Financial asset measured at fair value through profit and loss	-	65,122 (RMB 15,000 thousand)	-	65,122 (RMB 15,000 thousand)	
Yeong Chen Asia Pacific Company	Formosa 4 International Investment Co., Ltd., Formosa 5 International Investment Co., Ltd., and KOP Investment Limited Company	Not related party	Financial asset measured at fair value through comprehensive income	1,165,125	12,817	9.75%	12,817	
Yeong Chen Asia Pacific Company	Formosa 5 International Investment Co., Ltd.	Not related party	Financial asset measured at fair value through comprehensive income	4,393,350	47,360	9.75%	47,360	
Yeong Guan Holdings Co., Limited	KOP Investment Limited Company	Not related party	Financial asset measured at fair value through comprehensive income	40,000	16,591 (USD 600 thousand)	4%	16,591 (USD 600 thousand)	

Note 1: Amounts at the end of this period are calculated based on exchange rates dated December 31, 2021.

Note 2: Please refer to table 8 and table 9 for related information on invested subsidiaries.

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
 MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021

Table 4

Unit: NTD in thousands unless otherwise prescribed

Buying/Selling Company	Types and Names of Securities	Recognized Account	Transaction Counterparty	Relationship	Beginning of Period		Buy		Sell			End of Period		
					Unit	Amount	Unit	Amount	Unit	Selling Price	Book Cost	Gain/Loss on Disposal	Unit	Amount (Note 1)
Dongguan Yeong Guan Mould Factory Company	Bank of Industry and Commerce - happy life follow E special account custom type	Financial assets measured at fair value through profit and loss-current	-	-	-	\$ -	-	\$ 264,831 (RMB 61,000 thousand)	-	\$ 264,831 (RMB 61,000 thousand)	-	\$ 1,997 (RMB 460 thousand)	-	\$ -
Lu Lin Machine Tool Foundry Company	China Citic Bank win 91	Financial assets measured at fair value through profit and loss-current	-	-	-	-	-	217,074 (USD 50,000 thousand)	-	217,074 (RMB 50,000 thousand)	-	-	-	-

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
 ACQUISITION OF REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021

Table 5

Unit: NTD in thousands unless otherwise prescribed

Acquiring company	Title of property	Transaction date or occurrence date	Transaction amount	Payment	Counterparty	Relationship	Where the counterparty is a related party, the previous transfer information				Pricing reference and basis	Purpose of acquisition and use	Other agreements
							Owner	Relationship with issuer	Date of transfer	Amount			
Yeong Guan Holdings Co., Limited	Factory construction	2021.1.18	\$ 3,120,000	Based on the terms in the purchase order	Ruentex Engineering & Construction Co., Ltd.	Non related party	N/A	N/A	N/A	N/A	Market price	Manufacturing purpose	NONE

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
PURCHASES OR SALES WITH RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 6

Unit: in thousands of NTD

Purchase (Sales) Company	Transaction Counterpart	Relationship	Transaction Details				Cases and Reasons for Transaction Terms Different Those of Average Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sales)	Amounts	Percentage of Total Purchase (Sales)	Credit Extension Period	Unit Price	Credit Extension Period	Balance	Percentage of Total Notes/Accounts Receivables (Payables)	
Yeong Shang Casting Iron Company	Lu Lin Machine Tool Foundry Company	Same parent company	Purchase	\$ 414,723	19%	(Note 1)	\$ -	-	(\$ 96,581)	20%	
Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	Same parent company	Purchase	358,599	10%	(Note 1)	-	-	(5,449)	1%	
Bright Steel Fine Machinery Company	Yeong Shang Casting Iron Company	Same parent company	Purchase	340,300	10%	(Note 1)	-	-	(36,532)	4%	
Bright Steel Fine Machinery Company	Lu Lin Machine Tool Foundry Company	Same parent company	Purchase	386,783	11%	(Note 1)	-	-	(200,699)	23%	
Yeong Chen Asia Pacific Company	Dongguan Yeong Guan Mould Factory Company	Same parent company	Purchase	307,925	13%	(Note 1)	-	-	(87,377)	15%	
Yeong Chen Asia Pacific Company	Shanghai No. 1 Machine Tool Foundry Company	Same parent company	Purchase	135,109	6%	(Note 1)	-	-	(50,428)	8%	
Yeong Chen Asia Pacific Company	Yeong Shang Casting Iron Company	Same parent company	Purchase	868,772	38%	(Note 1)	-	-	(282,134)	47%	
Yeong Chen Asia Pacific Company	Bright Steel Fine Machinery Company	Same parent company	Purchase	201,506	9%	(Note 1)	-	-	(42,544)	7%	
Yeong Chen Asia Pacific Company	Lu Lin Machine Tool Foundry Company	Same parent company	Purchase	260,610	11%	(Note 1)	-	-	(60,046)	10%	
Yeong Shang Casting Iron Company	Bright Steel Fine Machinery Company	Same parent company	(Sales)	(340,300)	14%	(Note 1)	-	-	36,532	5%	
Yeong Shang Casting Iron Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(868,772)	35%	(Note 1)	-	-	282,134	41%	
Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	Same parent company	(Sales)	(414,723)	33%	(Note 1)	-	-	96,581	21%	
Lu Lin Machine Tool Foundry Company	Bright Steel Fine Machinery Company	Same parent company	(Sales)	(386,783)	31%	(Note 1)	-	-	200,699	43%	
Lu Lin Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(260,610)	21%	(Note 1)	-	-	60,046	13%	
Bright Steel Fine Machinery Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(201,506)	5%	(Note 1)	-	-	42,544	3%	
Dongguan Yeong Guan Mould Factory Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(307,925)	54%	(Note 1)	-	-	87,377	49%	
Shanghai No. 1 Machine Tool Foundry Company	Bright Steel Fine Machinery Company	Same parent company	(Sales)	(358,599)	23%	(Note 1)	-	-	5,449	1%	
Shanghai No. 1 Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(135,109)	9%	(Note 1)	-	-	50,428	7%	

Note 1: Price and payment terms for transactions with related party are determined in accordance with the parties' agreement.

Note 2: Aforementioned transactions have all been cancelled during preparation of consolidated financial statement.

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
December 31, 2021

Table 7

Unit: in thousands of NTD

Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Yeong Shang Casting Iron Company	Yeong Chen Asia Pacific Company	Same ultimate parent company	\$ 282,134	-	\$ -	—	\$ -	\$ -
Yeong Shang Casting Iron Company	Shanghai No. 1 Machine Tool Foundry Company	Same ultimate parent company	581,968 (Note1)	-	-	—	-	-
Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	Same ultimate parent company	152,321 (Note2)	-	-	—	-	-
Lu Lin Machine Tool Foundry Company	Bright Steel Fine Machinery Company	Same ultimate parent company	200,699	-	-	—	-	-
Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	Same ultimate parent company	448,623 (Note 3)	-	-	—	-	-
Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	Same ultimate parent company	152,353 (Note 4)	-	-	—	-	-
Yeong Guan Holdings Co., Limited	Yeong Guan Energy Technology Group Co., Ltd.	Subsidiaries	170,534 (Note5)	-	-	—	-	-

Note 1: This includes financing amount NT\$573,076 thousand and interest receivable of NT\$8,892 thousand.

Note 2: This includes financing amount NT\$151,952 thousand and interest receivable of NT\$369 thousand.

Note 3: This includes financing amount NT\$442,831 thousand and interest receivable of NT\$5,792 thousand.

Note 4: This includes financing amount NT\$151,952 thousand and interest receivable of NT\$401 thousand.

Note 5: This includes financing amount NT\$170,000 thousand and interest receivable of NT\$534 thousand.

Note 6: Aforementioned transactions have all been cancelled during preparation of consolidated financial statement.

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
 INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2021

Table 8

Unit: in thousands of NTD

Name of Investing Company	Name of Invested Company	Location	Major Business Items	Original Investment Amount		Year End Ownership			Current (Loss) Profit for Invested Company	Recognized Current Investment (Loss) Profit	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage (%)	Book Value			
Yeong Guan Energy Technology Group Co., Ltd	Yeong Guan Holdings Co., Limited	British Virgin Islands	Investment Holding Business	\$ 5,924,658	\$ 5,924,658	194,000,000	100.00	\$ 12,747,008	\$ 296,608	\$ 296,608	Note 1
	Yeong Guan Heavy Industry (Thailand) Company	Thailand	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	412,110	348,375	90,000,000	75.00	353,789	(3,499)	(2,624)	Note 1 Note 4
Yeong Guan Holdings Co., Limited	Yeong Guan International Co., Limited	Hong Kong	Investment Holding Business	5,238,538	5,238,538	805,000,000	100.00	10,301,761	335,254	335,831	Note 1
	Shin Shang Trade Company	British Virgin Islands	Transaction of various steel castings and casting molds as well as related import/export businesses	-	226,069	-	-	-	(634)	(568)	Note 1 Note 3
	Yeong Chen Asia Pacific Company	Taiwan	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	95,000	95,000	-	100.00	582,338	27,020	27,122	Note 1

Note 1: Calculation is based on invested company's CPA certified financial statement in the same period and the Company's ownership percentage.

Note 2: Investment profit/loss among invested companies, investment company's long term equity investment and equity net value among invested companies have all been cancelled during preparation of consolidated financial statement.

Note 3: Yeong Guan Holdings Co., Limited incorporated its subsidiary Shin Shang Trade Company on March 31, 2001.

Note 4: Yeong Guan Heavy Industry (Thailand) Company issued its ordinary shares at par value of \$5 baht each.

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
 INFORMATION FOR INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2021

Table 9

Unit: in thousands of NTD

Names of Invested Companies in China	Main Business Items	Paid-In Capital	Investment Methods (Note 1)	Accumulated Investment Amounts Remitted from Taiwan, Beginning of This Year	Current Year Investment Amounts Remitted Out or Retrieved Back		Current Year End Accumulated Investment Amount Remitted from Taiwan	Invested Company's Profit/Loss for Current Year	The Company's Direct or Indirect Ownership Percentage	Current Investment Profit (Loss) Recognized (note 2)	Year End Investment Book Value	Investment Yield Remitted Back as of Year End	Note
					Remitted Out	Retrieved Back							
Ningbo Yeong Shang Casting Iron Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	\$ 1,193,008	(3)	\$ -	\$ -	\$ -	\$ -	\$ 146,526	100%	\$ 147,896	\$ 3,440,988	\$ -	Note 1
Dongguan Yeong Guan Casting Iron Factory Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	110,038	(3)	-	-	-	-	(31,470)	100%	(30,125)	544,764	-	Note 1
Ningbo Lu Lin Machine Tool Foundry Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	379,354	(3)	-	-	-	-	38,379	100%	49,820	2,111,336	-	Note 1
Jiangsu Bright Steel Fine Machinery Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	3,179,084	(3)	-	-	-	-	305,581	100%	304,211	5,212,893	-	Note 1
Ningbo Yeong Chia Mei Trade Company	Transaction of various steel castings and casting molds as well as related import/export businesses	27,680	(3)	-	-	-	-	(422)	100%	(413)	34,233	-	Note 1
Shanghai No. 1 Machine Tool (Suzhou) Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	932,262	(3)	-	-	-	-	(44,081)	95.1%	(28,756)	187,399	-	Note 1
Qing Dao Rui Yao Building Material Co., Ltd.	Manufacturing and selling of Decorative Material, processing and selling of stones material	-	(3)	-	-	-	-	293	-	146	-	-	Note 1
													Note 4

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NA	NA	NA

Note 1: The ways to invest in companies in Mainland China are classified into three types below. Mark the type of investment:

- (1) Direct investment in China.
- (2) Investment in China through a company registered in the third region.
- (3) Other ways.

Note 2: The amount was calculated based on financial statements audited by a multinational accounting firm having a cooperative relationship with an accounting firm in Taiwan.

Note 3: Investment profit/loss among invested companies, investment company's long term equity investment and equity net value among invested companies have all been cancelled during preparation of consolidated financial statement.

Note 4: Dongguan Yeong Guan Casting Iron Factory Company and Ningbo Lu Lin Machine Tool Foundry Company disposed Qing Dao Rui Yao Building Material Co., Ltd. at 30 March, 2021.

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

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
 INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Table 10

Unit: in thousands of NTD

Serial No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Details of Transactions			
				Financial Statement Account	Amounts	Payment Terms	% of Consolidated Sales or Assets (Note 3)
1	Yeong Shang Casting Iron Company	Bright Steel Fine Machinery Company	3	Account Receivable — Related Party	\$ 36,532	Based on the parties' agreement	-%
1	Yeong Shang Casting Iron Company	Yeong Chen Asia Pacific Company	3	Account Receivable — Related Party	282,134	Based on the parties' agreement	2%
1	Yeong Shang Casting Iron Company	Shanghai No. 1 Machine Tool Foundry Company	3	Other Account Receivable — Related Party	581,968	Based on the parties' agreement	3%
1	Yeong Shang Casting Iron Company	Bright Steel Fine Machinery Company	3	Operating Revenue	340,300	Based on the parties' agreement	4%
1	Yeong Shang Casting Iron Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	868,772	Based on the parties' agreement	10%
2	Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Account Receivable — Related Party	96,581	Based on the parties' agreement	1%
2	Lu Lin Machine Tool Foundry Company	Bright Steel Fine Machinery Company	3	Account Receivable — Related Party	200,699	Based on the parties' agreement	1%
2	Lu Lin Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	3	Account Receivable — Related Party	60,046	Based on the parties' agreement	-
2	Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	3	Account Receivable — Related Party	14,723	Based on the parties' agreement	-
2	Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Other Account Receivable — Related Party	152,321	Based on the parties' agreement	1%
2	Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	3	Other Account Receivable — Related Party	448,623	Based on the parties' agreement	2%
2	Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	3	Operating Revenue	36,970	Based on the parties' agreement	-
2	Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Operating Revenue	414,723	Based on the parties' agreement	5%
2	Lu Lin Machine Tool Foundry Company	Bright Steel Fine Machinery Company	3	Operating Revenue	386,783	Based on the parties' agreement	4%
2	Lu Lin Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	260,610	Based on the parties' agreement	3%

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

Serial No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Details of Transactions			
				Financial Statement Account	Serial No. (Note 1)	Company Name	Counter Party
3	Bright Steel Fine Machinery Company	Yeong Chen Asia Pacific Company	3	Account Receivable – Related Party	\$ 42,544	Based on the parties’ agreement	-
3	Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	3	Account Receivable – Related Party	24,319	Based on the parties’ agreement	-
3	Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	3	Other Account Receivable – Related Party	152,353	Based on the parties’ agreement	1%
3	Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	3	Operating Revenue	29,134	Based on the parties’ agreement	-
3	Bright Steel Fine Machinery Company	Yeong Shang Casting Iron Company	3	Operating Revenue	17,375	Based on the parties’ agreement	-
3	Bright Steel Fine Machinery Company	Yeong Guan Holdings Co., Limited	2	Operating Revenue	37,015	Based on the parties’ agreement	-
3	Bright Steel Fine Machinery Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	201,506	Based on the parties’ agreement	2%
4	Dongguan Yeong Guan Mould Factory Company	Yeong Shang Casting Iron Company	3	Account Receivable – Related Party	30,388	Based on the parties’ agreement	-
4	Dongguan Yeong Guan Mould Factory Company	Yeong Chen Asia Pacific Company	3	Account Receivable – Related Party	87,377	Based on the parties’ agreement	-
4	Dongguan Yeong Guan Mould Factory Company	Yeong Shang Casting Iron Company	3	Operating Revenue	63,077	Based on the parties’ agreement	1%
4	Dongguan Yeong Guan Mould Factory Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	307,925	Based on the parties’ agreement	3%
5	Yeong Chen Asia Pacific Company	Yeong Shang Casting Iron Company	3	Operating Revenue	13,248	Based on the parties’ agreement	-
6	Yeong Guan Holdings Co., Limited	Yeong Guan Energy Technology Group Co., Ltd	2	Other Account Receivable – Related Party	170,534	Based on the parties’ agreement	1%
6	Yeong Guan Holdings Co., Limited	Shanghai No. 1 Machine Tool Foundry Company	1	Other Account Receivable – Related Party	65,334	Based on the parties’ agreement	-
7	Shanghai No. 1 Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Account Receivable – Related Party	16,912	Based on the parties’ agreement	-
7	Shanghai No. 1 Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	3	Account Receivable – Related Party	50,428	Based on the parties’ agreement	-
7	Shanghai No. 1 Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Operating Revenue	20,753	Based on the parties’ agreement	-
7	Shanghai No. 1 Machine Tool Foundry Company	Bright Steel Fine Machinery Company	3	Operating Revenue	358,599	Based on the parties’ agreement	4%
7	Shanghai No. 1 Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	135,109	Based on the parties’ agreement	2%

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

Note 1: 0 represents parent company, while serial numbers for subsidiaries start from 1 based on respective company categories.

Note 2: 1 represents transaction entered by parent company with subsidiary; 2 represents transaction entered by subsidiary with parent company; 3 represents transactions between subsidiaries.

Note 3: With respect to calculation for transaction amount's percentage of consolidated total revenue or total assets, asset/liability items are based on ending balance's percentage of consolidated total assets and liabilities, while income items are based on ending accumulated amount's percentage over consolidated total revenue.

Note 4: All transactions on aforementioned appendix have already been written-off when consolidated financial statements are prepared.

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

Table 11

Yeong Guan Energy Technology Group Co., Ltd.

INFORMATION OF MAJOR SHAREHOLDERS

December 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chang Hsien-Ming	11,093,540	10.02%
PJ Asset Management Co., Ltd.	10,759,739	9.72%
Jiayuan Investment Co., Ltd.	9,591,315	8.67%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.