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.

2015

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 May10, 2016

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: Chang, Wen-Lung
Title: Vice Chairman	Title: Director and Executive Vice President
Tel: (86)574-8622-8866	Tel: (886)3-483-9216
E-mail address: andy@nbys.com.cn	E-mail address: wl.chang@nbys.com.cn

II. Headquarters and branches(contact information)

(a) Company information:

Name: Yeong Guan Energy Technology Group Co., Ltd.

Address: Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands Tel: (86)574-8622-8866

(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 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.89, Xinhu 1st Rd., Neihu Dist., Taipei City Tel: (886)27198-7198

Name: Shin Shang Trade Co., Ltd. Tel: (86)574-8622-8866

Address: OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands

Taiwan Branch

Address: 4F, No.87, Xinhu 1st Rd., Neihu Dist., Taipei City Tel: (886)27198-7198

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: New Power Team Technology Co., Ltd. Tel: (886)3-386-7671

Address: No.9, Minquan Rd., Dayuan Dist., Taoyuan City 337, Taiwan (R.O.C.)

3.Hong Kong Subsidiary

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

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

NT crepancies betwe

This is the English translation. In case of discrepancies betwe

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

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

I. Letter to Shareholders

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

7KLV LV WKH (QJQ,QVFKDWHU DRQ VGOLDWFURHQ DQFLHV EHWZH

This is the English translation

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

November 2009 Establishment a

	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
Supply 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

This is the English translation. In case of discrepancies betwe

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	Election date	Term	Date first elected	Shareholding when elected: Number of shares	Shareholding when elected: Shareholding ratio	Current shareholding: Number of shares	Current shareholding: Shareholding ratio	Shareholding of spouse or minor children: Number of shares	Shareholding of spouse or minor children: Shareholding ratio	Shareholding by Nominee Arrangement: Number of shares	Shareholding by Nominee Arrangement: Shareholding ratio	Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship: Title	Executives, Directors or Supervisors who are spouses or within two degrees of kinship: Name	Executives, Directors or Supervisors who are spouses or within two degrees of kinship: Relation
Director	ROC	Chang, Wen-Lung	June 17, 2013	3	January 22, 2008	12,951,313	12.84%	8,0009,313	6.74%	2,127,832	1.79%	-	-	NTU Department of Law President, Yeong Guan Mould Factory Co., Ltd.	Director, Yeong Guan Holdings Co., Ltd. Director, Yeong Guan International Co., Ltd. Director, Shin Shang Trade Co., Ltd. Chairman and President, Yeong Chen Asia Pacific Co., Ltd. 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. Vice Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Executive Director, Ningbo Yeong Chia Mei Trade Co., Ltd. Director, Yeong Guan Heavy Industry (Thailand) Co., Ltd. Supervisor, New			

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	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, Yu-Yue	June 17, 2013	3	March 19, 2010	3,214,018	3.19%	3,462,261	2.92%	4.844,408	4.08%	-	-	National Keelung Commercial & Industrial Vocational Senior High School, General Commerce Department Supervisor, San Ho Electric Machinery Industry Co., Ltd.	Supervisor, Ningbo Yeong Shang Casting Iron Co., Ltd. Supervisor, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Supervisor, San Ho Electric Machinery Industry Co., Ltd.	Director	Chang, Cheng-Chung	Husband
Director	ROC	Chang, Chih-Kai	June 17, 2013	3	June 17, 2013	-	-	104,115	0.09%	771	0.00%	-	-	Special Assistant to the Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd.	Special Assistant to the Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd.	Director	Chang, Hsien-Ming	Father
Independent director	ROC	Chen, Ching-Hung	June 17, 2013	3	March 19, 2010	-	-	-	-	-	-	-	-	President, Sinyi Development Inc. NTU Department of Law director, Sinyi EMBA, NCCU President, Radium Life Tech Co., Ltd. President, Sinyi Development Inc. President, Dajia Construction Co., Ltd. President, Shanghai Shangtou Investment Management Co., LL Esta				

This is the English translation. In case of discrepancies betwe

(b)

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	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
											Technology Co., Ltd. Director, Ningbo Yeong Shang Casting Iron Co., Ltd. Director, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Vice Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Executive Director, Ningbo Yeong Chia Mei Trade Co., Ltd. Director, Yeong Guan Heavy Industry (Thailand) Co., Ltd.			
Director and Executive Vice President	ROC	Chen, Wu-Chi	2006.6.1	1,814,263	1.53%	1,045,944	0.88%	1,814,263	1.53%	Vice President, Yeong Guan Mould Factory Co., Ltd.	Director and President, 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, Yeong Guan Heavy Industry (Thailand) Co., Ltd. Director, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. Director, New Power Team Technology Co., Ltd.	-	-	-
Executive Vice President	R.O.C.	Huang, Wen-Hung	2015.5.11	9,000	0.01%	-	-	-	-	EMBA, Royal Roads University Master, Department of Industrial and Commercial Research , China Industrial & Commercial Research Institute COO, Taiwan Express President, Chimei Logistics Corp Vice Director of Marketing Department and Director of Global Business Support Service, Chi Mei Optoelectronics Corporation	President, Jiangsu Bright Steel Fine Machinery Co., Ltd. Director, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd.			
Executive Vice President	ROC	Kung, Hsing-Yuan	2006.9.15	-	-	-	-	-	-	NTU Department of @ id õ ķ p Bu ή ξ d,(Su hou				

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

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

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

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	Companies in the consolidated financial statements (A+B+C+D)
Below NT$ 2,000,000	a	Kuo, Jui
NT$ 2,000,000 or more but less than NT$ 5,000,000	a	Chang, Wen-Lung; Kung, Hsing-Yuan; Huang, Wen-Hung Hsu, Ching-Hsiung; Lin, Tai-Feng; Huang, Ching-Chung; Lin, Yu-I
NT$ 5,000,000 or more but less than NT$ 10,000,000	a	Tsai, Shu-Ken; Chen, Wu-Chi; Chang, Hsien-Ming

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	2014		2015	
	Amount	%	Amount	%
Director	24,625	2.46%	25,701	1.90%
Presidents and Vice Presidents	40,383	4.03%	45,720	3.39%
Consolidated net income	1,001,817	100%	1,349,123	100%

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

(b) Operations of the audit committee/Participation of supervisors in board operations

A total of 6 committee meetings (A) were convened in the most recent fiscal year (2015). Independent director attendance was follows:

Title	Name	Attendance in person (þ)	By proxy (C)	Attendance rate (%) þ / ý	Remarks
Independent director	Chen, Ching-Hung	4	2	66.67%	
Independent director	Chang, Cheng-Lung	5	1	83.33%	
Independent director	Wei, Chia-Min	6	0	100%	

Other items to be recorded:

1. If any of the circumstances referred to in Article 14-5 of Securities and Exchange Act apply and resolutions which have not been approved by the Audit Committee are approved by at least two thirds of all directors, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company’s response to Audit Committee opinions should be specified: None
2. If independent directors recuse themselves from discussion and voting on motions that involve conflicts of interest, the names of the directors, contents of motions, the reasons for recusal, and actual participation in the voting process shall be clearly stated: None
3. Communications between the independent directors, the Company's Chief Internal Auditor and

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”	ˇ		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				

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"

This is the English translation

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

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	

2015/12/24	3	Taiwan Corporate Governance Association	Obligations and Responsibilities of Companies, Directors, and Supervisors as Prescribed in the

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

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

(d) Remuneration Committee Operations

1. Remuneration committee member data

Status	Name / Criteria	Meet One of the Following Professional Qualification Requirements in addition to at Least Five Years Work Experience			Independence Criteria(Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks (Note 2)
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary			

Note 2: If committee members are directors, please specify whether the regulations set forth in Paragraph 5, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter

.

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

3. Operations of the remuneration committee
   (1) The Remuneration Committee of the company is comprised of three members
   (2) Term of office of the current committee:
   The term of office began on June 28, 2013 and will end on June 16, 2016 (on the same day as the 4th board of directors)
   A total of 3 committee meetings (A) were convened in the most recent fiscal year (2015). Member qualifications and attendance records are as follows:

Title	Name	Attendance in person (þ)	By proxy (C)	Attendance rate (%) þ / ý	Remarks
Convener	Chang, Cheng-Lung	2	1	66.67%	
Committee member	Chen, Ching-Hung	2	1	66.67%	
Committee member	Wei, Chia-Min	3	0	100%	

Other items to be recorded:
1. If the board rejects or revises suggestions submitted by the remuneration committee, the date of the board meeting, the session, content of the motion, the board resolution, and the response by the company to opinions of the remuneration committee members shoud be specified (if remunerations and compensations approved by the board are higher than those suggested by the committee, the actual discrepancies and reasons shoud 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) Implementation of Corporate Social Responsibility

Assessment items	Implementation status	Deviations from "Corporate Social Responsibility Best

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 Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
(c) Does the company monitor the impact of climate change on business activities? Does it carry out greenhouse gas inventories and has it formulated energy conservation, carbon reduction, and greenhouse gas reduction strategies?			and relevant legal requirements. (c)The company has already implemented energy conservation and carbon reduction activities. In addition to the reduced use of light tubes in public areas, the turning off of unnecessary lights as well as the use of AC temperature controllers and highly effective energy conservation equipment are promoted in office areas.	No major deviations
3. Preserving public welfare (a) Has the company formulated relevant management policies and				

This is the English translation. In case of discrepancies betwe

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	
1. Formulation of ethical corporate management policies and programs				
(a) Are ethical corporate management policies and methods stated explicitely 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.	ˇ		(a) The company has already formulated Ethical Corporate Management Best Practice Principles and Supplier Code of Conduct. Ethical management policies have been disclosed in internal regulations, on the corporate website, in annual reports, or other promotional materials.	No major deviations
(b) Has the company developed programs to prevent unethical behavior and do these programs contain clearly defined operating procedures, codes of conduct, penalties for violations, and a grievance system? Are these programs implemented and carried out?	ˇ		(b) The company has included clearly formulated prevention schemes and relevant handling procedures in its "Ethical Corporate Management Operating Procedures and Code of Conduct"covering the prohibition of bribery, illegal political contributions, improper charity donations or sponsorships, improper gifts, entertainment, or other benefits.	No major deviations
(c) Has the company adopted preventive measures with regard to the provisions set forth in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"or other business activities within the scope of the company's operations that involve a high risk of	ˇ		(c) The company has included clearly formulated provisions prohibiting the offering and acceptance of improper benefits and the offering of illegal poitical contributions with clearly stated handling procedures in its "Ethical Corporate Management Operating Procedures and	No major deviations

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
unethical behavior?			Code of Conduct".	
2. Implementation of ethical corporate management (a) Does the company evaluate integrity records of trading counterparties and do contracts signed with trading counterparties include clearly formulated provisions regarding ethical behavior?	ˇ ˇ		(a) 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
(b) Has the company established exclusively (or concurrently) dedicated units subordinate to the board to be in charge of proposing and enforcing ethical corporate management policies and submit regular reports regarding the implementation progress to the board?	ˇ		(b) 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 of regular reports to the board of directors.	No major deviations
(c) Are policies in place to prevent conflicts of interest and have appropriate appeal channels been established and implemented?	ˇ		(c) The board directors upholds 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	No major deviations

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
	ˇ			
(d) Has the company established an effective accounting and internal control system to implement ethical corporate management and				

Assessment items	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Y	N	Brief description	
are regular reviews carried out by internal audit units or commissioned accountants?			compliance with this accounting and internal control system and submit reports to the board of directors.	
(e) Does the company organize regular internal and external training on ethical corporate management?			(e) 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 (a) 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. (b) Has the company formulated standard operating procedures for the investigation and processing of received reports and relevant confidentiality mechanisms? (c) Has the company adopted measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	ˇ ˇ ˇ		(a) The company has set up reporting mailboxes to encourage employees to submit reports on detected malconduct that prejudices the interests of the company. The audit office is	

This is the English translation. In case of discrepancies betwe

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, 2015 (including the supervision and management of subsidiaries) was efficient as far as goal achievement in the field of results and efficiency of operations, reliability of financial reports, and legal compliance are concerned and may provide reasonable guarantees regarding the achievement of the aforementioned goals.

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

VII. This declaration was approved unanimously by the board of directors with an attendance of 11 directors on March 11, 2016. All directors consented to the contents of this declaration as stated herein.

Yeong Guan Energy Technology Group Co., Ltd.

Chairman: Signature/Seal

General Manager: Signature/Seal

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

(j) Penalties imposed in accordance with the law upon the company or its internal personnel and any penalties imposed by the company upon its internal personnel for violations of internal control system provisions as well as principal deficiencies and improvements efforts for the most recent fiscal year up to the printing date of the annual report: None

(k) Major Resolutions of Shareholders' and Board Meetings (in the most recent fiscal year up to the printing date of the annual report)

1. Major resolutions of shareholders meetings in 2015 and implementation status:

Date	Major resolutions	Implementation status
2015.6.2	1. Ratification of the 2014 Business Report and Consolidated Financial Statement	Approved by resolution
	2. Ratification of the company’s 2014 Earnings distribution proposal	Approved by resolution and fully implemented in accordance with shareholders’ meeting resolutions
	3. Deliberation of the modification of the authorized capital amount	Approved by resolution and fully implemented in accordance with shareholders’ meeting resolutions
	3. Deliberation of the amendment of the company's Memorandum and Articles of Incorporation	Approved by resolution and fully implemented in accordance with shareholders’ meeting resolutions

2. Major resolutions of board meetings in 2015 up to the printing date of the annual report:

Meeting name	Date	Major resolutions
Board meeting	2015.3.13	1. Approval of the 2014 Business Report 2. Approval of the 2014 Consolidated Financial Statement 3. Approval of the 2014 Earnings distribution proposal 4. Approval of the 2014 Internal Control System Statement issued by the company 5. Approval of the amendment of the company's Memorandum and Articles of Incorporation 6. Approval of the amendment of the company's Corporate Social Responsibility Best Practice Principles 7. Approval of the amendment of the company's Ethical Corporate Management Best Practice Principles and Ethical Corporate Management Operating Procedures and Code of Conduct 8. Approval of the convening of the 2015 General Shareholders’ Meeting
Board meeting	2015.5.7	1. Approval of the endorsement/guarantee for the company’s subsidiary Jiangsu Bright Steel Fine Machinery Co., Ltd. (ANZ

Reports (including the Chairman, President, AccountingSupervisor, Finance Supervisor, Internal Audit Supervisor, and R&D Supervisor) in the most recent fiscal year up to the publication date of the annual report: None

4. Professional fees of CPAs

(a) Range of professional fees of CPAs

Name of Accounting Firm	Accountant Name		Audit Period	Remarks
Deloitte&Touche	Li, Tung-Feng	Kung, Che-Li	Jan 1, 2015-Dec 31, 2015	

Unit: 1000NTD

Fee ranges \ Fee items		Audit fees	Non-audit fees	Total
1	Below NT$ 2,000,000			
2	NT$ 2,000,000 or more but less than NT$ 4,000,000			
3	NT$ 4,000,000 or more but less than NT$ 6,000,000			0

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

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

Title	Name	2015		2016 up to April 9	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and major shareholder	Chang, Hsien-Ming	(2,337,000)	(2,510,000)	a	500,000
Chairman and major shareholder	Chang, Wen-Lung	(3,703,000)	a	(31,000)	a
Director	Chang, Cheng-Chung	186,487	1,000,000	a	a
Director	Tsai, Shu-Ken	33,566	a	(30,000)	a
Director	Chen, Wu-Chi	(1,008,086)	350,000	(30,000)	a
Director	Wu, Ting-Tsai	(533,763)	(1,000,000)	a	a
Director	Hsu, Yu-Yue	133,558	a	a	a
Director	Chang, Chih-Kai	(64,984)	a	a	a
Independent Director	Chen, Ching-Hung	a	a	a	a
Independent Director	Chang, Cheng-Lung	a	a	a	a
Independent Director	Wei, Chia-Min	a	a	a	a
Executive Vice President	Kung, Hsing-Yuan	a	a	a	a

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, 2015; Unit: 1000 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.,						

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

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

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

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.

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 ie ᴀ ! ˁ iha ʌ ʊ ɔ φ ɣ x

% d b ʒ s

the Articles of Incorporation, dividends or other distributions shall be approved by the shareholders by request of the board in the following way and order in each fiscal year:

(a) 2% to 15% of distributable amounts shall be paid out as bonuses for employees (hereinafter referred to as "employee bonus" including those of associated companies.

(b) A maximum of 3% of distributable amounts may be paid out as compensations for directors (hereinafter referred to as "director compensation")

(c) A minimum of 50% of distributable amounts shall be paid out as shareholder dividends

In accordance with the principles set forth in the preceding three paragraphs, the board of directors shall determine the portions of the distributable amount to be allocated as employee bonuses, director compensations, and dividends and request ratification by the shareholders. Shareholder dividends and employee bonuses may be paid out to employees or shareholders as cash, unissued shares purchased with said amount, or a combination of these two methods. Issued cash dividends shall make up at least 10% of the total dividends paid to shareholders. The company does not pay interest on undistributed dividends and bonuses.

2. Dividend distribution in this fiscal year:

The board of directors approved the 2015 Earnings distribution proposal on March 11, 2016 with a planned distribution of cash dividends amounting to NT$ 8.5 per share. The proposal will be submitted to the shareholders' meeting on June 7, 2016 for ratification. Earnings are to be distributed as follows:

Unit: NTD

Item	Amount

(h) Employee bonus and compensation of directors and supervisors

1. Quotas or range of employee bonuses and compensations of directors and supervisors as specified in the Articles of Incorporation:

Please refer to Paragraph 1 (f)

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 2014 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'

2. Issuance of company bonds:

1. Current Status of Company Bonds

Type of corporate bond	1st Issue of Domestic (ROC) Unsecured Convertible Bonds	2nd Issue of Domestic (ROC) Unsecured Convertible Bonds
Issue (offer) Date	June 3, 2014	August 18, 2015
Denomination	NT$ 100,000 each	NT$ 100,000 each

2.Convertible bond data

Corporate bond type		1st Issue of Domestic (ROC) Unsecured Convertible Bonds	
Item / Year		2015	Current year until April 30, 2016
Market price of convertible bonds	Highest	154.00	165.00
	Lowest	105.00	120.45
	Average	129.41	150.67
Conversion price		153	148.6
Issue (offer) date and conversion price on issue date		Issue date: June 3, 2014 Conversion price on issue date: 158	Issue date: June 3, 2014 Conversion price on issue date: 158
Conversion method		Issuance of new shares	Issuance of new shares

Corporate bond type		2nd Issue of Domestic (ROC) Unsecured Convertible Bonds	
Item / Year		2015	Current year until April 30, 2016
Market price of convertible bonds	Highest	111.00	114.00
	Lowest	97.50	100.00
	Average	102.11	106.89
Conversion price		217	216.5
Issue (offer) date and conversion price on issue date		Issue date: August 18, 2015 Conversion price on issue date: 217	Issue date: August 18, 2015 Conversion price on issue date: 217
Conversion method		Issuance of new shares	Issuance of new shares

3.Exchange of corporate bond date: NA

4.Shelf registration of issued corporate bonds: NA

5. Corporate bonds with attached warrant: NA

5.

V. Operations Overview

1. Business activities

(a) Business scope

1. Main areas of business operations

The company's operations mainly focus on the manufacture and sale of

8	Anhui Province	150	

Australia added new installations with a total capacity of 0.380 GW raising the country's wind power capacity to 4GW.

To sum up, new records were set in the traditional wind power markets (China, USA, Germany) and Brazil in 2015.

The Global Wind Energy Council predicts a more equally distributed growth pattern for the global market in 2016.

Data source ;GWEC, February 2016

Injection molding machine

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, petrochemical, and the casing of cell phones, cameras, notebook computers, and other digital devices. The evaluation of plastic goods is mainly based on three factors: 1. Outer appearance including integrity, color, and luster 2. Accuracy of dimensions and relative positions 3. Physical, chemical, and electrical properties correspond to the purpose. Quality and size requirements vary based on different usage locations.

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.

According to data published by the Industrial Economics and Knowledge Center (IEK), the global sales volume of machinery in 2011 amounted to 1.75 trillion USD, which represents an increase by 8.61%. In view of the impact of the European debt crisis, the US budget deficit, and the cooling down of the Chinese economy, it is expected that market demand will contract by 1.42% in 2012 driving the sales volume down to around 1.597 trillion USD. The global machinery market is expected to exhibit a stable growth pattern between 2013 and 2014 with a sales volume/growth rate of 1.654 trillion USD/0.54% and 1.746 trillion USD/0.86%, respectively

Forecast of the size of the global machinery market

Source: Industrial Economics and Knowledge Center (IEK),
2012 Machinery Industry Yearbook, May 2012

The customers of Yeong Guan Energy Technology Group are distributed in four main with automated control but not with digital control), and computerized numerical control (CNC) machines which have wide application in the machinery, automobile, electronics, mold, and, aerospace industries.

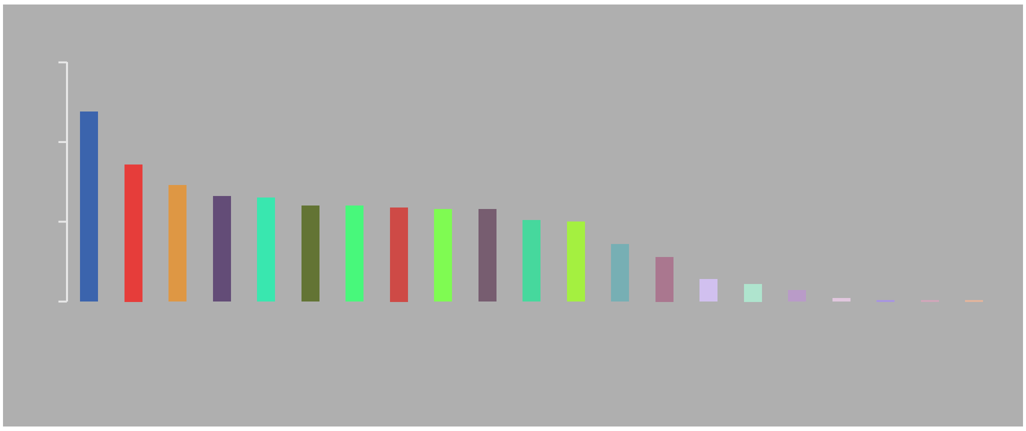
Machine tool manufacturers must adopt a strategy of low prices and high performance to enhance their international competitiveness. In addition to the lowering of product prices through manufacturing technologies and component modularization, localized and low-cost types based on the fact whether or not air is mixed with lubricating oil during the air compression process. Lubricating oil has a lubricating and cooling effect on any machinery equipment. In lubricated air compressors, it also has a sealing effect and thereby enhances the volumetric efficiency of air compressors. From an energy conservation perspective, the efficiency of lubricated air compressors is much higher than that of non-lubricated compressors. However, it is impossible to completely remove the oil gas from the compressed air through a meticulous filer mechanism. Despite the higher energy efficiency of lubricated air compressors, the purchase costs and pressure loss generated by the precise filter mechanism as well as the energy loss are also quite significant. Most clients therefore favor non-lubricated air compressors. In the upcoming years, the petroleum, chemical, metallurgy, shipping, environmental protection, and clean energy industries will continue to develop and the demand outlook in the compressor market is still expected to be positive.

According to IEK estimates, the global sales volume of air compressors in 2012 amounted to 8.355 billion USD, which represents a slight decrease by 0.7% compared to the sales volume in 2011 " g.3 ĭ 2 ῆ bellionmSD, t e de ž empnO et i1

Forecast of the size of the global air compressor market

Source: Industrial Economics and Knowledge Center (IEK), 2012 Machinery Industry Yearbook, May 2012

which in turn leads to sluggish sales and declining sales performance on the part of medical equipment manufacturers. Currency depreciation all over the world also has an impact on sales. A recovery of the medical equipment market is not expected in the short run. The worsening market climate affects all manufacturers. This is not related tom product issues but rather to the fact that countries are more careful in their assessment of capital expenditures. Extension of the service life of existing equipment serves as a substitute for the purchase of new devices.



Source: CA Cheuvreux, 2010/6

Our main client for medical equipment is currently Elektra, one of the leading manufacturers of radiation therapy equipment in the world. The company's product range encompasses neuroscience, oncology, and brachytherapy. In addition, the company has developed highly sophisticated systems in the field of radiation therapy and software to enhance the efficiency of the cancer treatment process. The China Food and Drug Administration (CFDA) approved the sale and marketing of the Flexitron® brachytherapy platform in China. The company will maintain its focus on North America and will actively develop the Latin American, Chinese, and Japanese markets. Elektra currently has a US market share of 15%. Our clients request more flexible delivery times and adjustment of business models in accordance with their needs and wishes. Make-to-stock has been transformed to make-to-order and orders will be less visible in the future. This new business model affects short- and long-term operative goals. We are committed to enhancing our own competitiveness to provide the best quality at highly competitive prices in response to market developments.

Source: Koncept Analytics, November 2010

We continue to actively develop new clients in the field of medical equipment assembly.

The main manufacturers of radiation therapy equipment are listed below:

Figure 9: Varian and Elekta Versatile Linac offer

SBRT(Stereotactic Body Radiation Therapy)

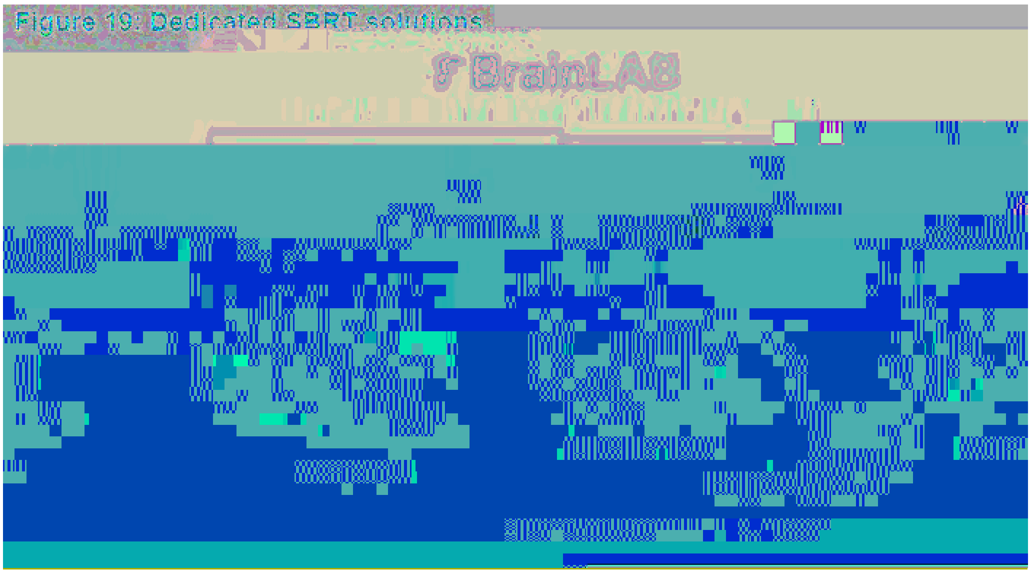
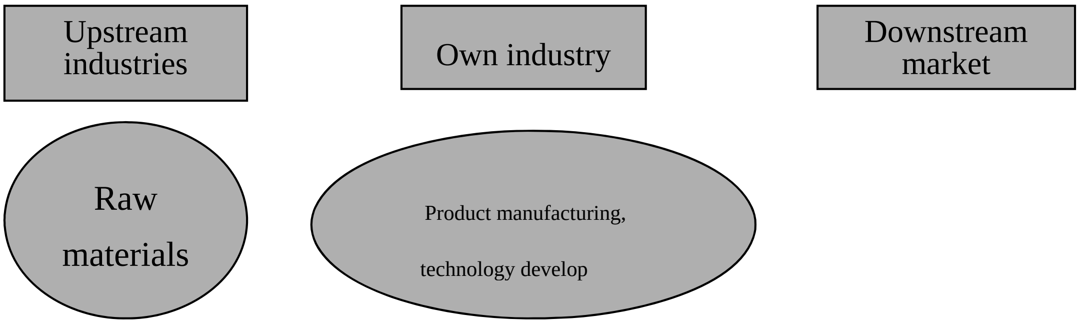


Figure 10: Dedicated SBRT solutions

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. Product development and competitiveness trends

A. Analysis of wind power market shares in 2015

The statistics released by the industry analysis firm FTI Intelligence in early 2016 reveal that Goldwind Science & Technology in Mainland China was the largest manufacturer of wind turbines in 2015 with a 12.5% share of the wind turbine market.

Source: FTI Intelligence

Goldwind Science & Technology replaced the Danish company Vestas as the market leader with a wind turbine output volume of 7.87GW in 2015. Vestas had a market share of 11.8% followed by GE and Siemens with 9% and 8%, respectively. 8 of the 15 top wind turbine manufacturers listed by FTI are Chinese enterprises. This is not surprising since

wind power and grid capacity will be increased by 1.9GW resulting in a cumulative offshore wind power capacity of 12.9GW in the EU.

As far as the development of offshore wind power in Mainland China is concerned, statistical data provided by the Chinese wind power grid reveal that the 44 offshore wind power development and installation projects in China at the end of 2014 had a total capacity of 1.053 GW. By the end of July 2015, only two of these projects with a total capacity of 6.1 MW had been completed and commissioned. 9 projects with a capacity of 170.2 MW had been approved and were under construction. If previously completed installations are added, China currently has a cumulative offshore wind power capacity of only 44MW.

The "Renewable Energy Development Plan" in the context of the 12th FYP mentions that the cumulative offshore wind power capacity had reached 500 MW by 2015 and a complete wind power equipment manufacturing industry with international competitiveness had been formed. However, according to statistics released by the National Energy Administration, offshore wind power installations completed and commissioned by the end of July 2015 had a combined capacity of only 176.3 MW, which falls short of the projected target in this area by a wide margin.

Following the conclusion of the 12th FYP, the 13th FYP is about to be initiated. Breaking through the development bottleneck in the field of offshore wind power still poses a huge challenge. It is a well-known fact that the high costs of offshore wind power hinder the development of the industry. Due to special environmental conditions, the requirements for wind turbine generators, power transmission and distribution facilities, operations and maintenance are also unique, which in turn leads to higher equipment, operation, and maintenance costs compared to land-based facilities. The costs of offshore wind power installations are usually twice as high as those of land-based installations. In view of the fixed service life of wind turbine generators, higher investments result in higher power generation costs.

On the other hand, low electricity tariffs are also one of the key factors restricting the development of the industry. Prior to 2014, China didn't have a unified offshore wind power price and subsidy policy. Development was only possible through the adoption of concession tariffs. Unclear power price policies pose a serious obstacle to offshore wind power development. In June 2014, the National Development and Reform Commission published the Communique Regarding the Offshore Wind Power Tariff Policy clarifying policy contents. Tariffs for intertidal zone and coastal area wind power generated in the context of non-tender offshore wind power projects were set at NT$ 0.75/KW and NT$ 0.85 KW, respectively. Despite the fact that the tariff policy was launched one year a fffac e wW

dominated by international brands such as Engel and Krauss-Maffei. 60% of the 20,000 injection molding machines which are imported by China every year are high-precision machines. In many application fields of multi-layered co-extrusion and molding machines, Chinese machinery is no match for foreign-made machinery as far as accurate control technologies are concerned. As for extruding equipment, biaxially-oriented film machines (PET(PA, BOPP) and medical tube e

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

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

(B) Integrated information is conducive to health management:
Emphasis on user-oriented thinking and provision of convenient and effective products and services, data integration and analysis to create value

Technology or product type	Properties and functions
	impact properties, and high fatigue resistance
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
Un-pluggable 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 ca vity, the impurities are kept in the basin and out of the casting.
ASME U STAMP(Certified by American Society of Mechanical Engineers)	Permission certificate for export of pressure vessels to Europe and the US
PED(pressure equipment directive)	Permission certificate for export of pressure vessels to Europe
Ceramic tube runner	Decreases slag flowing into castings and enhances product quality

CNC wooden pattern

Technology or product type	Properties and functions
	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

(d) Long- and short-term development plans

1. Short-term development plans

(1) Marketing strategy:

A. Horizontal expansion into new industries and product areas including 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.

B. 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 2016 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

(5) Financial planning:

Acceleration of the working capital turnover ratio, enhanced production efficiency of operations, improved regulation and application of short-term capital in the field of foreign exchange, and constant forecasting of mid- and short-term export revenues to ensure a more flexible use of forward exchange transactions by finance departments.

2. Long-term plans:

(1) Marketing strategies:

Balancing of regional sales rati

2. Market and sales overview

(a) Market analysis

1. Main products and sales regions

Unit: 1000NTD; %

Year / Region	2014		2015	
	Amount	%	Amount	%
Europe	2,458,094	34.11%	2,595,647	31.95%
China	2,408,673	33.42%	2,859,938	35.21%
USA	1,470,383	20.40%	1,850,843	22.79%
Asia	869,144	12.07%	816,042	10.05%
Total	7,206,294	100.00%	8,122,470	100.00%

2. Future supply conditions and growth potential of the market

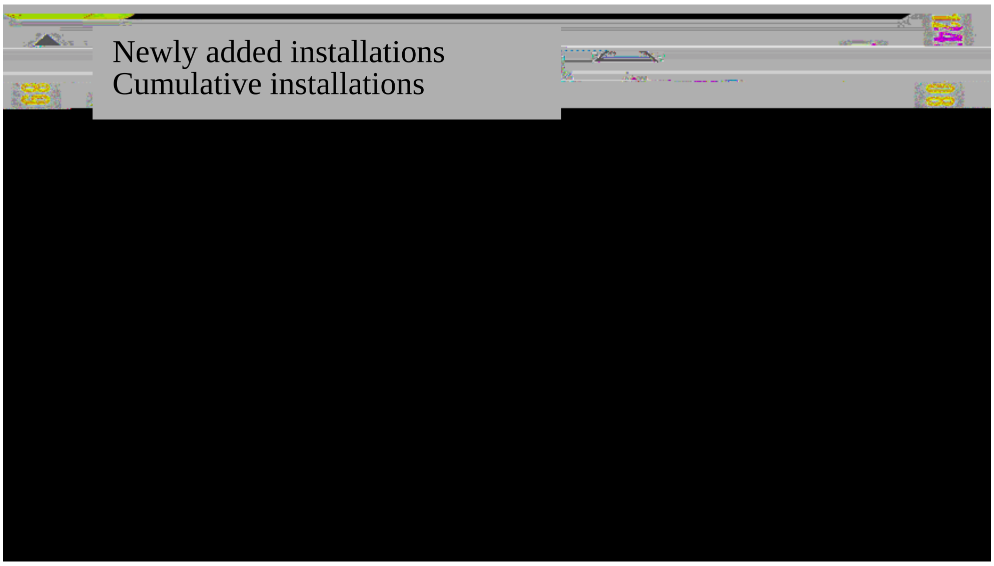
Wind power industry

The global wind power industry still exhibits a long-term stable growth trend.

It is expeet3 $ m x l QM ᴛ ɪ m ᴛ ᴀ Mh powe

COP21 UN Climate Summit

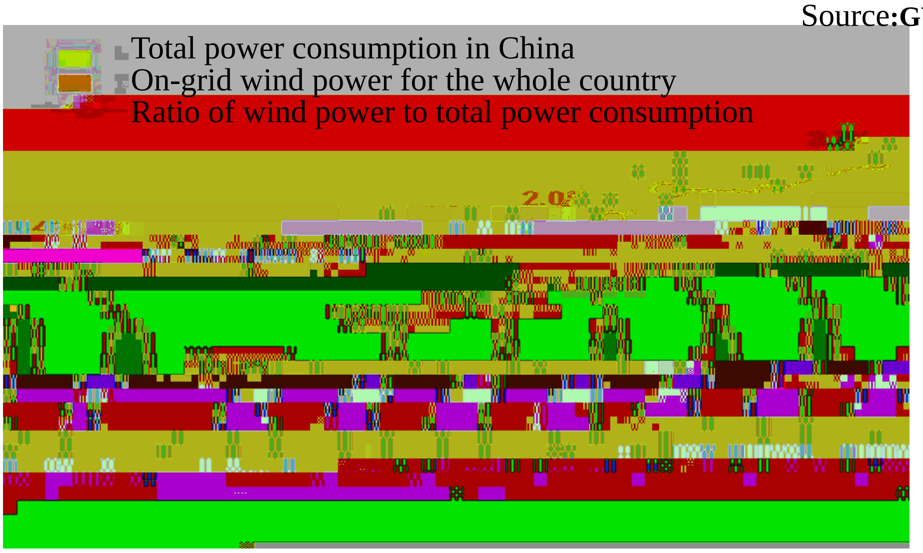
Mission Innovation: In the wake of the Kyoto Protocol a brand-n equal emphasis will be placed on the development of and near offshore wind power and the development of far offshore wind power pilot projects. 2031-2050, the full-scale development of land-based wind power and near and far offshore wind power will be implemented. Based on current estimates, the power consumption in China will reach 13,000 TWh by 2050. The current state of wind technology indicates that Chinese wind energy resources can sustain an installed capacity of over 1000GW.



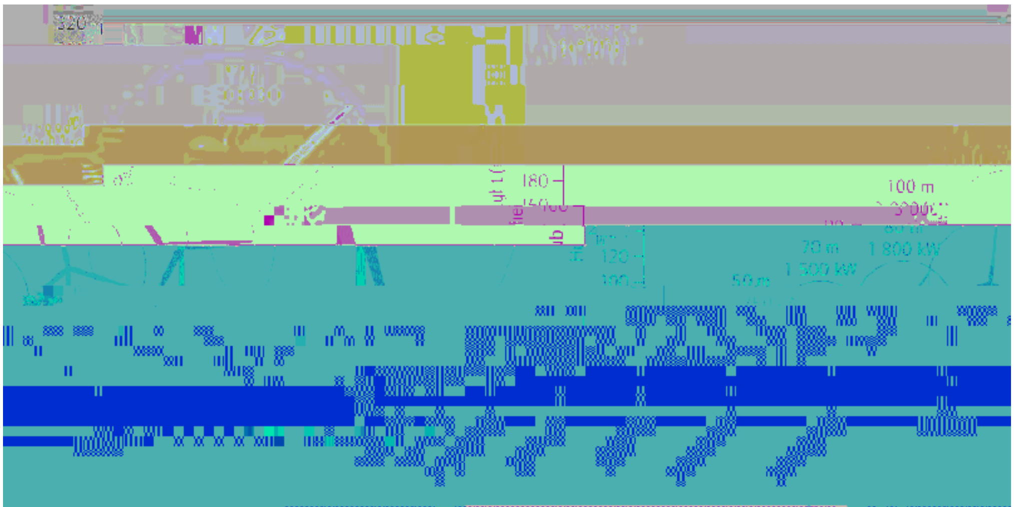
(Source: GWEC)

The chart above shows that the newly added wind power capacity in China in 2015 accounted for 45% of the globally added capacity. The 13 major policies emphasize continued progress and maintenance of stability. It is also evident from the chart that wind power accounts for a relatively low portion of power generation in China. In the future, there will be considerable room for growth.

Source:**GWEC**



There is currently a trend of increasing capacities in the field of wind power generators Increasing size of wind turbines (turbines of a rating of **1.5~3.6MW** currently represent the mainstream)



Source: IEA Wind Power Technology Roadmap 2013 Edition (2013)

India

1. Fifth largest market in the world with regard to newly added wind turbines in 2014
2. Within the next five years, India is expected to be the country with the fastest growth
3. Within the next five years , renewable energy is expected to account for 12% of total generation

Brazil

1. Within the next five years, an annual increase of wind power by 12-13GW is planned; wind power is expected to account for 12% of total generation in 2023
2. Wind power projects of a total capacity of over 21GW will be made available for wind power developers starting in February 2016

Current state of development of offshore turbines of a rating of 5MW or more

Source: IEK, December 2014

Wind-generated power has seen the most rapid development in the field of new power supply and renewable energy sources in the US since 2000. Wind-generated power has W he ee w̄ l נ " l נ ᵔ ΠϦϦΠϦ decreased electricity demand are also key factors that affect investments in new power sources. The annually installed wind power capacity in the US has seen drastic fluctuations due to the abovementioned factors and policy development trends.

In 2008, the US Department of Energy assumed that 20% of the total annual power consumption could be provided by wind-generated power in 2030 and assessed the technical feasibility of this scenario. The main conclusion of this report is that the US electricity system can sustain a market share of 20% for wind power in this scenario. Under the assumption that no new wind power will be added, the expenses of the Department of Energy are expected to rise by 2% within the time interval (2008-2030) of this scenario.

This report also points out key activities that require increased attention including an expansion of transmission infrastructure, a reduction of wind power generation costs, the integration of reliable wind energy into the major electricity systems as well as the solution of potential problems related to selection of suitable sites for wind farms and the application for licenses. Upon publication of this report, the total installed wind power capacity has seen a threefold increase. By the end of 2013, the annual installed capacity had already exceeded the anticipated 20%, surpassing the previously predicted challenges. The Wind Vision report records the progress in this field since 2008 and relies on past experiences to predict future opportunities.

The goal of the analyses in the Wind Vision report is to provide a deeper understanding of the future potential of wind-generated electricity and quantify the costs and benefits of continued investments in wind power. The provided analyses, model input, and conclusions are based on the most reliable information currently avai " the - ᵀ een t ! a ɿ M ! ʌ vaim Ĕ 1 to

7KH 86$ KDV HQDFWHG D ODZ WR H[HPSW WKH 3
LQGXVWU\ 3URGXFWLRQ WD[FUHGLW ...
XQFHUWDLQW\ 2YHU WKH SDVW VL[\HDUV WKH
GHFUHDVHG E\ DOPRVW <HRQJ *XDQJWDL ...
UHGXFH LWV FRVWV WR PDLQWDLQ LWV FRPSHWL

7KH WDEOH EHORZ VKRZV WKH UHODWLRQ RI WKH ...
SRZHU WR WRWDO LQVWDOOHG FDSDFLW\ ...

,QVWDOOHG FDSDFLW\ *:	:LQG SRZHU JHQHUDWLRQ LQ	WLRQ WR SRZHU HQWHU RSHUDWLRQ LQ	WLRQ WR SRZHU HQWHU RSHUDWLRQ LQ
/DQG EDVHG ZLQG SRZHU FDSDFLW\			
2IIVKRUH ZLQG SRZHU FDSDFLW\			
7RWDO LQVWDOOHG ZLQG SRZHU FDSDFLW\			

,QMHFWLRQ PROGLQJ PDFKLQHU\ LQGXVWU\

,W LV JHQHUDOO\ H[SHFWHG WKDW WKH ... ZLOO IDO

,Q 'HFHPEHU ,0) GHFLGHG WR DGG ...
WR WKH H[SRUW RI &KLQHVH LQMHFWLRQ PROGLQJ ...
RXWORRN IRU WKH &KLQHVH HFRQRP\ ...
SODVWLF IRU PDQ\ \HDUV 0H[LFR ...
GHPDQG IRU LQMHFWLRQ PROGLQJ PDFKLQHU\ ...
DQQXDO JURZWK ...

7KH IROORZLQJ WUHQGV LQ WKH ... PDFKLQH

‹ &KLQD LV DFFHOHUDWLQJ ... DQG
H[WUXGLQJ PDFKLQHU\

‹ ,W LV RI SDUDPRXQW LPSRUWDQFH

extruding machinery with independent intellectual property rights

- Increasing size and capacity
- The design and manufacture of large-scale and micro plastic machinery is inextricably linked to the national standard of technology in machine manufacturing and materials
- Miniaturization is the main development direction for all product categories
- Energy conservation trends
- Optimized design of machine structures, control modes, and operation technology conditions based on energy conservation concepts
- Adoption of advanced energy conservation technologies and motors with variable frequency speed control
- Automated smart molding machines
- Production functions conducive to enhancement of molding machine quality, efficiency, and energy conservation and key approaches to enhance production rates, reduce labor intensity, improve labor conditions, maximize equipment usage rates, and reduce costs
- Programmable logic controllers (PLC) replace traditional relays. Programmed controllers and micro computers are used for process and parameter control of injection molding machines
- Network-based smart management
- Linkage of virtual and physical networks to create more efficient production systems and maximization of competitive advantages of this traditional industry through the Internet and big data analysis
- Implementation of Industry 4.0 in the plastic machinery industry and linkage of industry development to the Internet

Due to the powerful stimulus provided by the rapidly increasing demand of emerging economies, the global plastics market will grow at an average annual rate of over 4% before 2015, which exceeds the growth rate of the global GDP. The demand of the Chinese market will continue to rise at a fast pace and provide the main impetus

America with 170kg). In 2010, the total output and gross output value of plastic goods in China amounted to 58.3 million tons and 1.25 trillion dollars, respectively, which is 2.7 and 2.4 times as much as five years ago). This clearly indicates that the rapid development of

high-end centrifuge (MKII). Development efforts have been crowned with success. In 2016, Yeong Guan will initiate the development of other machine models, which are expected to ensure further growth.

As far as the market for shipping equipment is concerned, the shipping industry has been and hang on in the face of adverse economic circumstances. However, the worst is already over in this industry since demand is clearly picking up. An increase of localized production in China has turned into a key course of action for large international manufacturers due to cost considerations. The demand for castings has therefore never waned, but high-precision processing has to be provided. Due to the fact that the production capacity of Yeong Guan Energy Guan has not been expanded yet, the company is willing to increase the output of existing products for clients at its own discretion, but will only be able to meet customer demands for the development of new products after expansion of its production capacities.

<u>Medical equipment</u>

The main customer for medical equipment manufactured by Yeong Guan Energy Technology Group is currently Elektra, which is one of the leading manufacturers of Radiation Therapy equipment in the world (ranked second and first in the global and North American markets, respectively). Elektra has recently focused on the development of the North American market and actively expands into the Latin American, Chinese, and Japanese mar] א ema ʿ dst j& f M economic fluctuations in the areas of production and sales.

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

(1) Favorable factors

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

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

(B) Integration of up-and downstream industries allows an effective reduction of production costs and enhance international manufacturers.

(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 previously rated upstream suppliers. It also selects a spread out range of countries of origin for supplied materials and prepares feedstock in batches in advance to ensure that the production process and realized revenue are not affected by a shortage of raw materials.

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

(C) Corrosion at sea affects product quality

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

Response strategy

In view of the harsh marine environment which causes serious corrosion, it is necessary to strengthen the corrosion resistance and enhance the quality of products to make them more resistant against corrosion caused by the sea wind. Based on the abovementioned considerations, Yeong Guan Energy Technology Group has obtained the ISO12944 Corrosion protection certification allowing it

sή̓l M ẕ t } ᵀ φ ʒ de ή̋

Sand
processing

molding

Hanking. Another two pig iron suppliers (Benxi Shen Iron (Group) Ltd. and Benxi Ju Xin Da Machine Manufacturing Co., Ltd.) were added in 2015. These two pig iron suppliers accounted for over 14% of net purchases, while Benxi Shen Iron (Group) supplied over 10% of all purchases. The latter company is cooperating well with this company and the quality of its products is excellent. Delivery times meet the demands of this company. Procurement amounts from said company have therefore been increased.

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; %

	2014				2015				1st Quarter of 2016			
Item	Company name	Amount	Percentage of annual net sales (%)	Relation with issuer	Company name	Amount	Percentage of annual net sales (%)	Relation with issuer	Company name	Amount	Percentage of annual net sales in 1st quarter (%)	Relation with issuer
1	IO	1,139,871	15.82%	None	IO	1,400,788	17.25%	None	IO	385,316	20.14%	None
2	EA	794,018	11.02%	None	EA	1,143,188	14.07%	None	EA	405,515	21.20%	None
	Other	5,272,405	73.16%		Other	5,578,494	68.68%		Other	1,122,039	58.66%	

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

Unit: tons; 1000 NTD

Year / Production volume/value / Production categories	2014			2015		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value

3. Number, everage 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	2014	2015	As of March 31, 2016
Executives	64	75	75

Number

Contract type	Parties	Contract commencement /termination date	Main contents	Restrictive clauses
			million.	
Collateral contract	Guarantor: Ningbo Lu Lin Debtor: Ningbo Lu Lin Creditor: Bank of China	Sep 22, 2015 to Sep 22, 2020	The pledger provides 12,697 sq m of land and 3,786 sq m of factory buildings as collateral for the fulfillment of contract obligations to the creditor as prescribed in several main contracts valid from Sep 22, 2015 to Sep 22, 2020 or about to be concluded. Secured claims shall not exceed the principal of RMB$ 12.5 million.	None
Collateral contract	Guarantor: Ningbo Yeong Shang Debtor: Ningbo Yeong Chia Mei Creditor: Bank of China	Dec 15, 2015 to Dec 15, 2017	The pledger provides 39,290 sq m of land and 24,895 sq m of factory buildings as collateral for the fulfillment of contract obligations to the creditor as prescribed in several main contracts valid from Dec	

Contract type	Parties	Contract commencement /termination date	Main contents	Restrictive clauses
Credit agreement	Borrower: Yeong Guan Energy Tech. Lender: CTBC Bank Joint guarantor: Chang, Hsien-Ming	Sep 10, 2015 to Sep 9, 2016	CTBC Bank provides Yeong Guan Energy Technology with a revolving line of credit of US$ 5 million. Interest shall be payable once every month.	None
Credit agreement	Borrower: Yeong Guan Energy Hold. Lender: Land Bank of Taiwan Joint guarantor: Yeong Guan Energy Tech.	Dec 1, 2015 to Nov 30, 2016	Land Bank of Taiwan issues a domestic letter of credit for an amount of NT$ 845 million for the purchase and installation of casting equipment by Yeong Guan Holdings Co., Ltd. Taiwan Branch on the British Virgin Islands.	None
Credit agreement	Borrower: Yeong Guan Energy Hold. Lender: CTBC Bank Joint guarantor: Yeong Guan Energy Tech.	Nov 3, 2015 to Nov 2, 2016	CTBC Bank provides a revolving line of credit of NT$ 300 million for Yeong Guan Holdings Co., Ltd. Taiwan Branch on the British Virgin Islands. Interest shall be payable once every month.	None
Credit agreement	Borrower: Shin Shang Trade Lender: Shanghai Commercial & Savings Bank Joint guarantor: Yeong Guan Energy Tech.	Oct 8, 2015 to Oct 7, 2016	Shanghai Commercial & Savings Bank provides a revolving line of credit of US$ 2 million for Shin Shang Trade. Interest shall be payable once every month.	None
Credit agreement	Borrower: Shin Shang Trade Lender: Land Bank of Taiwan Joint guarantor: Yeong Guan Energy Tech.	Aug 24, 2015 to Aug 23, 2016	Land Bank of Taiwan issues a letter of credit for an amount of JY$ 500 million for proxy purchase by Shin Shang Trade of Japanese processing equipment	None
Credit agreement	Borrower: . Shin Shang Trade Lender: Shanghai Commercial & Savings Bank Joint guarantor: Yeong Guan Energy Tech.	Sep 18, 2015 to Sep 17, 2016	Shanghai Commercial & Savings Bank issues a letter of credit for an amount of JY$ 81.2 million for proxy purchase by Shin Shang Tradeof Japanese processing equipment	None
Credit agreement	Borrower: Yeong Chen Asia Pacific Lender: Land Bank of Taiwan Joint guarantor: Chang, Wen-Lung	Oct 29, 2015 to Oct 28, 2016	Land Bank of Taiwan provides a short-term secured loan and a total financing line of NT$ 300 million for Yeong Chen Asia Pacific. The latter company provides land and factory buildings for a maximum lien of NT$ 360 million.	None
Credit agreement	Borrower: Yeong Chen Asia Pacific Lender: KGI Bank Joint guarantor: Yeong Guan Energy Tech.	July 3, 2015 to Jul 2, 2016	KGI Bank provides a revolving line of credit of NT$ 30 million for Yeong Chen Asia Pacific. Interest shall be payable once a month. The bank provides the company with an additional NT$ 30 million for financial derivative operations.	None

Contract type	Parties	Contract commencement /termination date	Main contents	Restrictive clauses
			and factory buildings for a maximum lien of NT$ 200 million.	
Credit agreement	Borrower: New Power Team Technology. Lender: Bank SinoPac Hong Kong Branch Joint guarantor: Chiang, Shao-Chieh	2015-12-28 to 2016-9-30	Bank SinoPac provides New Power Team Technology with US$ 300,000 for spot exchange transactions and foreign exchange hedging..	None

1-2 Summarized Balance Sheet – ROC GAAP

Items \ Year	Financial data for the last two years (Note 1)	
	2011	2012
Current Asset	3,765,188	3,869,454
Fund & Investment	0	0
Fixed Asset	4,338,264	3,996,823
Intangible Asset	380,084	372,637
Other Asset	143,262	126,475

Current Net Profit for
Continuing Operations

	Taiwan	Kuo, Cheng-Hung	
2012	Deloitte Touche Tohmatsu Limited., Taiwan	Li, Tung-Feng, Kuo, Cheng-Hung	No Reservation
2013	Deloitte Touche Tohmatsu Limited., Taiwan	Li, Tung-Feng, Gon, Ze-Li	No Reservation
2014	Deloitte Touche Tohmatsu Limited., Taiwan	Li, Tung-Feng, Gon, Ze-Li	

	interest expenses this year. 3. Pre-tax net profit to paid-in capital ratio: This is mainly because of increases in operating income and net profit from increased revenue and reduced costs. 4. Earnings Per Share: This is mainly because of increases in operating income and net profit from increased revenue and reduced costs. 5. Cash Re-investment Ratio: Operating cash flow increases steadily because revenue for 2015 increased steadily.

Note 1: The Company did not present consolidated financial statements prepared based on International Financial Reporting Standard (IFRS) in 2010 and 2011.

Note 2:

II. Financial Analysis – ROC GAAP

Items Analyzed(note 2)			Year: Financial Analysis for Last Two Years 2011	2012
Financial Structure	Debt Ratio (%)		41.08	31.84
	Long Term Fund to Fixed Asset Ratio (%)		119.51	162.39
Liquidity	Current Ratio (%)		109.59	207.44
	Quick Ratios (%)		76.69	151.17
	Times Interest Earned		5.06	5.80
Operating Performance	Account Receivables Turnover Rate (Times)		3.57	3.41
	Average Collection Days		102	107
	Inventory Turnover Rate (Times)		4.88	3.99
	Account Payable Turnover Rate (Times)		8.81	7.84
	Average Inventory Turnover Days		75	91
	Fixed Asset Turnover Rate (Times)		1.29	1.26
	Total Asset Turnover Rate (Times)		0.67	0.62
Profitability	Return on Asset (%)		4.75	5.39
	Return on Equity (%)		6.24	6.87
	Percentage to Paid-in Capital (%)	Operating Income	10.13	12.00
		Pre-Tax Income	9.27	10.18
	Net Margin Rate (%)		5.65	7.04
	Earnings Per Share (NTD)		3.72	3.79
Cash Flow	Cash Flow Ratio (%)		5.95	58.83
	Cash Flow Adequacy Ratio (%)		(note 1)	76.14
	Cash Re-investment Ratio (%)		3.46	13.88
Leverage	Operating Leverage		3.47	3.21
	Financial Leverage		1.29	1.21

Note 1: No calculation because information of operating activity net cash flow and capital expenditure for the last five years is unavailable.

Note 2: Calculation formulas are as follows:

1. Financial Structure

(1) Debt Ratio h Total Liabilities • Total Assets

(2) Long Term Fund to Fixed Asset Ratio h (Net Shareholder Equity ` Long Term Liability) • Net Fixed Asset

2. Liquidity

(1) Current Ratio h Current Assets • Current Liabilities

(2) Quick Ratio h (Current Assets a Inventories a Prepaid Expenses) • Current Liabilities

(3) Times Interest Earned h 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 h Net Sales • Average Account Receivable (including Account Receivable and Operating Notes Receivables) Balance

(2) Average Collection Days h 365 • Account Receivable Turnover Rate

(3) Inventory Turnover Rate h Cost of Sales • Average Inventory

(4) Account Payable (including Account Payable and Operating Notes Payables) Turnover Rate

h Cost of Sales • Average Account Payable (including Account Payable and Operating

3.

2. Financial Performance

(1). Operating Performance Analysis Table

Unit: NTD in thousands

Item \ Year	2014	2015	Difference	
			Amount	%
Operating Income	7,206,294	8,122,470	916,176	12.71%
Operating Cost	4,948,583	5,454,367	505,784	10.22%
Operating Gross Margin	2,257,711	2,668,103	410,392	18.18%
Operating Expense	908,852	1,152,195	243,343	26.77%
Operating Net Income	1,348,859	1,515,908	167,049	12.38%
Non-Business Income & Expense	(27,782)	272,605	300,387	(1,081.23%)
Pre-Tax Net Income	1,321,077	1,788,513	467,436	35.38%
Income Tax Expense	319,260	439,390	120,130	37.63%
Current Net Income	1,001,817	1,349,123	347,306	34.67%

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

1. Operating Income, Operating Cost and Operating Expense: Increases in operating income, operating cost and opeating expense are mainly because of strong market demand in 2015.
2. Operating Gross Margin: This is mainly because of operating income increase as well as adequate cost control for this year.
3. Operating Net Income: This is mainly because of increase in gross margin which leads to increase in operating net income.
4. Non-Business Income & Expense: The appreciation of the US dollar in 2015 led to increased exchange earnings
5. Pre-Tax Net Income and Current Net Income: This is mainly because of increase in this year’s gross margin which leads to increased income as compared with the previous year.

(2) Expected Sales and Reasons

The Company expects overall sales income for 2016 will maintain steady growth. This mainly comes from considerations of changes in macroeconomic environment, industry prospect, the Company’s future development direction as well as operating target which is established based on the Company’s operating status.

(3) Potential Effects on The Company’s Future Finance Business and Responding Plan

The Company will closely monitor changes of economic situation and trend of market demand in order to expand market share and increase the Company’s profit. As such, the Company’s future business is expected to grow continuously while its financial conditions will also remain in good shape.

3. Cash Flow

(1) Analysis of Cash Flow Changes in Recent Years

Unit: NTD in thousands

Item \ Year	2014	2015	Increased (Decreased) Amount %	Increased (Decreased) Percentage %
Operating Activity	1,495,816	1,489,816	(6,000)	(0.40%)
Investment Activity	(548,018)	(1,676,846)	(1,128,828)	205.98%
Financing Activity	319,104	2,756,380	2,437,276	763.79%

Analysis of Changes:

1. Investment Activity: Increase of this year's investment activity net cash outflow is mainly because of increase in capital expenditure.
2. Financing Activity: Increase of this year's financing activity net cash outflow is mainly because of the new seasoned equity offering and issuance of convertible corporate bond.

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

The Company still has fixed asset capital expenditure in 2016. It is expected that there will be non-financing net cash outflow in 2016 because of increased orders. However, assessment over the Company's current capital condition indicates that there will be sufficient capital needed and there shouldn't be any concern over insufficient liquidity.

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

The Company continues to expand plant and purchase equipment and land in China and Thailand in 2016 in order to expand operating scale. Currently the Company's own capital is sufficient and there is no obvious influence to finance business.

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 o authorized respective invested companies' general managers. However, employment of finance head shall be submitted to parent company for approval

Company’s gain or loss as well as future responding measures

I. Interest Rate

The Company’s interests paid in cash for 2014 and 2015 are NTD11,299 thousands and NTD39,299 thousands with percentages of 0.16% and 0.48% 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 increase slowly, they’re still relati

(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 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

The Company's clients include leading vendors across the world. Given the close collaboration relationship between both parties now, the Company is therefore able to access to information of the latest technology through such

Co., Ltd. two subsidiaries of this company, acquired 90% of the equity of Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd. on January 25, 2016 to alleviate the current shortage of production capacity. The goal was to enhance the production capacity of the whole group.
Customer orders have exhibited stable growth in recent years. Added production capacity through mergers and acquisitions ensures continued profitability. Investment returns and potential risks were taken into consideration for mergers and acquisitions.

(8) Expected benefits, potential risks and responding measures for plant expansion

All of the Company’s plant expansions have gone through complete, careful and assessment processes by responsible units, and have already taken comprehensive considerations of investment benefits and potential risks.

(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.
Pig iron and scrap metal account for the bulk of all purchases and 40% of the total procurement costs. e

2. Sales of Goods

In 2015, percentages of the Company's sales to its biggest an second biggest clients all exceeded 10% while sales percentages to other individual clients are all under 6%. Sales to the Company's top ten client accounts for roughly 60% of total sales in latest fiscal year of 2015. Given the fact that the Company's casting product technology has been improving continuously and the professional stability of service quality has been affirmed by numerous major international companies, Yeong Guan aggressively explores other industries in different business fields such as agriculture machine, mining machine, naval machine and auto accessories. It is also hoped that offshore sales can be more balanced globally and sales development for America and Japan markets can be enhanced. These plans shall assist to diversify and lower impact on the Group's sales from concentrated sales to individual clients as well as market fluctuations in respective industries. With analysis herein, the Company's risks from sales to concentrated clients is expected to be controlled effectively.

(10) Influence, risks to the Company from large amount equity transfer or change by director, supervisor or major

result does not have significant influence over the Company’s shareholder

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,

VIII. Special Matters Documented

(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 Chang, Wen-Lung
Yeong Guan Heavy Industries (Thailand) Co., Ltd.	Director	

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:**

Shareholder Equity Protection Critical Issues	Contents of The Company's Modified Articles of Incorporation	Reasons for Differences
1. Shareholders holding more than 3% of the Company's outstanding shares for more than one year are entitled to request, in writing, supervisor to raise litigation against director for the Company and are entitled to utilize Taiwan Taipei District Court as the first instance court. 2. In the event that supervisor does not raise litigation hereto within thirty (30) days after shareholder's request, shareholder hereto will be entitled to raise litigation for the Company and is entitled to utilize Taiwan Taipei District Court as the jurisdiction	Within the scope legally permitted by British Cayman Island laws and in accordance with applicable laws which allow the Company to raise litigation against director, shareholders holding more than 3% of the Company's outstanding shares for more than one year are entitled to: (a) request, in writing, BOD meeting to authorize audit committee independent director to raise litigation against director for the Company and are entitled to utilize Taiwan Taipei District Court as the first instance court; or (b) request, in writing, audit committee independent director to raise litigation against director for the Company after	Company Act of British Cayman Islands does not have specific regulations to allow minority shareholders to raise litigation process against director in British Cayman Island court. Articles of Incorporation is not a contract entered between shareholder and director. Rather, it is an agreement between shareholder and the Company. As such, even though articles of incorporation allows minority shareholder to raise litigation against director, British Cayman Islands lawyers don't consider such contents will be entitled to regulate director accordingly. However, as per common law, all shareholders (including minority shareholders) are entitled to raise litigation (including litigation against director) disregard of their

Shareholder Equity Protection Critical Issues	Contents of The Company's Modified Articles of Incorporation	Reasons for Differences
court.	being approved by BOD meeting resolution and are entitled to utilize Taiwan Taipei District Court as the first instance court; Within thirty (30) days after requests prescribed in the preceding clause (a) or clause (b) have been submitted, in the event that: (i). BOD meeting being requested has failed to authorize audit committee independent director in accordance with clause (a), or audit committee independent director authorized by BOD meeting has failed to raise litigation accordingly in accordance with clause (a); or, (ii). Requested audit committee independent director has failed to raise litigation accordingly in accordance with clause (b), or BOD meeting does not pass a resolution to raise litigation accordingly, Within the scope legally permitted by British Cayman Island laws and in accordance with applicable laws which allow the Company to raise litigation against related director, shareholders hereto shall be entitled to raise litigation against director for the Company and are	shareholding percentages or duration of shareholding. In the event of litigation raised against director, British Cayman Islands court shall have full and complete authority to determine if shareholders are entitled to proceed with litigation hereto. To elaborate, even though articles of incorporation prescribes that minority shareholders (or shareholders with certain holding percentage or holding duration) are entitled to represent the Company to raise litigation against director, proceeding of such litigation shall ultimately be determined by British Cayman Island court. Based on related judgements from the grand court of British Cayman Islands, guideline applied in determining if litigation can be proceeded is that if British Cayman Island court is convinced and accepts that there is ostensible substantiality on plaintiff's request submitted on behalf of the Company, and the claimed illegal behavior is conducted by the party who is capable of controlling the Company, and the controlling party is capable of keeping the

Shareholder Equity Protection Critical Issues	Contents of The Company's Modified Articles of Incorporation	Reasons for Differences
		in articles of incorporation.

Note: With respect to related matters of "Equity Protection Checklist for Foreign Issuer's Shareholders of Registered Country" modified by Taiwan Stock Exchange Corporation on April 14th, 2014 under reference of Tai-Zheng-Shang-Er-Tze No. 1031701439 and November 10th, 2014 under reference of Tai-Zheng-Shang-Er-Tze No. 1031706311, the Company intended modification of "Summary of Company Articles of Incorporation" and "Company Articles of Incorporation" had already been approved by BOD meetings on November 5th, 2014 and March 13th, 2015 respectively and are expected to be submitted to shareholder's meeting on June 2nd, 2015 for approval.

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.

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

Consolidated Financial Statements & Independent Auditors' Report for 2014 & 2015

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

§ Table of Contents §

INDEPENDENT AUDITORS' REPORT

Yeong Guan Energy Technology Group Co., Ltd.

We have audited the accompanying consolidated balance sheets of Yeong Guan Energy Technology Group Co., Ltd. and its subsidiaries as of December 31st of 2015 and 2014, and the related consolidated income statements, consolidated statements for changes in equities and consolidated statements for cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yeong Guan Energy Technology Group Co., Ltd. and subsidiaries as of December 31, 2015 and 2014, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standard ("IFRS") , International Accounting Standard ("IAS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and Standing Interpretations Committee ("SIC") interpretations recognized by the Financial Supervisory Commission .

Deloitte & Touche
CPA Lee, Dong-Fong

CPA Gong, Ze-Li

Securities & Futures Committee,
Ministry of Finance
Approval Document No. Tai-Cai-Zheng-Liu-Tze
No. 0930128050

Financial Supervisory Commission
Executive Yuan
Approval Document No.
Gin-Guan-Zheng-Shen-Tze
No. 1000028068

March 16th, 2015

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

Consolidated Balance Sheets

2015 and December 31st, 2014

Unit: in thousands of NTD

		December 31st, 2015		December 31st, 2014	
Codes	Assets	Amounts	á	Amounts	á
	CURRENT ASSETS				
1100	Cash & cash equivalent(Notes 4 and 6)	$ 5,407,809	35	$ 2,942,384	25
1110	Financial assets at fair value through profit and loss – net (Notes 4, 5 and 7)	1,024	-	1,762	-

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

Consolidated Income Statement

2015 and December 31st, 2014

Unit: in thousands of NTD, except revenue per share

Codes		2015 Amount	2015 á	2014 Amount	2014 á
4000	OPEARTING REVENUE(Notes 4 and 26)	$ 8,122,470	100	$ 7,206,294	100
5000	OPERATING COSTS(Notes 4, 9, 20 and 26)	5,454,367	67	4,948,583	69
5900	OPERATING GROSS PROFIT	2,668,103	33	2,257,711	31
	OPERATING EXPENSES(Note 20)				
6100	Marketing expenses	537,168	7	389,526	5
6200	General & administrative expenses	526,430	6	429,299	6
6300	Research & development expenses	88,597	1	90,027	1
6000	Total Operating Expenses	1,152,195	14	908,852	12
6900	OPERATING NET PROFIT	1,515,908	19	1,348,859	19
	NON-OPEARTING INCOME & EXPENSES				
7100	Interest income	56,784	1	45,441	1
7110	Rent income(Note 26)	1,232	-	4,579	-
7190	Other income & losses(Note 20)	70,026	1	8,170	-
7235	Financial product net profit (loss) at fair value through profit & loss(Notes 4, 5, 7 and 16)	25,781	-	(2,486)	-
7630	Foreign currency exchange net loss (Note 20 and 29)	162,742	2	(28,638)	(1)
7510	Interest expenses(Note 16)	(43,960)	(1)	(54,848)	(1)
7000	Totoal Non-Operating Income & Expenses	272,605	3	(27,782)	(1)

(to be continued)

(brought forward)

	2015	2014

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
From January 1st to December 31st for 2015 & 2014

Unit: in thousands of NTD

		EQUITY ATTRIBUTED TO SHAREHOLDERS(Notes 4, 16 and 19)											
			Capital Surplus			Retained Earnins							
Codes		Common Share	Additional Paid-In Capital	Stock Option	TOTAL	Legal Reserve	Special Reserve	Retained Earnings	TOTAL	Exchange Differences on Translation of Foreign Financial Statements	The Company's Total Shareholder's Equity	Non-ControllingInterests (Notes 4 & 19)	Total Shareholder's Equity
A1	BALANCE, JANUARY 1ST												

(brought forward)

Codes	2015	2014

IFRS 13's measurement guidance shall be applied starting 2015. For more information, please see Note 25.

4. IAS 1's Modification of "Presentation of Other Consolidated Profit & Loss Items"

According to the modified guidance, other consolidated profit & loss items can be classified as follows based on their nature: (1). items which will not be re-classified as profit & loss; and (2). items which may be re-categorized as profit & loss in the future. Relevant income taxes shall also be categorized under the same basis. Prior to the application of the modified guidance, there is no mandatory requirement for aforementioned categorization.

The consolidated company retrospectively applied the aforementioned modified guidelines in 2015. Going forward, item which will possibly be re-categorized as profit or loss is exchange difference from the conversion of offshore operation institute's financial statement. However, application of aforementioned modification does not affet total amounts for current period net profit, current period after tax other comprehensive income and current period comprehensive income

5. IFRS 7's Modification of "Disclosure – Offsetting Financial Assets & Financial Liabilities"

This modified guidance requires that information of financial instrument offsetting rights governed by enforceable net amount settlement general agreement or similar agreement as well as information of related agreements (for instance, collateral provision agreements) shall be disclosed. Please refer to Note 25 for related disclosure.

6. "Annual Improvement for 2009 -2011 Period"

Annual improvement for 2009-2011 period modified guidance of IFRS 1's "First Adoption of IFRSs", IAS 1's " Presentation of Financial Statements", IAS 16's "Property, Factory and Equipment", IAS 32's "Financial Instruments: Presentation" and IAS 34's "Interim Financial Reporting".

(2) IFRSs which has already been published by IASB but yet to be recognized by Financial Supervisory Commission

Consolidated company does not apply the following IFRSs which has already bee published by IASB but yet to be recognized by Financial Supervisory Commission. On March 10th, 2016, Financial Supervisory Commission published scope of recognized IFRSs which will be applied starting from the year of 2017. IFRSs to be applied is the one which was published by IASB before January 1st, 2016 and which took effet on January 1st, 2017 (excluding IFRSs of IFRS 9”financial instrument”and IFRS 15”Revenue from contract with customer”which have not become effective yet or which do not have definite effective dates å.

Modification of IAS 7 “Disclosure Initiative”	January 1st, 2017
IAS 12’s modification of “Recognition of Unrealized Loss related to Deferred Income Tax Asset”	January 1st, 2017
IAS 16 and IAS 38’s modification of “Interpretation for Acceptable Methods of Depreciation and Amortization”	January 1st, 2016
IAS 16 and IAS 41’s modification of “Agriculture: Bearer Plants”	January 1st, 2016
IAS 19’s modification of”Defined Benefit Plan: Empoyee Contribution”	July 1st, 2014
IAS 36’s modification of “Recoverable Amount Disclosures for Non-Financial Assets”	January 1st, 2014
IAS 39’s modification of “Novation of Derivatives and Continuation of Hedge Accounting”	January 1st, 2014
IFRIC 21 “Common Levy”	January 1st, 2014

Note 1: Unless otherwise stipulated, aforementioned newly published/rectified/modified guidelines or explanations shall become effective in the years starting after respective dates.

Note 2: Share-based payment transactions with grant date after July 1st, 2014 start to apply IFRS 2 modifications; Business combinations with acquisition dates after July 1st, 2014 start to apply IFRS 3 modifications; IFRS 13 takes effect immediately upon modification. The remaining modifications apply to years starting after July 1st, 2014.

Note 3: With the exception that application of IRFS 5 modification is postponed to years starting after January 1st, 2016, the remaining modifications shall be applied retrospectively to the years starting after January 1st, 2016.

With the exception of explanations hereunder, application of newly published/rectified/modified guidelines or explanantions shall not lead to major changes to the consolidated company’s accounting policy

1. IFRS 9 “Financial Instruments”

Recognition & Measurement of Financial Assets

With regard to financial assets, subsequent measurement over financial assets which originally fall within the scope of IAS 39 “Financial Instruments: Recognition & Measurement” shall be conducted in amortized cost measurement or fair value measurement. IFRS 9 stipulates categorization of to be measured at fair value through other consolidated profit & loss. For this type of financial assets, with the exception of recognition of stock dividend income on profit & loss statements, other related profit and loss will be recognized in other consolidated profit & loss statements. There is no need for subsequent impairment assessment, and fair value changes accumulated in other consolidated profit & loss statements will not re-categorized to profit & loss statements.

Impairment of Financial Assets

IFRS 9 adopts “Expected Credit Loss Model” to recognize financial asset impairment. It uses amortized costs to measure financial assets and, through mandatory other consolidated profit & loss statements and in fair value, measure financial assets and rents receivables. Contract assets or loan commitment and financial guarantee contracts generated from IFRS 15’s “Income from Customer’s Contract” are all recognized as credit loss reserves. In the event that credit risks for aforementioned financial assets do not increase substantially after original recognition, credit loss reserve shall therefore be measured using expected credit loss for future 12 months. In the event that credit risks for aforementioned financial assets increase substantially after original recognition and they are not low credit risks, credit loss reserve shall therefore be measured using expected credit loss for residual existing period. However, for account receivables which is not included in major financial components, its credit loss reserves must be measured using expected credit loss for existing period.

Additionally, with respect to financial assets which already have credit impairment modification clarifies that consolidated company only needs to disclose aforementioned recoverable amounts during its recognition or reversal of current impairment losses. Additionally, in the event that recoverable amounts are measured using fair value to deduct disposal costs from present value technique, consolidated company shall additionally disclose discount rates utilized.

3. Annual Improvement for 2010-2012 Period

Annual improvement for 2010-2012 period modifies guidance of IFRS 2 “Share-Based Payment,” IFRS 3 “Corporate Merger” and IFRS 8 “Operating Segment.”

IFRS 2’s modification changes definitions for vesting conditions and market price conditions and increases definitions for performance conditions and service conditions. This modification clarifies that performance goal prescribed under performance conditions can be established based on operations (non-market price conditions) or equity instrument market price (market price conditions) of consolidated company or another entity of the same group. Establishment of this performance goal can be related to overall or partial (for instance, a specific segment) performance of consolidated company

IFRS 13 modification clarifies that, after applying IFRS 13, short term account receivables and account payables without defined interest rates shall still be measured in original invoice amounts if discount influence is not significant.

IAS 24 “Related Party Disclosures” modification clarifies that

4. Explanation of Summarized Significant Accounting Policy

(1) Compliance Announcement

This consolidated financial statement is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China and IFRSs which is recognized by the Financial Supervisory Commission.

(2) Preparation Basis

In addition to financial assets measured at fair value, this consolidated financial statement is prepared in accordance with historical cost basis.

Fair value measurements are categorized into 3 levels (1 through 3) based on observability and importance of related input values:

1. Level 1 Input Value: This refers to active market quotation (unadjusted) for same asset or liability which can be obtained on the measurement day;
2. Level 2 Input Value: In addition to Level 1 quotation, this refers to asset or liability's direct (i.e., price) or indirect (i.e., the one inferred from price) observable input value;
3. Level 3 Input Value: This refers to asset or liability's unobservable input value.

(3) Standards for Distinguishing Current and Non-Current Assets and Liabilities

Current assets include:

In the event of disposing goodwill-amortized cash generating unit’s certain operation, goodwill amounts related to such disposed operation is included the operation’s book value in order to determine disposal gain or loss.

(10) Intangible Assets

1. Separate Acquisition

Originally, intangible assets with limited service life from separate acquisition are measured in costs. Going forward, they will be measured in amounts from cost’s deducting of accumulated depreciation and accumulated

As for intangible assets with un-defined service life and are not yet available for use, impairment tests shall be conducted at least each year, or when there is a sign of impairment.

Recoverable amount comes from fair value's deducting of selling cost or utilization value, whichever is higher. In the event that recoverable amounts for respective asset or cash generating units are lower than their book values, book values for such assets or cash generating units shall therefore be adjusted and reduced to recoverable amounts.

During impairment loss's subsequent reversal, book values for aforementioned assets or cash generating units will be adjusted and increased to modified recoverable amounts. However, these increased book values shall not exceed aforementioned assets or cash generating units' book values (less amortization or depreciation) determined prior to previous year's recognition of impairment loss. Reversal of impairment loss is recognized in profit or loss.

(12) Financial Instruments

In the event that consolidated company becomes a party for such instrument contract, both financial assets and financial liabilities are recognized in balance sheet.

During original recognition of financial assets and financial liabilities, in the event that financial assets and financial liabilities are not measured at fair value through profit and loss, they should therefore be measured at fair value plus transaction costs which can be directly attributed to the acquisition or issuing of financial assets or financial liabilities. Transaction costs which can be directly attributed to the acquisition or issuing financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized in profit and loss.

1. Financial Assets L Q D Q F L DDÀ 0 • 0

Financial assets at fair valu

Impairment loss amounts for financial assets recognized in amortized costs are the differences between such assets' book values and estimated future cash flow discounted in accordance with such f

U

(1) Consolidated company has already transferred ownership’s significant risks and remuneration to buyer;

(2) Consolidated company does not continuously participate in management nor maintain effective control over products already sold;

(3) Income amounts can be measured in a reliable way;

(4) There is a great possibility that transaction related economic efficiencies will flow into the consolidated company; and

(5) Transaction related costs already incurred or about to incur can be measured in a reliable way.

Taxable temporary differences related to subsidiary investments are all recognized as deferred income tax liabilities. Nevertheless, cases that consolidated company is able to control the timing of temporary difference reversal and it’s quite possible that such temporary differences will not be reversed in the foreseeable future will be excluded. Deferred income tax assets incurred from deductible temporary differences related to such investments and equities are recognized only to the extent that it’s quite possible that there is enough taxable income to realize benefits of temporary differences, and within the scope of reversal in the foreseeable future.

Deferred income tax book values are reviewed on each balance sheet day. Adjustment and reduction of book values will be made on those that it is impossible for them to have enough taxable income to retrieve all or partial assets. For those which have not been recognized as deferred income tax assets, they will also be reviewed on each balance sheet day. Adjustment and increase of book values for these items will be made in the future when it is possible for them to generate taxable income to retrieve all or partial assets.

Deferred income tax assets and liabilities are measured based on current tax rates for expected liability repayment or asset realization. Such tax rates are based on tax rates and tax laws already established or substantially established on the balance sheet day. Measurements of deferred income tax liability and asset reflect tax consequences for an enterprise generated from methods of expected retrieval or repayment of asset and liability book values on the balance sheet day.

3． Current & Deferred Income Tax for This Year

Current and deferred income tax are recognized as profit or loss. However, current and deferred income tax related to items recognized in other consolidated income or items directly recognized as equities are recognized as other consolidated income or are directly recognized as equities. In the event that current income tax or deferred income tax is generated from a corporate merger, accounting process on income tax effect incurred will t

5. Significant Accounting Judgment, Assessment and Major Source of Assumption Uncertainty

With respect to related information not easily accessible from other resources, the consolidated company's accounting policy requires that management must make related judgment, assessment and assumption based on historical experience and other relevant factors. Actual results may be different from assessments.

Management will continue to review assessments and basic assumptions. Current recognition will be modified accordingly if modification is expected to have current influence only. In the event that modification, based on accounting estimate, poses both current and future influence, recognition shall therefore be made in current and future periods accordingly.

(1) Estimated Goodwill Impairment

Determination of impairment for goodwill requires assessment of utilization value amortized to goodwill cash generating units. For the purpose calculating utilization value, management shall assess expected future cash flow incurred from cash generating units, and determine appropriate discount rates utilized for current value calculation. Significant impairment losses may incur if actual cash flow amount is less than anticipated one.

(2) Income Tax

As of Dec. 31 for both 2015 and 2014, deferred income tax related to tax loss are NTD12,879,000 and NTD17,286,000 respectively. Given the unforseeability of future profit, consolidated company still has tax losses of NTD12,221,000 and NTD1,389,000 respectively not recognized as deferred income tax assets as of Dec. 31, 2015 and Dec. 31, 2014. Up until Dec. 31, 2014, the consolidated company does not have any tax losses which are not recognized as deferred income tax assets. Realization of deferred income tax assets mainly depends on whether there are sufficient profits or taxable temporary differences in the future. In the event that profits generated in the future are less than anticipated ones, it will be possible to have a reversal incurred on deferred income tax assets. Such reversal will be recognized as profit or loss for the period of occurrence.

(3) Account Receivable Estimated Impairment

In the event of objective evidence indicating sings of impairment, the consolidated company will consider estimates for future cash flow. Impairment loss amount is measured based on the difference between such asset's book value and estimated future cash flow (excluding future credit loss not yet incurred) current value discounted by such financial asset's original effective interest rate. There is a possibility of significant impairment losses if future actual cash flow is less than expected.

(4) Fair Value Measurement & Assessment Process

In the event that there are no active market quotations for assets or liabilities adopting fair value measurement, the consolidated company will then decide, following related laws or its judgement, if outsource appraisal will be conducted and determinine appropriate technique for fair value measurement.

In the event that Level 1 input value is unavailable from fair value estimate, the consolidated company or commissioned appraiser will determine input value under references from market price or interest rate and derivative characteristics. In the event that future input value actual changes are different from the ones expected, it is possible that changes in fair values will be generated accordingly. Each quarter, the consolidated company updates various input values following market conditions in order to monitor if fair value measurement is appropriate.

Scope of Bank Deposit Market Interest Rates on Balance Sheet Day:

Dec. 31

Consolidated company's average credit extension period for products sold is ninety (90) days, with no interests accrued on account receivables. Upon determination of account receivable recoverability, consolidated company will consider any changes in account receivable credit quality from the day of original credit extension to the balance sheet day. Given the fact that historical experience has shown that account receivables aged more than 180 days are unrecoverable, the consolidated company hereto therefore recognizes 100% of them as bad debt reserves. For account receivables aged between 0 day and 180 days, bad debt reserves unrecoverable amounts are estimated based on transaction counterparty's previous default records as well as analysis of their current financial conditions.

Aging analysis for account receivables is as follows:

	Dec. 31st, 2015	Dec. 31st, 2014
Non-Overdue	$ 2,114,427	$ 1,758,239
Below 90	84,288	53,316
90：180 Days	6,574	4,088
Over 180 Days	4,845	6,167
Total	$ 2,210,134	$ 1,821,810

Aforementioned aging analysis is conducted based on the number of overdue days.

Information of changes in account receivables bad debt reserves is as follows:

	Group Estimated Impairment Loss
Balance, January 1st, 2014	$ 76,543
Less: Current Bad Debt Reversal Expense	(66,501)
Foreign Exchange Difference	996
Balance, Dec. 31st, 2014	11,038
Less: Current Bad Debt Reversal Expense	(949)
Foreign Exchange Difference	(211)
Balance, Dec. 31st, 2015	$ 9,878

9. Net Inventory

	Dec. 31st, 2015	Dec. 31st, 2014
Finished Goods	$ 586,270	$ 523,289
Work-In-Progress	332,395	389,971
Raw Materials	385,829	497,975
	$ 1,304,494	$ 1,411,235

Operating costs related to inventory for 2015 and 2014 are NTD 5,454,367,000 and NTD 4,948,583,000 respectively.

2015 operating cost includes inventory net realizable value increase profit of NTD 12,478,000 (which is mainly because of sale of dead stock in mid-year), while 2014 operating cost includes inventory price drop loss of NTD 5,717,000.

10. Subsidiaries

Subsidiaries included in this consolidated financial statement

Subjects for this consolidated financial statement are as follows:

			Percentage of Ownership	
Investor Company	Subsidiary	Nature of Business	2015 Dec. 31st	2014 Dec. 31st
Yeong Guan Energy Technology Group Co., Ltd.	Yeong Guan Energy Holding Co. , Ltd. (Yeong Guan Energy Holding Company)	Investment	100	100
	Yeong Guan Heavy Industry (Thailand) Co., Ltd. (Yeong Guan Heavy Industry Company)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	75	75
Yeong Guan Energy Holding Co., Ltd.	Yeong Guan Energy International Co., Ltd. (Yeong Guan Energy International Company)	Investment	100	100
	Shin Shang Trade Co., Ltd. (Shin Shang Trade Company)	Transaction of various steel castings and casting molds as well as related import/export businesses	100	100
	Yeong Chen Asia Pacific Co., Ltd. (Yeong Chen Asia Pacific Company)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
Yeong Guan Energy International Co., Limited				

Investor Company	Subsidiary	Nature of Business	Percentage of Ownership 2015 Dec. 31st	Percentage of Ownership 2014 Dec. 31st
	Dongguan Yeong Guan Mould Factory Co., Ltd. (Dongguan Yeong Guan Mould Factory Company)	Manufacturing and selling of high quality casting products		

11. Property, Factory and Equipment

	Self-Owned Land	Building	Machine Equipment	Transportation Equipment	Other Equipment	Work-in-Progress Property	Total
Cost							
Balance, January 1st, 2015	$ 120,092	$ 2,961,153	$ 3,237,067	$ 65,283	$ 450,760	$ 274,822	$ 7,109,177
Addition	-	203,935	163,776	5,896	38,424	490,352	902,383
Disposal	-	(7,774)	(10,103)	(8,396)	(1,816)	(20,414)	(48,503)
Reclassification	418,032	5,055	119,199	4,453	33,430	40,670	620,839
Net Exchange Difference	(5,119)	(69,656)	(75,895)	(1,395)	(11,747)	(7,521)	(171,333)
Balance, Dec. 31st, 2015	$ 533,005	$ 3,092,713	$ 3,434,044	$ 65,841	$ 509,051	$ 777,909	$ 8,412,563
Balance, January 1st, 2014	$ 120,092	$ 2,778,151	$ 2,809,040	$ 53,929	$ 383,838	$ 111,955	$ 6,257,005
Addition	-	18,830	59,604	10,299	31,570	160,726	281,029
Disposal	-	-	(3,492)	(4,536)	(1,763)	-	(9,791)
Reclassification	-	4,487	198,794	2,446	13,244	(11,713)	207,258
Net Exchange Difference	-	159,685	173,121	3,145	23,871	13,854	373,676
Balance, Dec. 31st, 2014	$ 120,092	$ 2,961,153	$ 3,237,067	$ 65,283	$ 450,760	$ 274,822	$ 7,109,177
Accumulated Depreciation and Impairment							
Balance, January 1st, 2015	$ -	$ 854,179	$ 1,615,001	$ 41,992	$ 287,854	$ -	$ 2,799,026
Disposal	-	(7,774)	(7,938)	(7,380)	(1,634)	-	(24,726)
Depreciation Expense	-	147,009	260,484	6,220	51,209	-	464,922
Reclassification	-	821	(6,654)	-	(840)	-	(6,673)
Net Exchange Difference	-	(21,551)	(42,294)	(885)	(7,079)	-	(71,809)
Balance, Dec. 31st, 2015	$ -	$ 972,684	$ 1,818,599	$ 39,947	$ 329,510	$ -	$ 3,160,740
Balance, January 1st, 2014	$ -	$ 669,917	$ 1,301,822	$ 38,976	$ 225,050	$ -	$ 2,235,765
Disposal	-	-	(3,049)	(4,032)	(1,214)	-	(8,295)
Depreciation Expense	-	138,154	235,714	4,972	48,484	-	427,324
Reclassification	-	580	(683)	-	427	-	324
Net Exchange Difference	-	45,528	81,197	2,076	15,107	-	143,908
Balance, Dec. 31st, 2014	$ -	$ 854,179	$ 1,615,001	$ 41,992	$ 287,854	$ -	$ 2,799,026

Depreciation for consolidated company’s property, factory and equipment is recognized under linear basis:

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

Major components for consolidated company’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.

Please refer to note 27 for property, factory and equipment amounts serve as loan collaterals during the consolidated company’s creation of pledge.

12. Investment Property

	Total
Cost	
Balance, January 1st, 2015	$ 18,236
Transfer to Property, Factory, Equipment	(4,489)
Net Exchange Difference	(362)
Balance, Dec. 31st, 2015	$ 13,385
Balance, January 1st, 2014	$ 21,746
Transfer to Property, Factory, Equipment	(4,487)
Net Exchange Difference	977
Balance, Dec. 31st, 2014	$ 18,236
Accumulated Depreciation	
Balance, January 1st, 2015	$ 4,678
Depreciation Expense	642
Transfer to Property, Factory, Equipment	(821)
Net Exchange Difference	(107)
Balance, Dec. 31st, 2015	$ 4,392
Balance, January 1st, 2014	$ 4,255
Depreciation Expense	754
Transfer to Property, Factory, Equipment	(580)
Net Exchange Difference	249
Balance, Dec. 31st, 2014	$ 4,678

Depreciation for consolidated company's investment property is recognized under linear basis and 20-year service life.

Consolidated company's investment properties for 2015 are buildings and lands located in No. 95, Huang Hai Rd., Ningbo City and No. 575, Sec. 1, Cheng Gong Rd., Cao Ta Village, Guan Yin Township, Taoyuang County; Consolidated company's investment properties for end of 2014 are buildings and lands located No. 95, Huang Hai Rd., Ningbo City; No. 18, Central Avenue, Tian Mu Lake Industrial Zone, Liyang City and No. 575, Sec. 1, Cheng Gong Rd., Cao Ta Village, Guan Yin Township, Taoyuang County. Such areas are located within industrial zone. There are no active market transactions or reliable alternative fair value available for assessment. Therefore, fair values cannot be determined in a reliable way.

All of consolidated company's investment properties are equity capitals. Please refer to note 27 for investment property amounts pledged by consolidated company as loan collaterals.

13. Goodwill

	2015	2014
Cost		
Balance, Beginning	$ 134,386	$ 131,652
Net Exchange Difference	(1,172)	2,734
Balance, Ending	$ 133,214	$ 134,386

Determination of goodwill recoverable amount is based on utilization value. Utilization value is estimated based on cash flow for future 5-year financial budget approved by consolidated company's management, and has been calculated based on annual discount rates of 9.30% and 8.25% in 2015 and 2014 respectively.

Management of the consolidated company does not think any reasonable possible changes of critical assumptions which are used as recoverable amount basis may lead to goodwill book value total amount's exceeding of recoverable amounts.

14. Lease Prepayment

	Dec. 31st, 2015	Dec. 31st, 2014
Current (included in other current assets)	$ 8,064	$ 7,244
Non-Current	341,295	290,510
	$349,359	$297,754

As of Dec. 31st for 2015 and 2014, prepaid lease is for land utilization rights in China. Please refer to note 27 for prepaid lease amounts pledged by consolidated company as loan collaterals.

15. Loans

(1) Short Term Loans

	Dec. 31st, 2015	Dec. 31st, 2014
Secured Loans (Note 27)		
-Bank Loan	$401,885	$205,855
Unsecured Loans		
- Credit Loan	-	110,845
	$401,885	$316,700

Bank revolving loan interest rates on Dec. 31, 2015 and 2014 are 1.70%-2.33% and 1.70%-2.33% respectively.

(2) Long Term Loan

	Dec. 31st, 2015	Dec. 31st, 2014
Secure Loan (Note 27)		
Bank Loan	$ 98,490	$ 95,010

As of Dec. 31st, 2015 and 2014, annual interest rates for long term loans are 2.32% and 2.08% respectively.

16. Corporate Bond Payable

	Dec. 31st, 2015	Dec. 31st, 2014
Domestic First Un-Secured Convertible Corporate Bond	$ 264,581	$ 1,444,295
Domestic Second Un-Secured Convertible Corporate Bond	2,347,777	-
	2,612,358	1,444,295
- One-year Putable Bond	264,581	-
	$ 2,347,777	$ 1,444,295

(1) On June 3rd, 2014, the Company issued 15,000 units NTD denominated un-secured convertible corporate bond with 0% coupon rate and total principal amount of NTD1.5 billion.

Each unit corporate bond holder is entitled to convert the bond into the Company's common shares under the price of NTD158/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, 2015, conversion price has been adjusted to NTD148.6 and conversion period starts from September 4th, 2014 to May 24th, 2019. 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 June 3rd, 2019. Interest compensation upon maturity is 5.01% of face value for creditor's rights. 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 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 5 business days prior to the mailing day, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2-year and 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 30 days prior to aforementioned sell back record dates requesting the Company to redeem bond held by them in cash and in 102.015% and 103.03% of face value.

This convertible corporate bond include 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 has been assessed at fair value of NTD(1,024) thousands and NTD900 thousands respectively on December 31st, 2015 and December 31st, 2015. Non-derivative product liability has been measured on December 31, 2015 and December 31, 2014 as NTD264,581 thousands and NTD1,444,295 thousands based on amortized cost and its effective interest rate originally recognized is 1.0715%.

Issuance Proceeds (less transaction cost of NTD3,714 thousands)	$ 1,496,286
Equity Components	(68,829)
Net Liability Components on Issue Day (including NTD1,427,607 thousands of corporate bond payable and NTD150 thousands of financial assets at fair value – noncurrent)	1,427,457
Interest Calculated in Effective Interest Rate	32,482
Corporate bond payable converted to common stock	(1,189,749)
Gain on Valuation of Financial Instrument	(6,633)
Liability Components on Dec. 31st, 2015	$ 263,557

As of Dec. 31st, 2015, NTD1,230,600 thousands of face value of the first unsecured convertible corporate bonds have been converted to 8,091,000 shares.

(1) On August 18th, 2015, the Company issued 25,000 units NTD denominated un-secured convertible corporate bond with 0% coupon rate and total principal amount of NTD2.5 billion.

Each unit corporate bond holder is entitled to convert the bond into the Company's common shares under the price of NTD217/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, 2015, conversion price has been adjusted to NTD216.5 and conversion period starts from November 18th, 2015 to August 18th, 2019. 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 August 18th, 2019. Interest compensation upon maturity is 2.53% of face value for creditor's rights. 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

This convertible corporate bond include 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 has been assessed at fair value of NTD3,000,000 on December 31st, 2015. Non-derivative product liability has been measured on December 31, 2015 and NTD2,347,777,000 based on amortized cost and its effective interest rate originally recognized is 0.8351%

Issuance Proceeds (less transaction cost of NTD6,546 thousands)	$ 2,493,454
Equity Components	(150,355)
Net Liability Components on Issue Day (including NTD2,331,130 thousands of corporate bond payable and NTD11,969 thousands of financial assets at fair value – noncurrent)	2,343,099
Interest Calculated in Effective Interest Rate	16,647
Gain on Valuation of Financial Instrument	(8,969)
Liability Components on Dec. 31st, 2015	$ 2,350,777

All of the first unsecured convertible corporate bonds have not yet been converted as of Dec. 31st, 2015.

with employee salary will be contributed, together with the pension, into pension fund accounts managed by local insurance institution designated by law. Upon employee's retirement, deposits form employee him/herself and deposits from company's contribution together interests incurred can be withdrawn from such pension fund account.

19. Equities

(1) Share Capital

	Dec. 31st, 2015	Dec. 31st, 2014
Number of Shares Authorized (in thousands)	150,000	120,000
Amount of Capital Authorized	$ 1,500,000	$ 1,200,000
Number of Outstanding Shares with Share Payment Fully Collected (in thousands)	117,980	104,889
Outstanding Share Capital	$ 1,179,796	$ 1,048,890

Par value for each outstanding common share is NTD10 and each share enjoys one voting rights as well as rights to collect dividend.

The Company's Board of Directors Meeting made a resolution on April 3rd, 2014 on cash capital increase by issuing 4,000 new shares with par value of NTD 10 for each share. New shares will be issued at a premium of NTD118 per share. Board of Directors Meeting also set August 7th, 2014 as record date for capital increase. Application of aforementioned capital increase project has already been submitted and Financial Supervisory Commission of the Executive Yuan has already approved accordingly.

The Company's Board of Directors Meeting made a resolution on August 20th, 2015 on cash capital increase by issuing 5,000 new shares with par value of NTD 10 for each share. New shares will be issued at a premium of NTD168 per share. Board of Directors Meeting also set October 20th, 2015 as record date for capital increase. Application of aforementioned capital increase project has already been submitted and Financial Supervisory Commission of the Executive Yuan has already approved accordingly.

(2) Additional Paid-In Capital

Proceeds form share premium issuance, which exceeds par value, of Additional paid-in capital can be used to compensate losses. They can also be used to distribute cash dividend, or to be contributed as share capital, when there is no loss incurred to the Company. However, contribution of share capital is limited to certain percentages of paid-in capital each year.

Paid-in capital incurred from share subscription rights of convertible corporate bond shars

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

	2105	2014
Balance, Beginning of Year	$120,018	$ -
Portion for Non-Controlling Interest		
Current Net Loss	(1,594)	(347)
Exchange Difference on Translation of Foreign Financial Statement	($ 6,649)	$ 4,240
Non-Controlling Interest Increased By Acquisition of Yeong Guan Heavy Industry Company	-	

After the end on accounting year and in the event that there are major changes to amounts distributed through Board of Director Meeting resolution prior to this consolidated financial statement's approval and publish date, such changes shall therefore be adjusted and recognized as annual expense. In the event that there are changes to amounts distributed after this consolidated financial statement's approval and publish date, such changes will then be processed in accordance with changes of accounting estimate and adjusting entry will be made accordingly in the next accounting year. In the event that shareholder's meeting resolution adopts share distribution for employee bonus, the number of share for share bonus shall be determined through dividing resolution bonus amount with share fair value. Share fair value is the closing price (after considering ex-rights/ex-dividend effects) one day prior to the day of shareholder's meeting resolution.

This Company held regular shareholder's meeting on June 2nd, 2015 and June 6th, 2014 respectively. Resolutions for 2014 and 2013 employee bonus and director/supervisor compensation were passed during the meetings as follows:

	2014		2013	
	Cash Bonus	Share Bonus	Cash Bonus	Share Bonus
Employee Bonus	$ 18,200	$ -	$ 11,500	$ -
Director/Supervisor Compensation	-	-	-	-

There are no differences between employee bonus and director/supervisor compensation to be distributed thrensb

Th ʊ s C א Ꮞ M' etindiom

H X p 0p0 @ `ã € °

	2015	2014
Net Loss	$162,742	($ 28,638)

21. Income Tax

(1) Income Tax Recognized As Profit/Loss

Major items for income tax expense are as follows:

	2015	2014
Current Income Tax		
Income tax incurred in current year	$414,343	$280,022
Undistributed Earnings Taxed	16,457	11,258
Previous Adjustments	5,444	(3,983)
	436,244	287,297
Deferred Income Tax		
Income tax incurred in current year	3,146	31,963
Income Tax Expense Recognized in Profit/Loss	$439,390	$319,260

Adjustments of accounting income and income tax expenses are as follows:

	2015	2014
Pre-tax net profit	$ 1,788,513	$ 1,321,077
Income tax expense calculated from pre-tax net profit under mandatory tax rate	$ 427,013	$ 321,357
Undeductible expense of tax	($ 889)	($ 3,939)
Unrecognized deductible temporary difference	1,275	278
R&D tax credit	(10,527)	(6,316)
Undistributed earnings taxed	16,457	11,258
Current adjustment using previous year's current income tax expense	5,444	(3,983)
Others	617	605
Income Tax Expense Recognized in Profit / Loss	$ 439,390	$ 319,260

Consolidated company's entities under Republic of China Income Tax Law apply 17% tax rate, while subsidiaries in China apply 25% tax rate.

Given the uncertainty over 2016 shareholder meeting's determination on earnings distribution, it is impossible to

2014

	Beginning Balance	Recognized in P/L	Exchange Difference	Ending Balance
Deferred Income Tax Assets				
Temporary Difference				
Allowance for Inventory Valuation and Obsolescence Loss	$ 8,175	$ 1,410	$ 529	$ 10,114
Bad Loan Allowances	17,857	(15,644)	254	2,467
Other Losses	19,512	(19,646)	134	-
Others	3,677	860	168	4,705
	$ 49,221	($ 33,020)	$ 1,085	$ 17,286
Deferred Income Tax Liability				
Temporary Difference				
Adjustments of Unrealized Financial Instrument Evaluation Gain or Loss	$ 439	($ 127)	$ 19	$ 331
Unrealized Exchange Net Profit	890	(877)	(13)	-
Capitalized Interest	11,912	(886)	637	11,663
Others	604	833	76	1,513

(6) Related Integrated Income Tax Information on Subsidiary Yeong Chen Asia Pacific Co., Ltd.

	Dec. 31st, 2015	Dec. 31st, 2014
Undistributed Earnings		
Undistributed Earnings Before 1997	$ -	$ -
Undistributed Earnings Before 1998	544,797	417,465
	$544,797	$417,465
Shareholder Deductible Tax Account	$128,676	

Weighted average common shares used to calculate diluted earnings per share	117,534	105,985

When calculating diluted earnings per share, if the consolidated company is entitled to choose to distribute employee bonus in stock or cash and if stocks will be distributed as employee bonus, then weighted average outstanding shares will be added when such potential common shares come with dilution effect for the purpose of calculating diluted earnings per share. When calculating diluted earnings per share prior to next year shareholder meeting’s resolution over the number of shares to be distributed as employee bonus, such potential common share dilution will continue to be considered.

23. Business Lease Agreement

(1) Consolidated Company as Lessee

Business lease shall mean and refer to leasing of land building with lease term from 1 to 5 years. Consolidated company does not enjoy favorable purchase rights over leased land/building when lease term expires.

Irrevocable Business Lease Future Minimum Lease Payment Total Amount:

	Dec. 31st, 2015	Dec. 31st, 2014
Less than 1 year	$ 4,074	$ 6,923
1 : 5 years	140	6,768
	$ 4,214	$ 1

24. Capital Risk Management

Consolidated company engages itself in capital management to ensure necessary finance resources and operation pl

(II) Fair Value Information ─ Financial Instruments Measured at Fair Value

1. Fair Value Levels

Dec. 31st, 2015

	Level 1	Level 2	Level 3	Total
Financial Assets Held for Trading with Profit/Loss Measured at Fair Value	$ -	$ 1,024	$ -	$ 1,024
Financial Liabilities Held for Trading with Profit/Loss Measured at Fair Value	$ -	$ 3,000	$ -	$ 3,000

Dec. 31st, 2014

	Level 1	Level 2	Level 3	Total
Financial Assets Held for Trading with Profit/Loss Measured at Fair Value	$ -	$ 1,762	$ -	$ 1,762
Financial Liabilities Held for Trading with Profit/Loss Measured at Fair Value	$ -	$ 1,283	$ -	$ 1,283

There are no cases of transfer of fair value measurements beween Level 1 and Level 2 for 2015 or 2014.

2. Assessment Techniques and Input Values for Level 2 Fair Value Measurement

Types of Financial Instruments	Assement Techniques & Input Values
Forward Exchange Contract	This is measured by forward exchange contract quotation and yield rate curve which is inferred from quotation interest rate matching contract expiring period.
Domestic First Unsecured Convertible Corporate Bond	Under the assumption that corporate bond will be redeemed on April 24th, 2019, discount rate adopted is calculated via interpolation method using government bond yield rates from public offer 2-year and 5-year period.

financial instruments is regulated by policies approved by the Company's Board of Directors Meeting. Such policies are principles in writing for exchange rate risk, interest rate risk, credit risk, utilization of derivative financial instruments and non-derivative financial instruments as well as investments of residual current capital. Internal audit staff shall continuously conduct audits over pol appreciates or depreciates 1% against respective relevant foreign currency exchange rates. 1% is the sensitivity percentage utilized by group internal units to report exchange rate risks to major managements. It also represents management's estimate over the scope of possible changes for foreign currency exchange rates. Sensitivity analysis only includes outstanding foreign currency items and forward exchange contracts designated for cash flow hedge. Adjustments over year-end exchange will be made accordingly based on changes in exchange rates. Positive numbers in the table below refer to increases of pre-tax net profit amounts when NTD appreciates 1% against respective relevant currencies. When NTD depreciates 1% against respective relevant foreign currencies, influences over pre-tax net profit are shown as negative numbers of the same amounts.

	USD Influence		EUR Influence	
	2015	2014	2015	2014
Profit or Loss	($ 43,005))	($ 5,266)	($ 5,401))	($ 3,749)

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 and EUR 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.

(2) Interest Rate Risk

Interest rate exposure results from an entity's, which is within consolidated company, borrowing of funds in fixed and floating interest rates at the same time.

Book values for consolidated company's financial assets and financial liabilities affected by interest rate exposure on balance sheet day are as follows:

	Dec. 31st, 2015	Dec. 31st, 2014
Fair Value Interest Rate Risks		
-Financial Assets	$ 552,693	$ 817,335

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.

Account receivable entity encompasses numerous clients scattered in different industries and geographical areas. Consolidated company continues to conduct assessment over account receivable client’s financial status.

Current capital transaction counterparties are financial institutions and company organizations with good credit ratings, and therefore their credit risks are limited.

Consolidated company has a big clientele without inter-relations to one another. Therefore, degree of credit risk aggregation is not high.

Dec. 31st, 2015

	Immediate payment or payment in less than 1 month	Payment in 1 to 3 months	Payment in 3 months to 1 year	Payment in 1 to 5 years	Payment in more than 5 years
Non-derivative financial liability					
Interest-free liability	$ 620,593	$ 451,879	$ 283,798	$ -	$ -
Floating interest rate instrument	30,000	109,245	262,640	98,490	-
Fixed interest rate instrument	-	-	-	2,612,358	-
	$ 650,593	$ 561,124	$ 546,438	$2,710,848	$ -

Dec. 31st, 2014

	Immediate payment or payment in less than 1 month	Payment in 1 to 3 months	Payment in 3 months to 1 year	Payment in 1 to 5 years	Payment in more than 5 years
Non-derivative financial liability					
Interest-free liability	$ 450,553	$ 571,214	$ 348,471	$ 30,998	$ -
Floating interest rate instrument	-	253,360	63,340	95,010	-
Fixed interest rate instrument	-	-	-	1,444,295	-
	$ 450,553	$ 824,574	$ 411,811	$1,570,303	$ -

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 Table for Derivative Financial Liability

Liquidity analysis on derivative financial instrument is, as far as derivative instrument adopting net amount settlement is concerned, prepared based on undiscounted contract net cash inflow and outflow. As for derivative instrument adopting gross amount settlement, it is prepared based on undiscounted total cash inflow and outflow. When payable or receivable amounts are not fixed, amounts disclosed are determined based on estimated interest rate derived from balance sheet day yield rate curve.

Dec. 31st, 2014

	Immediate payment or payment in less than 1 month	Payment in 1 to 3 months	Payment in 3 months to 1 year
Gross Amount Settlement			
Forward Exchange Contract			
- Inflow	$ 48,791	$ 177,323	$ 141,319
- Outflow	48,165	176,605	141,284
	$ 626	$ 718	$ 35

26. Related Party Transaction

Transaction, account balance, profit and expense impairment between the Company and its subsidiaries (the Company's related party) have all been cancelled during consolidation. That is why they are not disclosed in this note. Transactions between consolidated company and other related parties are as follows:

(1) Operating Income

Item Recognized	Type of Related Party	2015	2014
Sales Revenue	Affiliate enterprise	$ 410	$ 560

Sales prices for transactions between consolidated company and related party are not obviously different from the ones for transactions between consolidated company and non-related party.

(2) Purchase

Type of Related Party	2015	2014
Affiliate enterprise	$ 541	$ 2,086

Purchase prices for transactions between consolidated company and related party are not obviously different from the ones for transactions between consolidated company and non-related party.

(3) Account Receivable – Related Party (excluding loans extended to related party)

Item Recognized	Type of Related Party	Dec. 31st, 2015	Dec. 31st, 2014
Notes Receivable	Affiliate enterprise	$ 113	$ 41
Account Receivable	Affiliate enterprise	73	9
		$ 186	$ 50

Payment collection terms between consolidated company and related party are not obviously different from the ones between consolidated company and non-related party. No guarantees have been obtained on outstanding account receivable – related party. Bad debt expenses have not been appropriated for account receivable-related party for periods from January 1st to December 31st of 2015 and 2014.

(4) Account Payable – Related Party (excluding loans extended to related party)

Item Recognized	Type of Related Party	Dec. 31st, 2015	Dec. 31st

29. Exchange Rate Information for Financial Assets and Liability

Information of consolidated company's financial asset and liability with significant impact is as follows:

Dec. 31st, 2015

	Foreign Currency	Exchange Rate		Book Value
Financial Assets				
Currency Item				
USD	$ 147,101	6.4936	(USD: RMB)	$ 4,829,326
USD	76,247	32.83	(USD: NTD)	2,503,189
EUR	1,993	7.0952	(EUR: RMB)	71,489
EUR	2,505	1.093	(EUR: USD)	89,854
EUR	10,730	35.87	(EUR: NTD)	384,885
Financial Liability				
Currency Item				
USD	54,395	6.4936	(USD: RMB)	1,785,788
USD	37,960	32.83	(USD: NTD)	1,246,227
EUR	172	1.093	(EUR: USD)	6,170

Dec. 31st, 2014

	Foreign Currency	Exchange Rate		Book Value
Financial Assets				
Currency Item				
USD	$ 51,021	6.119	(USD: RMB)	$ 1,615,835
USD	33,213	31.67	(USD: NTD)	1,051,856
EUR	2,271	7.4556	(EUR: RMB)	87,411
EUR	1,053	1.2105	(EUR: USD)	40,530
EUR	6,599	38.49	(EUR: NTD)	253,996
Financial Liability				
Currency Item				
USD	28,736	6.119	(USD: RMB)	910,069
USD	38,915	31.67	(USD: NTD)	1,232,438
EUR	154	1.215	(EUR: RMB)	5,927
EUR	30	38.49	(EUR: USD)	1,155

The consolidated company's realized and unrealized foreign currency exchange net gain (loss) for 2015 and 2014 are NTD162, 742,000 and (NTD28,638,000) respectively. Given the fact that there are numerous types of functional currencies for foreign currency transactions and group entities, therefore exchange gain/loss cannot be disclosed in accordance with foreign currency types which come with major impact.

(3) Property transaction amount and profit/loss amount incurred accordingly;
(4) Ending balance and purpose for notes endorsement/guarantee or provision of collateral;
(5) Maximum balance, ending balance, interest rate range and current

(2) Department Asset

Measurement of consolidated company's assets is not provided to operating decision makers, and therefore measurement amount for assets is zero.

(3) Other Department Information

	Depreciation & Amortization	
	2015	2014
Casting Processing Dept.	$ 435,964	$ 400,595
Other	31,883	29,027
	$ 467,847	$ 429,622

(4) Major Product Income

Major products for consolidated company's continuous operating units are analyzed as follows:

	2015	2014
Energy Castings	$ 4,757,759	$3,452,064
Injection Molding Machine Castings	1,784,435	1,791,830
Industry Machine Castings	1,221,393	1,591,883
Medical equipment Castings	358,883	370,517
	$ 8,122,470	$7,206,294

(5) Information of Regions

Two major business regions for consolidated company – China and Taiwan

Information of consolidated company's operating unit income from exterior clients is classified as follows based on operating regions as well as asset locations for non-current assets:

	Income from Exterior Clients		Non-Current Assets	
	2015	2014	Dec. 31st, 2015	Dec. 31st, 2014
China	$ 3,763,633	$ 3,447,856	$ 4,999,449	$ 4,568,845
Taiwan	4,011,047	3,423,657	195,084	233,902
Other	347,790	334,781	825,054	130,005
	$ 8,122,470	$ 7,206,294	$ 6,019,587	$ 4,932,752

Non-current assets do not include assets classified as financial instrument or deferred income tax asset.

(6) Information of Major Clients

Information of income from a single client exceeding 10% of consolidated company's total income is as follows:

	2015	2014
Client A	$1,400,788	$1,137,871
Client B	1,143,188	794,018

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

Capital Lending to Others

2015 Fiscal Year

Appendix 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

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

Endorsement/Guarantee for Others

2015 Fiscal Year

Appendix 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 Shang Casting Iron Company	Bright Steel Fine Machinery Company	Same parent company	$ 31,147,350	$ 353,902 (RMB 70,000 thousands)	$ -	$ -	$ -	-	$ 31,147,350	NO	NO	YES	
		Yeong Chia Mei Trade Co., Ltd.	Same parent company	31,147,350	245,659 (RMB 48,590 thousands)	245,659 (RMB 48,590 thousands)	-	-	2.33%	31,147,350	NO	NO	YES	
1	Yeong Guan Energy Technology Group Co., Ltd	Bright Steel Fine Machinery Company	Subsidiary of Sub-subsidiary	5,271,334	131,320 (USD 4,000 thousands)	-	-	-	-	8,434,134	YES	NO	YES	
		Bright Steel Fine Machinery Company	Subsidiary of Sub-subsidiary	5,271,334	49,245 (USD 1,500 thousands)	49,245 (USD 1,500 thousands)	49,245 (USD 1,500 thousands)	-	0.47%	8,434,134	YES	NO	YES	

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

Purchase Amount of real estate exceeding NTD300 million or 20% of Paid-In Capital

2015 Fiscal Year

Appendix 3

Unit: NTD in thousands unless otherwise prescribed

Purchaser of real estate	Name of Property	Date of Transaction	Transaction Amount	Payment Status	Transaction Counterpart	Relationship	Previous transaction information (If the counterpart to the transaction is a related party)				Basis for the decision on price	Purpose of purchase & usage status	Other matters agreed upon by the Parties
							Owner	Relationship	Date of Transaction	Amount			
Jiangsu Bright Steel Fine Machinery Co., Ltd.	Tian Mu Lake Industrial Zone, Liyang City Land & Factory of Li Guo Yong (2007) Number 08498, Piao Guo Yong (2007) Number 08499	Feb. 17, 2015	$ 239,231 (RMB 47,541 thousands)	Fully paid	Liyang City Tianyu Harbour Co.,Ltd.	None	é	é	-	$ -	Court auction	Operation	None

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

Purchase/Sales Amount with Related Party exceeding NTD100 Million or 20% of Paid-In Capital

2015 Fiscal Year

Appendix 4

Unit: NTD thousands

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)	

[redacted]

	Bright Steel Fine Machinery Company	Yeong Shang Casting Iron Company	Same ultimate parent company	132,348	-	-	-	-mpany	- n- ℵ e ultim ! comn/ar

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

Related Information of Invested Company Information and Location

2015 Fiscal Year

Appendix 6

Unit: NTD in thousands

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
				Dec. 31st, 2015	Dec. 31st, 2014	Number of Shares	Percentage (á)	Book Value			
Yeong Guan Energy Technology Group Co., Ltd	Yeong Guan Energy Holding Co., Ltd.	British Virgin Islands	Investment Holding Business	$ 4,525,878	$ 2,554,278	146,000,000	100.00	$ 11,610,606	$ 1,426,597	$ 1,426,597	Note 1
	Yeong Guan Heavy Industry (Thailand) Co., Ltd.	Thailand	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	348,375	348,375	37,500,000	75.00	335,325	(6,377)	(4,783)	Note 1
Yeong Guan Energy Holding Co., Ltd.	Yeong Guan International Co. , Ltd.	Hong Kong	Investment Holding Business	4,137,489	4,137,489	506,000,000	100.00	8,361,856	1,185,783	1,186,072	Note 1
	Shin Shang Trade Co., Ltd.	British Virgin Islands	Transaction of various steel castings and casting molds as well as related import/export businesses	226,069	226,069	50,000	100.00	116,127	33,990	36,242	Note 1
	Yeong Chen Asia Pacific Co., Ltd.	Taiwan	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	95,000	95,000	-	100.00	684,066	145,035	145,105	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.

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

China Investment Information

2015 Fiscal Year

Appendix 7

Unit: NTD thousands

Names of Invested Companies in China	Main Business Items	Paid-In Capital	Investment Methods (Note 1)

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

Business Relationship & Critical Transaction/Amount between Parent Company and Subsidiaries and Among Subsidiaries

2015 Fiscal Year

Appendix 8

Units: NTD (in thousands)

Serial No. (Note 1)	Name of Transaction Entity	Transaction Counterparty	Relationship with Transaction Counterparty (Note 2)	Details of Transactions

(brought forward)

Serial No. (Note 1)	Name of Transaction Entity	Transaction Counterparty	Relationship with Transaction Counterparty (Note 2)	Details of Transactions			
				Items	Amounts	Transaction Terms	Percentage of Consolidated Total Revenue or Total Assets (Note 3)
4	Dongguan Yeong Guan Casting Iron Factory Company	Yeong Shang Casting Iron Company	3	Account Receivable - Related Party	$ 14,575	Based on the parties' agreement	-
4	Dongguan Yeong Guan Casting Iron Factory Company	Yeong Chen Asia Pacific Co., Ltd.	3	Account Receivable - Related Party	39,182	Based on the parties' agreement	-
4	Dongguan Yeong Guan Casting Iron Factory Company	Shin Shang Trade Company	3	Account Receivable - Related Party	103,002	Based on the parties' agreement	1%
5	Yeong Chen Asia Pacific Co., Ltd.	Yeong Shang Casting Iron Company	3	Operating Revenue	37,073	Based on the parties' agreement	-
5	Yeong Chen Asia Pacific Co., Ltd.	Yeong Shang Casting Iron Company	3	Account Receivable - Related Party	12,597	Based on the parties' agreement	-
6	Shin Shang Trade Company	Bright Steel Fine Machinery Company	3	Other Account Receivable - Related Party	83,716	Based on the parties' agreement	1%
7	Yeong Guan Energy Holding Company	Yeong Chen Asia Pacific Co., Ltd.	3	Other Account Receivable - Related Party	449,114	Based on the parties' agreement	3%
7	Yeong Guan Energy Holding Company	Yeong Guan International Company	3	Other Account Receivable - Related Party	459,620	Based on the parties' agreement	3%
0	Yeong Guan Energy Technology Group Co., Ltd	Yeong Guan Energy Holding Company	1	Other Account Receivable - Related Party	875,904	Based on the parties' agreement	6%

ties' agreem

Yeong Guan Energy Technology Group Co., Ltd.

Chairman of the Board: Chang, Hsien-Ming