Stock Code: 1589

Yeong Guan Energy Technology Group Co., Ltd.

2016

ANNUAL REPORT

Taiwan Stock Exchange Market Observation System http://mops.twse.com.tw/
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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 Energy Holdings Co., Ltd. Tel: (86)574-8622-8866
Address: OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands
Taiwan Branch
Address: 4F, No.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: Yeong Chen Asia Pacific Co., Ltd., Taichung Branch Tel: (886)3-483-9216
Address: 2F, No. 288, Zhonger Rd., Wuqi District, Taichung City
Name: New Power Team Tecnhology Co., Ltd. Tel: (886)3-386-7671
Address: No. 9, Minquan Rd., Dayuan District, Taoyuan City

3. Hong Kong Subsidiary

Name: Yeong Guan Energy International Co., Ltd. Tel: (86)574-8622-8866
Address: 1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong

4. Mainland China Subsidiaries

Name: Dongguan Yeong Guan Mould Factory Co., Ltd. Tel: (86)769-8773-9480
Address: Yinquan Industrial Zone, Qingxi Town, Dongguan City, Guangdong Province, China
Name: Ningbo Yeong Shang Casting Iron Co., Ltd. Tel: (86)574-8622-9800
Address: No. 1, Gangkou Rd., Beilun Dist., Ningbo City, Zhejiang Province, China
Name: Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Tel: (86)574-8627-5777
Address: No. 28, Dinghai Rd., Economic and Technology Development Zone, Zhenhai Dist., Ningbo City, Zhejiang Province, China
Name: Ningbo Yeong Chia Mei Trade Co., Ltd. Tel: (86)574-8622-8866
Address: No.95, Huanghai Rd., Beilun Dist., Ningbo City, Zhejiang Province, China
Name: Jiangsu Bright Steel Fine Machinery Co., Ltd. Tel: (86)519-8089-5588
Address: No.9, Yueming Rd., Tianmuhu Industrial Zone, Liyang City, Jiangsu Province, China
Name: Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd.
Tel: (86)512-8287-0666
Address: No.999 Laixiu Road, Fen Lake Economic Development Zone,

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I. Letter to Shareholders

Allow me to take this opportunity to welcome you to the 2017 Annual Shareholders Meeting and express my deep gratitude for your continued support and engagement. Our business operations in 2016 may be summarized as follows:

1. Operating performance in 2016

   (1) Business plan implementation results:

   In 2016, the consolidated

possesses advanced process technologies and has a firm grasp of metallurgy and engineering technologies with high-tech content. Due to its supreme product quality and stable delivery times, the company has earned the loyalty and trust of its clients. Our core competitive edge lies in our industry-leading production scope, casting techniques with meticulous attention to detail, and vertical integration capability. At the same time, we are firmly committed to pursuing revenue and profit growth superior to our competitors and the whole industry.

The projected output target for 2017 is 140,000-160,000 tons, 50% of which is expected to be energy sector castings. As for production capacity expansion, Shanghai No.1 Machine Tool Foundry Co., Ltd. already conducted trial production in 2017 and the production capacity is expected to gradually rise starting in the second half of the year. On the other hand, the fab. 1 of Jiangsu Bright Steel Fine Machinery Co., Ltd. will be expanded in the first half of 2017 to alleviate the lack of large-scale production capacities within the group. In addition, contract renewal has been completed for the current stage of the Taichung Harbor plant construction project and actual construction operations have already been initiated.

In the face of a projected growth of high-end products, Yeong Guan will continue to expand its customer base, strive to access new markets, develop new process facilities, and enhance its competitiveness. The company also aims to gain a firm grasp of long-term trends of gradually growing proportions of outsourcing with the goal of securing a leadership position in pursuit of stable growth in the ductile iron industry which is still characterized by a decentralized market structure.

Chairman: President: Chief Accountant:

II. Company Profile

1. Company and Group Profile

(a) Date of incorporation and group profile

Yeong Guan Energy Technology Group Co., Ltd. (hereinafter referred to as “the company” or “Yeong Guan Group”) was registered and incorporated on the Cayman Islands on January 22, 2008. The group’s operations mainly focus on the manufacture and sale of spheroidal graphite cast iron and gray cast iron including hubs and bases for wind turbines, thermal power generation exhaust hoods,

2. Company history

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

November 2009	Establishment and incorporation of Ningbo Yeong Chia Mei Trade Co., Ltd. into the group
March 2010	Disposal of Ningbo Yeong Guan Heavy Industrial Machinery Co., Ltd. complete
August 2011	Yeong Chen Asia Pacific Co., Ltd. acquires a portion of the assets and operating rights of Taiwan Yeong Guan Mould Factory Co, Ltd.
April 2012	First listing of stocks on TWSE
April 2012	Third cash capital increase by a total of NT$ 471.177 million
September 2012	Capitalization of earnings (NT$ 120 million)
November 2013	Merger of Shin Shang Trade Co., Ltd. (continues to exist) and Yeong Fa Trade Co., Ltd.
April 2014	Merger of Ningbo Yeong Shang Casting Iron Co., Ltd. (continues to exist) and Ningbo Yeong He Xing Machinery Industry Co., Ltd.
June 2014	First issuance of convertible corporate bonds in the Republic of China (a total of NT$ 1.5 billion raised)
July 2014	Investment in Yeong Guan Heavy Industry (Thailand) Co., Ltd.
August 2014	Fourth cash capital increase by a total of NT$ 472 million
September 2014	Ningbo Lu Lin Machine Tool Foundry Co., Ltd. (continues to exist) absorbs Ningbo Youtian Renewable Resources Co., Ltd.
December 2014	Yeong Guan Holdings Co., Ltd. establishes a branch in Taiwan named Yeong Guan Holdings Co., Limited Taiwan Branch
April 2015	Shin Shang Trade Co., Ltd. establishes a branch in Taiwan named Shin Shang Trade Co., Ltd. Taiwan Branch
July 2015	Yeong Guan Holdings Co., Limited Taiwan Branch signs lease for land in the Taichung Harbor area
August 2015	Second issuance of convertible corporate bonds in the Republic of China (a total of NT$ 2.5 billion raised)
October 2015	Fifth cash capital increase by a total of NT$ 840 million
January 2016	Investment in Shanghai No. Machine Tool Foundry (Su Zhou) Co., Ltd. Investment in New Power Team Technology Co., Ltd. New Power Team Technology Co., Ltd. Investment in

	Lizhan Limited
May 2016	Yeong Chen Asia Pacific Co., Ltd. establishes a branch in Taichung
July 2016	Lizhan Limited invests in Ningbo New Power Team Technology Co., Ltd.
December 2016	Yeong Guan Holding Co., Limited Taiwan Branch completes contract exchange for land lease in the Taichung Harbo area
February 2017	Capital increase Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd. by Yeong Guan International Co., Limited and Dongguan Yeong Guan Mould Factory Co., Ltd.
March 2017	Capital increase by Yeong Guan International Co., Limited in Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd.

	for the whole group
Technical Division	Overall management of production program controls, prototype process monitoring, production program and product data safekeeping and records, external communications with regard to production technologies for the whole group
Sales Division	Planning and implementation of product, price, market, and

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

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

1. Director data

April 15 2017; Unit: Shares

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
Chairman	ROC	Chang, Hsien-Ming	2016.06.07	4	2008.1.22	17,487,540	14.72%	12,788,540	10.76%	3,120	0.0000%	-		Graduation from Xihu High School of Industry and Commerce, Electronics Department Chairman, Yeong Guan Mould Factory Co., Ltd. President, Yeong Guan Mould Factory Co., Ltd. Chairman, Shin Shang Special Industry Co., Ltd. President, Shin Shang Special Industry Co., Ltd. Sales Manager, Shin Shang Special Industry Co., Ltd.	Director, Yeong Guan Energy Holdings Co., Ltd. Director, Yeong Guan Energy International Co., Ltd. Director, Shin Shang Trade Co., Ltd. Director, Yeong Chen Asia Pacific Co., Ltd. Chairman, Dongguan Yeong Guan Mould Factory Co., Ltd. Chairman, Ningbo Yeong Shang Casting Iron Co., Ltd. Chairman, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Supervisor, Ningbo Yeong Chia Mei Trade Co., Ltd. Supervisor, Taipin Corporation Limited Chairman, Yeong Guan Heavy Industry (Thailand) Co., Ltd. Director, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd.	Director Director	Chang, Wen-Lung Chang, Chih-Kai	Brother Son
Director	ROC	Chang, Cheng-Chung	2016.06.07	4	2009.5.29	4,844,408	4.08%	3,794,408	3.19%	2,562,261	2.16%	-		Oriental Institute of Technology, Electrical Engineering Department Chairman, San Ho Electric Machinery Industry Co., Ltd. Manager, Five Powers Electric Machinery MFG Co., Ltd.	Chairman, San Ho Electric Machinery Industry Co., Ltd. Director, Donan 0o1aGuan Mould Factory Co., Ltd. Directorg, Yeong Casting Iron Co., Ltd.			

Title	Nationality or domicile	Name	Election date	Term	Date first elected	Shareholding when elected Number of	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

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)

4. Professional qualifications and independence analysis of directors:

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

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
President										Co., Ltd.	Director, Yeong Guan Energy 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. Supervisor, New Power Team			

Title	Nationality or Domicile

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

1. Remuneration of Directors (incl. Independent Directors)

Unit: 1000 NTD; %

Title	Name	Remuneration	Ratio of total remuneration (A+B+C+D) to net income(%)(note 3)	Relevant remuneration received by directors who are also employees	Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)	Compensation paid to directors from an invested company other than the company's subsidiary (Note4)

Range of Remunerations

Range of remunerations paid to directors of the company

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 Award		Compensation paid to presidents/ vice presidents from an invested company other than the company's subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus							
Chairman and President	Chang, Hsien-Ming	0	17,343	0	0	0	150,058	13,447	0	13,447	0	1.35%	3.25%	0	0	0	0	0
Vice Chairman and Spokesperson	Tsai, Shu-Ken																	
Director and Executive Vice President	Chang, Wen-Lung																	
Director and Executive Vice President	Chen, Wu-Chi																	
Executive Vice President	Kung, Hsing-Yuan																	
Executive Vice President	Huang, Wen-Hung																	
Vice President	Hsu, Ching-Hsiung																	
Vice President	Lin, Tai-Feng																	
Vice President	Kuo, Jui																	
Vice President	Huang, Ching-Chung																	

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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	L	Kuo, Jui
NT$ 2,000,000 or more but less than NT$ 5,000,000	L	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	L	Tsai, Shu-Ken; Chen, Wu-Chi; Chang, Hsien-Ming
NT$ 10,000,000 or more but less than NT$ 15,000,000	L	L
NT$ 15,000,000 or more but less than NT$ 30,000,000	L	L
NT$ 30,000,000 or more but less than NT$ 50,000,000	L	L
NT$ 50,000,000 or more but less than NT$ 100,000,000	L	L
Over NT$ 100,000,000	L	L
Total	0 persons	11 persons

4. Managers and their allotted employee bonuses:

(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"

Assessment items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description	
7. Other important information to facilitate better understanding of the Company's corporate governance practices (e.g., employee rights, employee care, investor relations, supplier relations, rights of stakeholders, advanced training of directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer relations policies, and purchase of liability insurance for directors and supervisors):			1. Advanced training for directors and supervisors: The company has scheduled advanced training courses for all directors	

Title	Name	Training course date	Hours	Organizer	Course title
Independent Director	Chen, Ching-Hung	2016/12/07	3	Taiwan Corporate Governance Association	Risk management and internal control
		2016/12/07	3	Taiwan Corporate Governance Association	Best board operation practices
Independent Director	Chang, Cheng-Lung	2016/12/07	3	Taiwan Corporate Governance Association	Risk management and internal control
		2016/12/07	3	Taiwan Corporate Governance Association	Best board operation practices

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

Taiwan Academy

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Assessment items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Y	N	Brief description	
evaluations, major deficiencies or suggestions, and improvements)				

(d) Remuneration Committee Operations

1. Remuneration committee member data

Status	Criteria / Name	Meet One of the Following Professional Qualification Requirements in addition to at Least Five Years Work Experience	Independence Criteria(Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a

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

Other items to be recorded:

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

(e) Implementation of Corporate Social Responsibility

Implementation status

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Assessment items

Assessment items	Implementation status			Deviations from “Corporate Social Responsibility Best Practice Principles for
[redacted]				
handle CSR-related matters and report the progress to the board?				Future planning will continue to focus on this aspect
(d) Has the company formulated reasonable remuneration and compensation policies? Is the employee performance evaluation system linked to CSR policies? Is a clear and effective reward and penalty system in place?			(d)The company has established an employee performance evaluation system and provides relevant education during meetings or staff training on a non-scheduled basis. The company also actively schedules advanced training courses for board directors to reinforce their understanding of corporate governance. However, the employee performance evaluation system has not yet been linked to CSR policies.	aspect e f 70.68131.94

Assessment items	Implementation status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
greenhouse gas reduction strategies?			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.	
3. Preserving public welfare (a) Has the company formulated relevant management policies and procedures pursuant to corresponding laws and regulations and the International Covenant on Human Rights? (b) Has the company established mechanisms and channels for employee grievances and are they handled in a proper manner? (c) Does the company provide a safe and healthy work environment for its employees and does it organize safety and health related training for its employees on a regular basis? (d) Is a mechanism in place for regular communication with employees and are employees notified in a reasonable manner of operational changes that may have a significant impact?			(a)The company safeguards the legal rights and interests of its employees through various management systems and norms including the formulation of HR management regulations and staff work rules in accordance with relevant labor laws. The company also contributes to employee medical insurance, basic old-age insurance, unemployment insurance, occupational injury insurance, and maternity insurance. (b)The company has established mechanisms and channels for employee grievances and are handles them in a proper manner. (c)The company is committed to providing a comfortable, safe, and healthy work environment for its employees in accordance with laws and regulations governing public building safety and fire safety. It also organizes educational training and annual health checks for its employees on a regular basis and provides complete life and entertainment facilities including staff dorms and recreation centers. (d)The company organizes labor-management conferences on a regular basis and enables positive communication between both sides. In addition, employees are notified of operational changes that	No major deviations No major deviations No major deviations No major deviations No major deviations No major deviations No major deviations No major deviations The company will

Assessment items	Implementation status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Y	N	Brief description	
(e) Has the company established an effective career skill development program for its employees? (f) Has the company formulated relevant policies and grievance procedures for the protection of consumer rights and interests with regard to its R&D, procurement, production, operation, and services processes? (g) Does the company comply with relevant laws and international standards in the marketing and labeling of its products and services? (h) Does the company evaluate past records of suppliers with regard to environmental and social impacts before initiating dealings with them? (i) Do contracts between the company and its main suppliers stipulate that agreements may be terminated or rescinded at any time if suppliers violate CSR policies or generate significant environmental and social impacts?			may have a significant impact on them through different methods such as pufla violate ervices?	

Assessment items	Implementation status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
5. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: No major discrepancies exist as far as compliance with the CSR Best Practice Principles of the company is concerned.				

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 explicitly in the company's rules and regulations and externally circulated documents and do the board and management level honor the commitment to ethical corporate management.			(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?			(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 unethical behavior?			(c) The company has included clearly formulated provisions prohibiting the offering and acceptance of improper benefits and the offering of illegal political contributions with clearly stated handling procedures in its "Ethical Corporate Management Operating Procedures and Code of Conduct".	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	
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?			(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.	
(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?			(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	
(c) Are policies in place to prevent conflicts of interest and have appropriate appeal channels been established and implemented?				

Assessment items	Implementation Status	Deviations from “Ethical Corporate Management Best Practice Principles

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
units or commissioned accountants?			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.			(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 in charge of processing such reports.	
(b) Has the company formulated standard operating procedures for the investigation and processing of received reports and relevant confidentiality mechanisms?			(b) The audit office carries out investigations of reported contents and reports the final results to the chc 0 Tw [(comm)7.8adt(a)-1(lc.9m)7.8(e)-1.2(nt)-7.2en -.stand4 Tw [	
(c) Has the company adopted measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?				

Assessment items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Y	N	Brief description	
Corporate Management Best Practice Principles and effects of their promotion on its corporate website and the Market Observation Post System?			norms set forth in the Ethical Corporate Management Best Practice Principles in the corporate governance section of the corporate website and the Market Post Observation System.	

5. If the Company has established ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: The company has formulated "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Code of Conduct" based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and requires compliance with these principles by all staff members.

6. Other important information to facilitate a better understanding of the company's ethical corporate management practices (such as review and amendment of ethical corporate management best practice principles)
The company closely monitors national and international developments in the field of ethical management related norms and urges directors, executives, and employ

(i) Implementation of the internal control system

1. Declaration regarding the internal control system

Yeong Guan Energy Technology Group Co., Ltd.

Declaration regarding the internal control system

Date: March 9, 2017

Based on the results of a self-inspection, the company hereby makes the following declaration regarding the internal control system in 2016:

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

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

III. The company judges the effectiveness of the design and implementation of the internal control system based on the judgment criteria cPi ags cTD .0001 Tc 0 Tw (regull-m)8ll-9 1uch a s

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, 2016 (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 9, 2017. 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.

Meeting name	Date	Major resolutions
		newly appointed directors 7. Approval of authorized capital modification 8. Approval of amendment of the company's Articles of Incorporation and their outline 9. Approval of participation in the issuance of overseas depository receipts and issuance and public offering of convertible corporate bonds through cash capital increase via issuance of common shares 10. Approval of the convening of the 2016 General Shareholders' Meeting
Board meeting	2016.4.14	1. Review of the proposals submitted by shareholders during the 2016 General Shareholders' Meetings The deadline for the processing of proposals submitted by shareholders for the 2016 General Shareholders' Meeting is 2016/04/01~2016/04/11. As of 2016/04/11 no motions had been received from shareholders with a shareholding ratio of over 1%.; 2.

Title	Name	2016		2017 up to April 14	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)

(b) Share Transfer to Related Parties:

Unit: Shares

Name	Reason of Transfer	Date of Transaction