



Yeong Guan Energy Technology Group Co., Ltd.

2014 ANNUAL REPORT

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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

Printed on May 6, 2015

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VI. Overseas Securities Exchange Name and Query Method: NA

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

VIII. List of board members:

May 6, 2015			
Title	Name	Nationality	Professional Background
Chairman of the board	Chang, Hsien-Ming	ROC	Chairman of Yeong Guan Energy Technology Group Co., Ltd.
Board director	Tsai, Shu-Ken	ROC	President of Shieh Yih Machinery Industry Co., Ltd.
Board director	Chang, Cheng-Chung	ROC	Chairman of San Ho Electric Machinery Industry Co., Ltd.
Board director	Chang, Wen-Lung	ROC	President of Yeong Guan Mould Factory Co., Ltd.
Board director	Chen, Wu-Chi	ROC	Vice President of Yeong Guan Mould Factory Co., Ltd.
Board director	Wu, Ting-Tsai	ROC	Chairman of Taiwan Qirui Machinery Co., Ltd.
Board director	Hsu, Yu-Yeh	ROC	Supervisor of San Ho Electric Machinery Industry Co., Ltd.
Board director	Chang, Chih-Kai	ROC	Special Assistant to the Chairman of Jiangsu Bright Steel Fine Machinery Co., Ltd.
Independent director	Chen, Ching-Hung	ROC	President of Radium Life Tech Co., Ltd.
Independent director	Chang, Cheng-Lung	ROC	Chairman of Li You Da Investment Co., Ltd.
Independent director	Wei, Chia-Min	ROC	Vice President of Metal Industries Research & Development Center

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I. Letter to Shareholders

Allow me to take this opportunity to welcome you to the 2015 Annual Shareholders Meeting and express my deep gratitude for your support and engagement. Our business operations in 2014 may be summarized as follows

I. Operating performance in 2014

(a) Business plan implementation results:

The total consolidated revenue of Yeong Guan Group for 2014 amounted to 7.206 billion NT dollars, an increase by 22.2% compared to the same period of the previous year. The output volume reached 134,471 tons, marking a growth by 19.7% compared to the same period of the preceding year. The revenue ratios of energy, injection molding machinery, industrial machinery, and medical equipment were 47.9%, 24.9%, 22.1%, and 5.1%, respectively. The target of an annual output volume of 120,000 tons and a growth rate of 15% has been successfully achieved and exceeded. As far as profits are concerned, the gross profit rate and operating profit margin reached 31.3% and 18.7% respectively, which represents an increase by 2.7% and 4.1% compared to the figures for the same period of the previous year (28.6% and 14.6%). Earnings per share amounted to 9.78 NT dollars, which marks a large-scale increase over the figure for same period of the preceding year (5.36 NT dollars).

(b) Budget implementation:

The projected net income after tax for 2014 was 963.8 million NT dollars and the actual net income amounted to 1.002 billion NT dollars, which represents a budget achievement rate of 104%.

(c) Analysis of revenues and expenditures and profitability: Please refer to the Consolidated Comprehensive Income Statement

(d)

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 same industry competitors.

Looking ahead to 2015, overall customer orders and demand are expected to remain strong. In response to global trends in the field of the development of renewable energy, the focus will be shifted to large-scale products and product development for offshore areas. Energy output tonnage ratios will reach 50%. The group is not only dedicated to fulfilling customer orders but also to achieving an output volume of 150,000 tons and an annual growth rate of over 10%. In addition, the production base expansion plan which was initiated in 2014 will be continued in order to achieve the goal of an increase of the group's production capacity by 75% within the next five years.

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, injection molding machine components, and castings for machine tools and other industrial machinery,

(b) Organizational framework of the group (May 6, 2015)

2. Company history

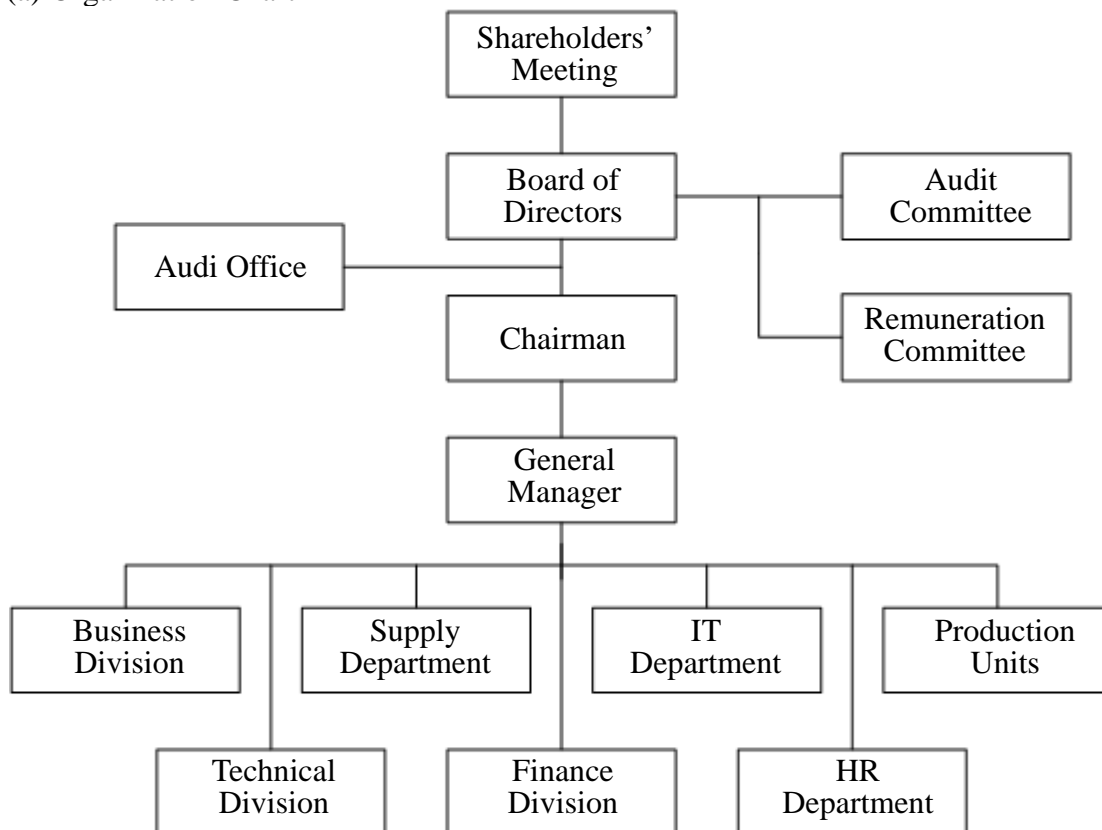
Date	Milestones
June 1995	Establishment of Dongguan Yeong Guan Mould Factory Co., Ltd.
January 1998	Establishment of Shin Shang Trade Co., Ltd.
December 2000	Establishment of Ningbo Yeong Shang Casting Iron Co., Ltd.

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

III. Corporate Governance Report

1. Organization

(a) Organization Chart



(b) Major Corporate Functions

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

	of business goals market and customer development , sales, and services; building and maintenance of customer relationships and strategic partnerships; firm grasp of customer dynamics guarantee of order sources and accounts receivable; establishment of sales channels and understanding of customer demands; effective customer services; determination and coordination of prices and delivery times of sold products
Finance Division	Overall management of accounting and tax affairs, financial budgets, capital movements, and cashier related matters
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

2. Data on directors, supervisors, presidents, vice presidents,

Title	Nationality or domicile
-------	----------------------------

4. Professional qualifications and independence analysis of directors:

Name	Criteria	Independence criteria (Note 1)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director		
		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	1	2	3	4	5	6	7	8	9	10	
Chang, Hsien-Ming														0
Chang, Cheng-Chung														0

0

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

April 8, 2014 Unit: Shares

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					

Title	Nationality
-------	-------------

(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 %

Remuneration

Ratio of total remuneration
 (A+B+C+D) to net
 income%(note 3)

Relevant remuneration received by

Title Name

Range of Remunerations

Range of remunerations paid to directors of the company	Names of directors			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Below NT\$ 2,000,000	Chen, Ching-Hung; Chang, Cheng-Lung; Wei, Chia-Min	Chen, Ching-Hung; Chang, Cheng-Lung; Wei, Chia-Min	Chen, Ching-Hung; Chang, Cheng-Lung; Wei, Chia-Min	Chen, Ching-Hung; Chang, Cheng-Lung; Wei, Chia-Min; Chang, Cheng-Chung
NT\$ 2,000,000 or more but less than NT\$ 5,000,000				Chang, Wen-Lung; Chang, Chih-Kai
NT\$ 5,000,000 or more but less than NT\$ 10,000,000				Tsai, Shu-Ken; Chen, Wu-Chi; Chang, Hsien-Ming
NT\$ 10,000,000 or more but less than NT\$ 15,000,000				
NT\$ 15,000,000 or more but less than NT\$ 30,000,000				
NT\$ 30,000,000 or more but less than NT\$ 50,000,000				
NT\$ 50,000,000 or more but less than NT\$ 100,000,000				
Over NT\$ 100,000,000				
Total	3 directors	3 directors	3 directors	9 directors

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

0 0 0 24,881 0 0 0 0 0% 4.03% 0 0 0 0 0

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

4. Managers and their allotted employee bonuses:

Unit: 1000 NTD December 31, 2014

	Title	Name	Stock bonus	Cash Bonus	Total	Ratio of total amount to net income()
Managers	Chairman and President	Chang, Hsien-Ming				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				
	Vice President	Hsu, Ching-Hsiung				
	Vice President	Lin, Tai-Feng				
	Vice President	Kuo, Jui				
	Vice President	Huang, Ching-Chung				
	Vice President	Lin, Yu-I				

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

Unit: 1000 NTD %

Item	2013		2014	
	Amount	%	Amount	%
Director	29,583	5.47%	24,625	2.46%
Presidents and Vice Presidents	42,579	7.87%	40,383	4.03%
Consolidated net income	541,119	100%	1,001,817	100%

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

- (2) Remuneration policies, standards, and mixes, setting of relevant procedures, and correlation between business performance and future risks
1. The remuneration of directors is based on the positions held in the company the value of the participation and contributions to company operations.
 2. The remuneration of presidents and vice presidents is based on their positions and their level of contribution with reference to industry standards in accordance with the HR related rules and regulations of the company

(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 (2014). Independent director attendance was follows:

Title	Name	Attendance in person ()	By proxy (C)	Attendance rate (%) /	Remarks
Independent director	Chen, Ching-Hung	6	0	100%	
Independent director	Chang, Cheng-Lung	6	0	100%	
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 CPAs (e.g. the contents, methods and results of communications regarding corporate finance or operations, etc.): The Chief Internal Auditor and CPA submit regular reports to the audit committee and communications are excellent.

(c) Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
1. Has the company formulated and duly disclosed corporate governance best practice principles pursuant to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”	✓		The company formulated and duly disclosed corporate governance best practice principles pursuant to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. Corresponding norms and regulations are observed and implemented in accordance with the spirit of corporate governance. In the future, the company will continue to strengthen information transparency and board functionality through the amendment of relevant management regulations with the goal of promoting corporate governance.	No major deviations
2. Shareholding Structure & Shareholders’ Rights				
(a) Have internal operating procedures for the handling of shareholder suggestions, uncertainties, disputes, or grievances been formulated and implemented?	✓		1. The company has formulated internal operating procedures. The	
(b) Does the company possess a list of major shareholders that have actual control over the company and a list of ultimate controllers of these major shareholders?	✓			
(c) Has the company established and implemented a risk management and firewall mechanism with its affiliates?	✓			
(d) Has the company formulated internal norms and regulations that prohibit insiders from using non-public information on the market to conduct security transactions?	✓			

Assessment items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
dedicated personnel in charge of handling information collection and disclosure, implementation of a spokesperson system, webcasting of investor conferences)?			accordance with regulations prescribed by the Taiwan Stock Exchange.	

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	Total training hours	Organizer	Course title
			103		Application issues of 1
			3	Securities&Futures Institute	

Application issues of 1
103
3
/01/07

Independent director Wei, Chia-Min

Assessment items	Implementation Status				Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”			
	Y	N	Brief description					
			Director	Chang, Wen-Lung	103 /09/09	3	Securities&Futures Institute	Ethical management of TWSE/TPEX Listed Companies and CSR symposium
			Director	Chen, Wu-Chi	103 /11/24	3	Securities&Futures Institute	Description of Director/Supervisor family business succession planning and case studies
			Director	Chang, Cheng-Chung				
			Director	Hsu, Yu-Yeh				
			Director	Chang, Chig-Kai	103 /12/19	3	Securities&Futures Institute	First information meeting on compliance with laws governing insider trading of equities of publicly listed companies in 2014

2. Recusal of directors from discussion and voting on motions that involve conflicts of interest: Restrictions and recusal of directors with regard to motions that involve conflicts of interest are clearly stated in the

Assessment items

(d) Remuneration Committee Operations

1. Remuneration committee member data

Status	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 Remuneration Committee Member	Remarks (Note 2)
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8		
Independent director	Chang, Cheng-Lung												0	NA
Independent director Independent director	Chen, Ching-Hung												0	NA

· (e) Implementation of Corporate Social Responsibility

Assessment items

Implementation status

Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and reasons

Assessment items	Implementation status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
(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?			global environmental protection efforts. In addition, the general affairs units are responsible for designating dedicated personnel in charge of the management of environmental protection operations in the fields of air pollution, waste water, and solid waste and relevant legal requirements. (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 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?

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

Assessment items	Implementation status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
Ningbo Zhenhai Charity Federation.				
(c) The company provides feedback channels for employees and convenes labor-management and employee conferences on a regular basis to enable employees to fully express their opinions.				
(d) The Ningbo area in Zhejiang Province, China was hit by a serious flood in October 2013. The company immediately donated mon				

(f) Implementation of Ethical Corpor

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?	✓		(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?	✓		(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?	✓		(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	
(d) Has the company established an effective accounting and internal control system to implement ethical corporate management and	✓		<p>respond to inquiries, but may not participate in the discussion or vote on that proposal and shall recuse himself or herself from any discussion and voting, where there is a likelihood that the interests of the company would be prejudiced. In addition, said director may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting company business, any personnel of the company discovers that a conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>(d) The company has established an accounting system and effective internal control system. Audit departments regularly review</p>	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	
are regular reviews carried out by internal audit units or commissioned accountants?			compliance with this accounting and internal	

- (e) Does the company organize regular internal and external training on 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	
(a) Does the company disclose its Ethical Corporate Management Best Practice Principles and effects of their promotion on its corporate website and the Market Observation Post System?	✓		(a) The company has already disclosed the norms set forth in the Ethical Corporate Management Best Practice Principles in the corporate governance section of the corporate website and the Market Post Observation System.	No major deviations
5.	If the Company has established ethical corporate management principles based on “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation: The company has formulated “Ethical Corporate Management Best Practice Principles” and “Ethical Corporate Management Operating Procedures and Code of Conduct” based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”and requires compliance with these principles by all staff members.			
6.	Other important information to facilitate a better understanding of the company’s ethical corporate management practices: (such as review and amendment of ethical corporate management best practice principles) The company closely monitors national and international developments in			

(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 13, 2015

Based on the results of a self inspection, the company hereby makes the following declaration regarding the internal control system in 2014:

- I. The company is fully aware of the fact that the establishment, implementation and maintenance of the internal control system is the responsibility of the board of directors and the executives. The company has already established a control system. The goal of this system is to provide reasonable guarantees regarding the results and efficiency of operations (including profitability, performance, and protection of assets), the reliability of financial reports, and legal compliance.
- II. The internal control system faces inherent constraints. No matter how perfect the design of the system is, an effective internal control system may only provide reasonable guarantees regarding the achievement of the aforementioned three goals. Furthermore, the effectiveness of the internal control system is affected by changes of the environment and external conditions. However, the internal control system of the company is equipped with a self monitoring mechanism. Once shortcomings are identified, the company adopts corrective measures in a prompt manner.
- III. The company judges the effectiveness of the design and implementation of the internal control system based on the judgment criteria prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as “these Regulations”). The judgment criteria for the internal control system adopted in these Regulations divide the internal control system into five main constituents based on the management and control process: 1. Control environment 2. Risk assessment 3. Control activities 4. Information and communication and 5. Monitoring. Each constituent includes several items. For more details on the aforementioned items, please refer to the provisions set forth in these Regulations.
- IV. The company inspects the effectiveness of the design and implementation of the internal control system based on the aforementioned judgment criteria

Internal control system review report

2 2 The declaration of Yeong Guan Energy Technology Group Co., Ltd. issued on March 13, 2015 stating the effectiveness of the design and implementation of the internal control system on December 31, 2014 based on an assessment of the financial reporting and asset safety related internal control system has been reviewed by this accountant. The maintenance of an effective internal control system and the assessment of its effectiveness are the responsibility of the management level of the company.

This accountant has been commissioned to express an opinion on the efficiency of the internal control system and the declaration regarding the internal control system of the aforementioned company based on the results of a review.

2 2 This accountant carried out a review in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies and generally accepted auditing standards to reasonably determine the effectiveness of the internal control system of the aforementioned company in all major areas. This review process covered an understanding of the internal control system, an assessment of the validity of evaluations of the internal control system conducted by the management level, testing and assessment of the effectiveness of the design and implementation of the internal control system, and other review procedures as deemed necessary by this accountant. This accountant believes that this review process may serve as a reasonable basis for the expressed opinion.

2 2 Any internal control system faces inherent constraints. It can therefore not be ruled out that the internal control system of Yeong Guan Energy Technology Group Co., Ltd. fails to prevent or detect committed mistakes or misconduct. In addition, the level of compliance with the internal control system may decrease due to future environmental changes. The fact that the internal control system is currently effective therefore does not ensure that it will also be effective in the future.

2 2 This accountant hereby affirms based on the judgment criteria for the effectiveness of control system prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies that the design and implementation of the financial reporting and asset safety related internal control system of Yeong Guan Energy Technology Group Cp., Ltd. was effective in all major areas on December 31, 2014. The declaration issued by Yeong Guan Energy Technology Group Cp., Ltd. on March 13, 2015 stating the effectiveness of the design and implementation of the financial reporting and asset safety related internal control system on December 31, 2014 based on assessments is confirmed in all major areas.

2 2

Name of Accounting Firm: Deloitte&Touche

Accountant Kung, Che-Li

Accountant Li, Tung-Feng

Republic of China, March 23, 2015

- (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 date of publication of the annual report: None

- (k) Major Resolutions of Shareholders' Meetings (in the most recent fiscal year up to

Meeting name	Date	Major resolutions
		<ol style="list-style-type: none"> 6. Approval of the amendment of the company's Operational Procedures for the Trading of Financial Derivatives 7. Approval of the amendment of the company's Procedural Rules For Shareholders' Meetings 8. Approval of the convening of the 2014 General Shareholders' Meeting
Board meeting	April 3, 2014	<ol style="list-style-type: none"> 1. Approval of the 1st Issue of Domestic (ROC) Unsecured Convertible Bonds and the Issuance of New Shares for Capital Increase 2. Approval of corrections of matters pertaining to the convening of the 2014 General Shareholders' Meeting
Board meeting	June 6, 2014	<ol style="list-style-type: none"> 1. Approval of the determination of matters pertaining to allocation of cash dividends in 2013 2. Approval of the determination of matters pertaining to the subscription price for shares issued for cash capital increase in 2014 3. Approval of the capital increase for the company's subsidiary Yeong Guan Energy Holdings Co., Ltd. 4. Approval of the lending of capital to the subsidiary Yeong Chen Asia Pacific Co., Ltd.
Board meeting	August 4, 2014	<ol style="list-style-type: none"> 1. Approval of the application for a short-term financing line from Taiwan Cooperative Bank and Chinatrust Commercial Bank 2. Approval of the endorsement/guarantee for the company's subsidiary Shin Shang Trade Co., Ltd.
Board meeting	November 5, 2014	<ol style="list-style-type: none"> 1. Approval of the modification of the authorized capital of the company 2. Approval of the amendment of the company's Memorandum and Articles of Incorporation 3. Approval of the amendment of the company's internal control system and the internal audit implementation rules 4. Approval of the 2015 Audit Plan
Board meeting	March 13, 2015	<ol style="list-style-type: none"> 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 Declaration regarding the Internal Control System 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

- (l) Directors or supervisors who were on record or had submitted a written declaration for holding a dissenting opinion on major resolutions passed by the board of directors in the most recent fiscal year up to the publication date of the annual report: None
- (m) Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports (including the Chairman, President, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, and R&D Supervisor) in the most recent fiscal year up to the publication date of the annual report: 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, 2014-Dec 31, 2014	

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			
4	6,000,000 or more but less than NT\$ 8,000,000			

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

		2014		2015 up to April 4	
Chairman and major shareholder	Chang, Hsien-Ming	(472,000)	(1,500,000)	(1,717,000)	3,140,000

8. Information Disclosing the Relationship or Spousal or Kinship Relationships within the

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, 2014 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 Energy Holdings Co., Ltd.	86,000	100.00			86,000	100.00
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	37,500	75.00			37,500	75.00
Yeong Guan Energy International Co., Ltd.	506,000	100.00			506,000	100.00
Shin Shang Trade Co., Ltd.	50	100.00			50	100.00
Yeong Chen Asia Pacific Co., Ltd.	Note	100.00			Note	100.00
Dongguan Yeong Guan Mould Factory Co., Ltd.	Note	100.00			Note	100.00
Ningbo Yeong Shang Casting Iron Co., Ltd.	Note	100.00			Note	100.00
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	Note	100.00			Note	100.00
Jiangsu Bright Steel Fine Machinery Co., Ltd.	Note	100.00			Note	100.00
Ningbo Yeong Chia Mei Trade Co., Ltd.	Note	100.00			Note	100.00

Note: Limited liability company that has not issued any shares

IV. Capital Overview

1. Capital and shares

(a) Source of Capital

1. Capital formation process

Month/ Year	Par value	Authorized capital		Paid-in capital		Remarks		
		Shares (1000 shares)	Amount (1000 dollars)	Shares (1000 shares)	Amount (1000 dollars)	Sources of capital	Capital Increased by Assets Other than Cash	Other
2008.1	-	1,000 Common shares	100 HKD	1,000	100 HKD	Company establishment	NA	
2008.9	-	985,000 Common shares 15,000 Preferred shares	100,000 HKD	50,000	5,000 HKD	Organizational restructuring	NA	
2009.5	USD 2.08	1,000,000 Common shares	100,000 HKD	57,822	5,782 HKD	Cash capital increase	NA	
2009.8	USD 1.51	1,000,000 Common shares	100,000 HKD	77,683	7,768 HKD	Cash capital increase	NA	
2010.3	-	120,000 Common shares	NTD 1,200,000	80,000	800,000 NTD	Conversion of capital into NTdollars	NA	
2012.4	53	120,000 Common shares	ind NTD 1,200,000	88,889	888,890 NTD			

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

Unit: NTD; 1000 shares

Item		Year	2013	2014	Up to March 31, 2015
Market price per share	Highest		112.00	166.50	186.00
	Lowest		34.25	85.00	130.00
	Average		55.87	132.00	146.00
Net worth per share	Before distribution		62.44	75.67	
	After distribution		58.94	Not yet distributed	
Earnings per share	Weighted average shares		100,889	102,500	
	EPS		5.36	9.78	
Dividends per share	Cash dividends		3.5	6.36(Notes 4)	
	Stock dividends	Dividends from retained earnings			
		Dividends from capital surplus	None	None	
	Accumulated undistributed dividends		None	None	
Return on investment	Price-Earnings Ratio(Notes 1)		10.42	13.50	
	Price-Dividend Ratio(Notes 2)		15.96	20.75	
	Cash dividend yield rate(Notes 3)		6.26%	4.82%	

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

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

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

Note 4: The 2013 Earnings Distribution Proposal was approved by board resolution on March 13, 2013 and will be submitted to the shareholders' meeting for ratification on June 2, 2014

(f) Dividend Policy and Implementation Status

1. Dividend policy as prescribed in the Articles of Incorporation

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

The board of directors may resolve to distribute all or part of the dividends from designated assets (shares or securities of other companies) and shall deal with problems generated by this distribution. The board of directors shall determine the value of said specified assets under condition that the

(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 2014 Earnings distribution proposal on March 3, 2015 with a planned distribution of cash dividends amounting to NT\$ 6.36 per share. The proposal will be submitted to the shareholders' meeting on June 2, 2015 for ratification. Earnings are to be distributed as follows:

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of the quarter	\$1,180,503,362
plus: Net income after taxes for this quarter	1,002,164,317

2. Issuance of company bonds:

1. Current Status of Company Bonds

Type of Corporate Bond	1 st Issue of Domestic (ROC) Unsecured Convertible Bonds
Issue (offer) Date	June 3, 2014
Denomination	NTD\$100,000 each
Issuing and Traction Place	Gre Tai Securities Market
Issuing Price	fully issued at par price
Total Amount	NTD\$1,500,000,000
Interest Rate	0%
Deadline	5-year period; Due Date: June 3, 2019
Guarantee Agency	None
Trustee	Trusts Department of Land Bank of Taiwan
Underwriter	KGI Securities Co. LTD.
Certified Lawyer	Attorney Tian-Hsiang Song from Lee an Li Attorneys-At-Law
Certified Accountant	Deloitte Touche Tohmatsu Limited (DTTL) Accountants Dong-fong Lee and Zhe-li Gong Except that the company redeemed, bondholders sold back, and

Payback method

2. Convertible bond data

Corporate bond type		1 st Issue of Domestic (ROC) Unsecured Convertible Bonds	
Year		2014	Current year until April 30, 2015
Item			
Market price of convertible bonds	Highest	113.40	-
	Lowest	100.05	-
	Average	107.12	-
Conversion price		153	153
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

3. Exchange of corporate bond date: NA

4. Shelf registration of issued corporate bonds: NA

5. Corporate bonds with attached warrant: NA

3. Preferred shares: None

4. Overseas depositary receipts: None

5. Employee stock option certificates: None

6. Restricted Employee Shares Compensation: None

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

8. Implementation of fund utilization plans:

The company raised a total of 1.5 billion NTD through the 1st Issue of Domestic (ROC) Unsecured Convertible Bonds in June 2014. These funds were used as working capital and for repayment of bank loans. These bonds had been exercised in full by the third quarter of 2014. By the publication date of the annual report, the company did not have any uncompleted plans for issuance or private placement of securities or plans completed within the last three years that had not produced any significant benefits.

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 sales of ductile cast iron and gray cast iron including hubs and frames for wind turbine, thermal power generation gears, and injection molding machine components, and castings for machine tools and other industrial machinery

2. Revenue distribution

Main product categories	2013		2014	
	Net sales	% of total sales	Net sales	% of total sales

Statistics released by the Global Wind Energy Council (GWEC) indicate that a new record was set in the global wind power market in 2014 after an



Source: GWEC, April 2015

In addition, statistics released by the Global Wind Energy Council (GWEC) also indicate that Asia will still be the region with the greatest development potential in the field of wind power. It is estimated that Asia will be the global leader in this field with an annual installed wind power capacity and cumulative capacity that is expected to account for 41.6% and 39% of global capacities, respectively. Europe and the US will be ranked second and third with an annual installed wind power capacity and cumulative capacity of 24.5%/32.2% and 22.0%/22.4%, respectively. It is expected that the compound annual growth rate of global cumulative wind energy capacity will reach 13.6% from 2013 and 2017. The regions with the largest growth margin will be the Middle East and Africa.

Injection molding machine

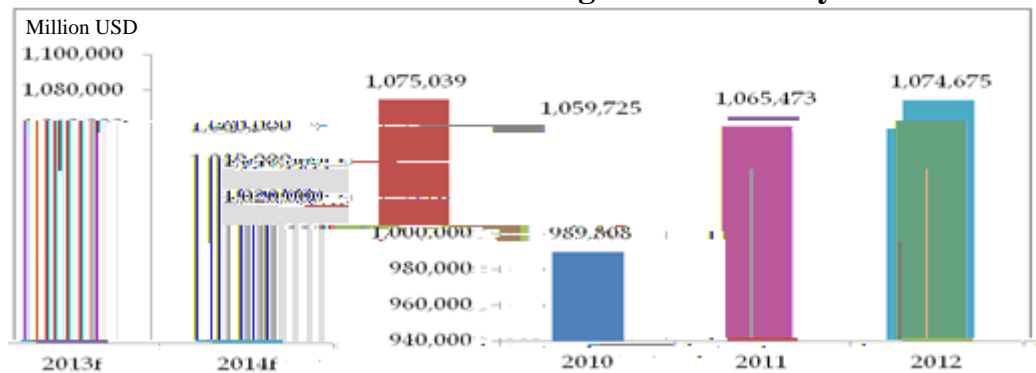
The application range of injection molding machines is very wide, including the fields of household appliances, food products, automobiles, construction, pharmaceuticals, aviation, national defense, petrochemistry, and the casing of cell phones, cameras, notebook computers, and other digital devices.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

Injection molding machines are mainly manufactured in Germany, Austria, Italy, and Japan. However, in view of the performance in 2014, the US growth potential should not be underestimate

connected to other sectors and provides suitable and highly efficient production equipment and facilities to satisfy the demand of other industries. The machinery industry covers a wide range and can have a wide or narrow meaning. The wide definition of machinery industry includes the five main categories of general machinery, electrical machinery, transportation tools, high-precision machinery, and metal goods, while the narrow definition only refers to production machinery and facilities and auxiliary equipment directly used by different industries including metal processing machinery, industrial machinery, special and electrical manufacturing machinery, general machinery, transportation and automation facilities, metal molds, and other machinery and components.

According to data published by the Industrial Economics and Knowledge Center (IEK), the global sales volume of machinery in 2011 amounted was 1.75 trillion USD, which represents an increase by 8.61% compare to 2010. In view of the impact of the European deficit crisis, the US budget deficit, and the cooling down of the Chinese economy. It is expected that market demand would be decreased by 1.42% in 2012 which was driving the sales volume down to around 1.597 trillion USD. The global machinery market is expected to a stable growth 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 categories: Energy, plastic injection molding machines, medical equipments, and industrial machinery. The last category includes machine tools, air compressors, marine equipment, nut making machines, gear processing machines, printing machinery, rubber machines, paper making equipment, tile making machines, cement machines and equipment, conduit valves, and transportation equipment and components. An overview of the development of machine tools and air compressors, the main applications belonging to the category of industrial machinery products of this company will be provided below:

A. Machine tools

The term machine tools refers to motive power manufacturing

equipment which is used for precision cutting of metals to manufacture other machines or processed metal parts. Machine tools are commonly known as “the mother of all machines” or “mother machines”. Machine tools may be used for molding, cutting, and bonding. Machine may be divided into the following categories based on usage purposes: lathes, milling machines, grinding machines, and drilling machines. Based on the level of computerization they may also be divided into traditional metal

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 (8.414 billion USD). The main momentum driving the growth in sales in the air compressor market

reasonableness of medical expenses even more carefully and respond by tightening insurance reimbursements. It will therefore be imperative to constantly monitor changes in economic policies and insurance reimbursements to be able to respond to transformations of the global medical instrument industry. On the other hand, the Affordable Care Act proposed by President Obama contains hidden business opportunities for providers of “affordable” medical equipment. This new policy has a considerable effect on European, American, and emerging markets. In the face of this trend, manufacturers should reconsider their product positioning, pricing, and marketing strategies.

In contrast to high market uncertainty in Western Europe and Japan, the rapid growth of emerging markets generates a higher demand for medical instruments. Following the gradual improvement of the economic situation in Mainland China, India, and emerging ASEAN markets, governments successively adopt policies for the improvement of medical infrastructure, which in turn leads to higher health awareness of the general public and stimulates purchase demands and development of the global medical instrument market. It is expected that emerging markets have the greatest potential in the field of medical instruments and supplies. This includes the Southeast Asian region, Latin America, and Central and Eastern Europe. Global manufacturers accelerate their deployment in these markets and the identification and firm grasp of business opportunities represents a key future objective.

In response to a gradual emergence of demand in emerging markets regulations governing the medical instrument industry will be adjusted through a harmonization of relevant laws and regulations in the face of frequent transactions of medical instruments and emerging demand. In addition to a firm grasp of demands and business opportunities, a full understanding of medical instrument related laws and regulations in target markets and advance responses are also of paramount importance to gain rapid access to these markets.

Research data released by BMI in 2013 indicate that the global market for medical instruments had a total size of 304.6 billion USD in 2012. America, Europe, and the Asia Pacific region accounted for 45.4%, 30.0%, and 22.2%, respectively. It is expected that the size of the global market for medical instruments will reach 429.7 billion USD in 2017 and the compound annual growth rate (CAGR) of this market is projected to amount to 7.1% from 2013 to 2017. The growth rate of the Asia Pacific region is expected to exceed that of America and Western Europe.

Forecast of the size of the global medical instrument market

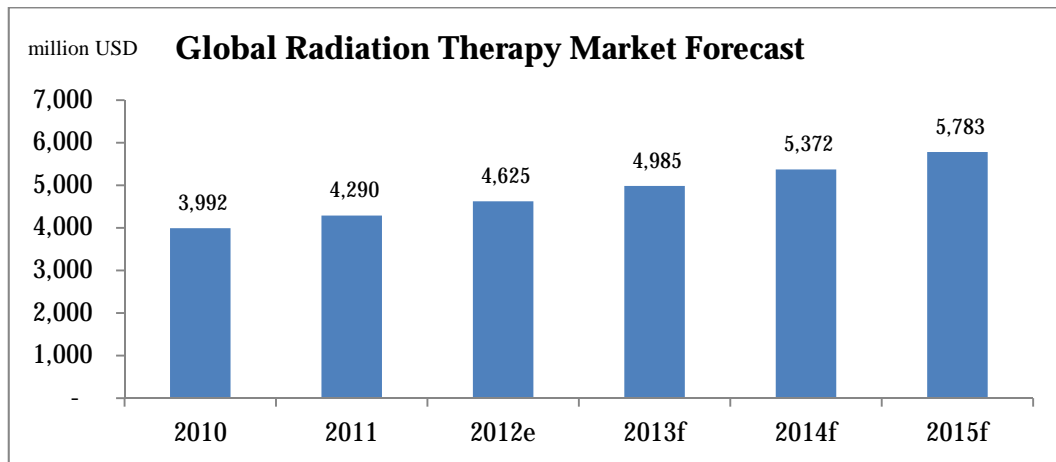
Source: BTM, IEK, November 2013

According to data released by CA Cheuvreux, most sales of radiation therapy equipment was concentrated in America and Europe in 2010. America is the largest market with a penetration rate of radio therapy accelerator equipment around 11.9 devices per one million people on average, while Ireland and Northern Europe have penetration rates of 8.6 and 7.3 devices per one million people, respectively. On the contrary, penetration rates of radiation therapy equipment in many countries with large populations are relatively low. For instance, penetration rates in China and India amount to a mere 1.1 and 0.1 devices per one million people. These countries obviously offer an excellent growth potential for providers of radiation therapy equipment.

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. According to estimates of Koncept Analytics, the production value of the global radiation therapy market was 4.985 billion USD in 2013 and is

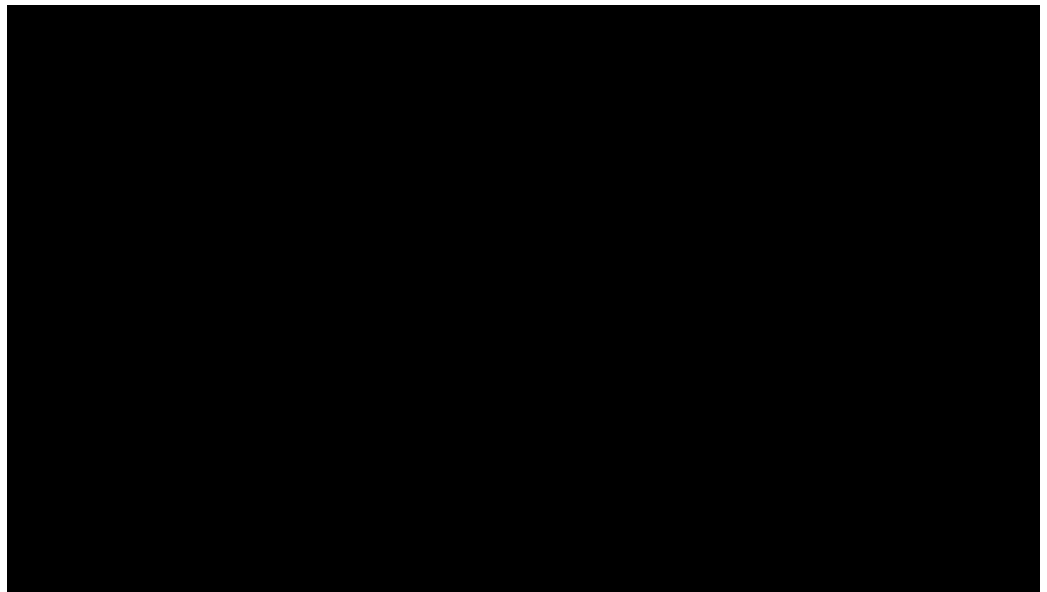
growth rate (CAGR) of this market is expected to amount to 7.8% from 2013 to 2015. The company continues to develop new clients for medical equipment.



Source: Konzept Analytics, November 2010

Leading manufacturers in the field of proton therapy

Proton therapy



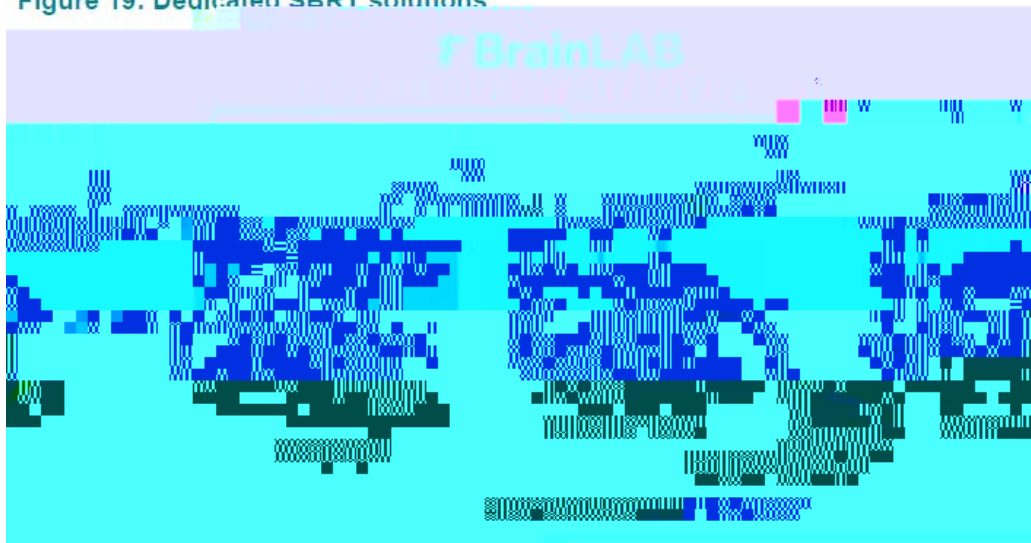
Leading manufacturers in the field of radiation therapy equipment

Figure 9: Varian and Elekta Versatile Linac offer



SBRT(Stereotactic Body Radiation Therapy)

Figure 19: Dedicated SBRT solutions



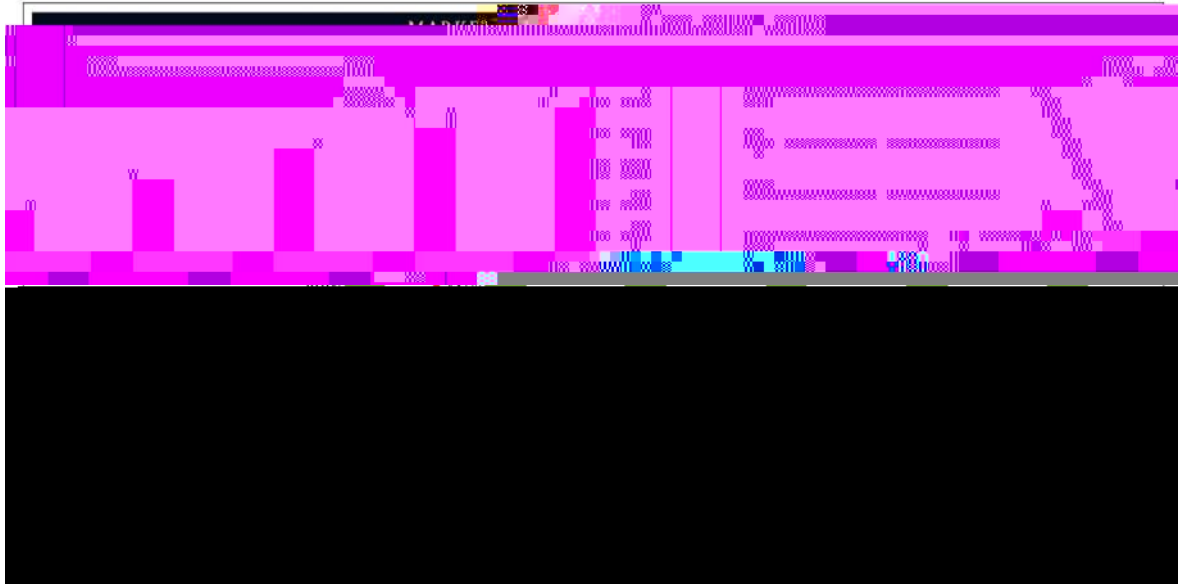
2. Relationship between up- mid- and downstream industries

Castings have a very wide application range which currently includes

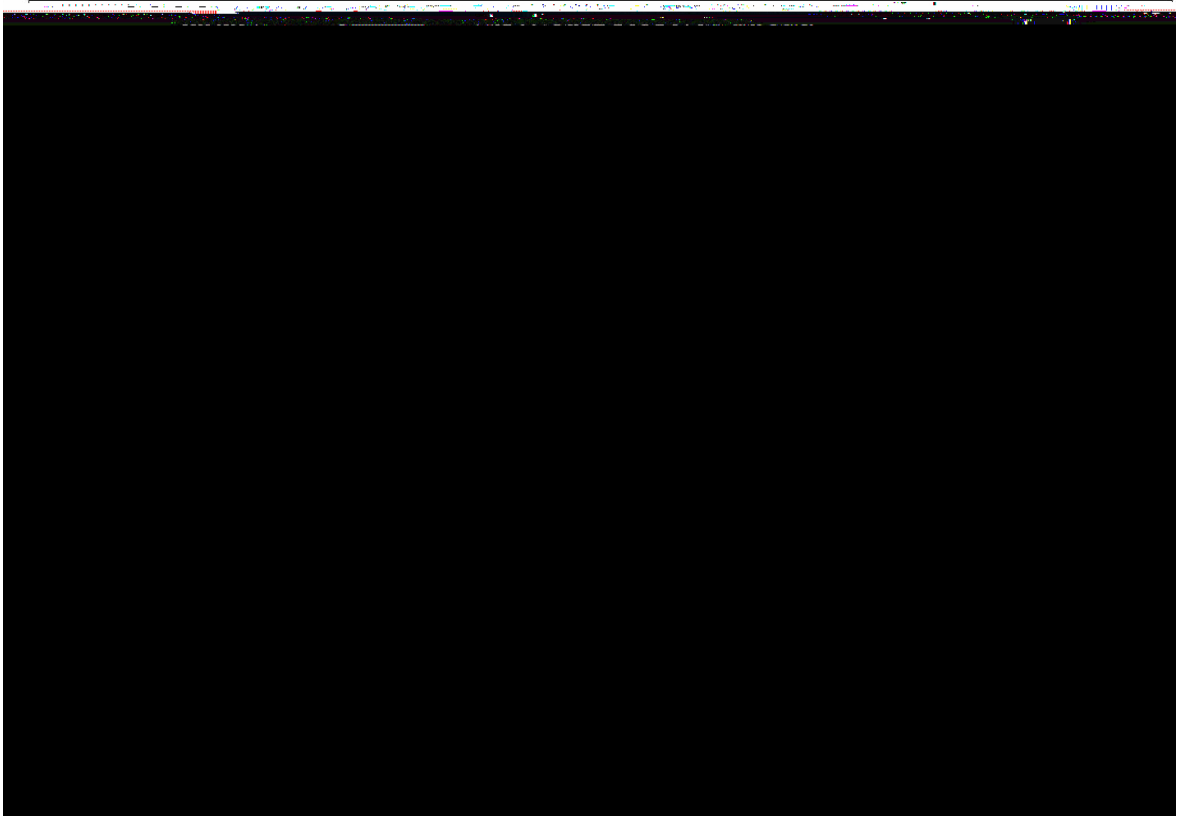
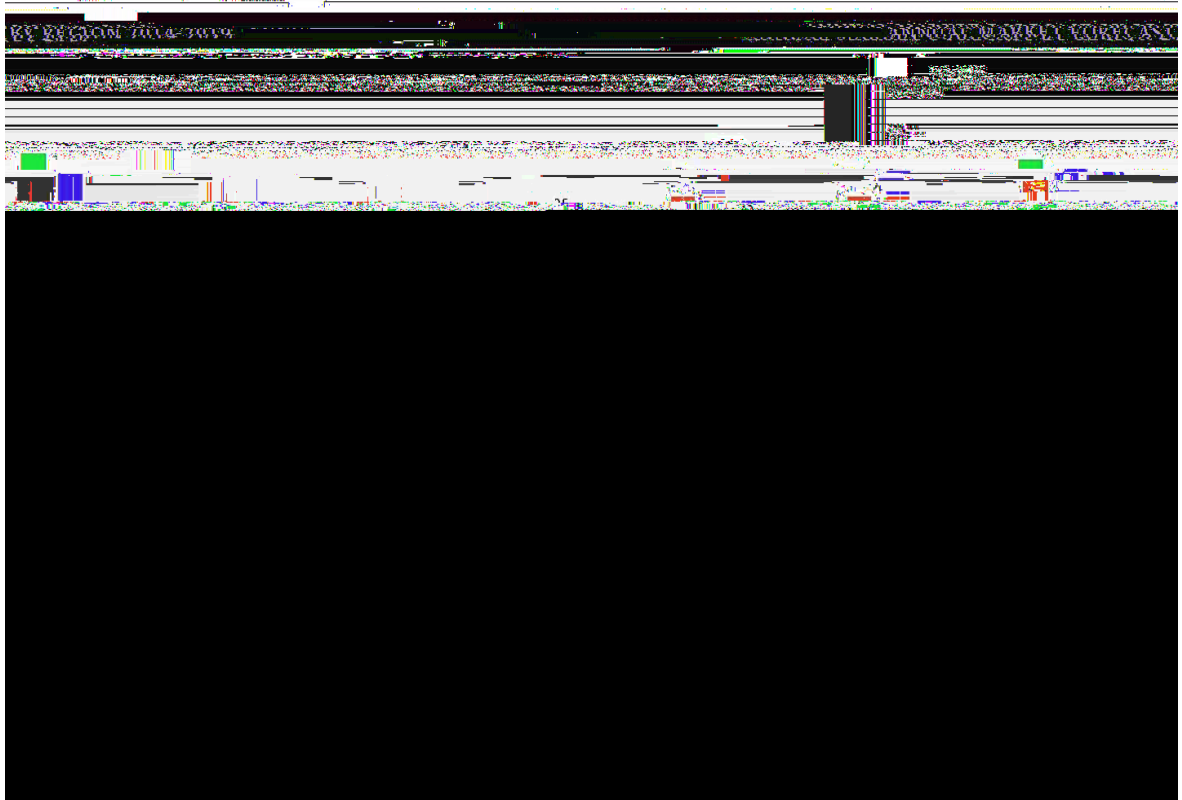
The top three wind turbine manufacturers in 2014 were Siemens, GE, and Vestas. The difference between these three manufacturers shrank from 3.9 percentage points in 2013 to 0.7 percentage point in 2014, which is roughly equivalent to 4GW. This indicates a situation of fierce competition and the growing importance of participation in newly emerging markets. Siemens maintains a powerful and multidimensional global market layout and, even more importantly, ascended to the top ranking in 2014 due to its occupation of the increasingly important overseas market. On a global scale, Siemens is ranked first or second in 80% of the markets it is present in. This is also the main driving force behind the increase in market share by almost 4% in 2014. GE consolidated its leadership position in America (USA, Canada, Brazil, and Mexico) and improved its global ranking from fifth to third in 2014. The wind farm constructed earlier in Brazil and finally connected to the electricity grid in 2014 turned GE into the only US turbine manufacturer ranked in the top 15.

Vestas' ranking dropped from first to third in 2014. The main reason why the company lost its leadership

The growth of wind power is becoming more apparent due to its price competitiveness and stable prices. Wind power helps ensure the safety of national energy and solve the smog problem in major urban areas of industrial powers (especially China). Future economic growth in Africa, Asia, and Latin America has to rely on clean energy. Wind power can satisfy the demand for sustainable energy sources. The US market rebounded from a gloomy outlook in 2013 and is expected to exhibit a strong growth momentum in the next two years. The record-breaking amount of newly installed capacity in Germany this year is also expected to provide a strong impetus to a more centralized European wind energy market.



Looking ahead into the future, the Global Wind Energy Council predicts that the market will reach another peak in 2015 with a newly installed capacity of 50GW and a projected increase to 60GW/year by 2018. China will continue to lead the global market and its pace far surpasses the target of 200GW for 2020 set by the Chinese government. Latin America is currently turning into a powerful regional market with Brazil as the main market. Mexico, on the other hand, is making strides to catch up with Brazil.



C. Main Direction of Wind Power Policies in key nations

Country	Cumulative Capacity	%Share of Global Capacity	%Share of National Power Supply	Current status and policy outlook
Mainland China	75.4	26.4%	1.8%	The 12 th five-year plan targets a cumulative wind power capacity of 104GW for 2015, which includes an offshore capacity of 5GW. The current development focus lies in an increase of grid-connected capacity and an improvement of the quality of the electricity grid. A policy of stable growth has been adopted in the field of newly installed capacity.
USA	60.2	21.1%	3.1%	US wind power policies are in a state of turmoil. Wind farm operators are adopting a more conservative investment stance. It is estimated that the newly installed wind power capacity will shrink greatly compared to the previous year.
Germany	31.5	11.0%	6.5%	The land-based wind power market is almost saturated signaling a shift to offshore wind power. The German government provides a good electricity purchase rate and low-interest preferential loans for offshore wind power. This is expected to generate rapid market growth.
UK	9.1	3.2%	4.0%	The promotion of the green certificate system in the UK has been successful. Onshore and offshore newly installed capacity has shown stable annual growth. The UK is currently the largest market for offshore wind power in the world.
Denmark	4.1	1.4%	20.9%	The Danish government has already announced the vision of a 100% conversion to renewable energy sources for the country's power supply in 2050.
Japan	2.7	0.9%	0.4%	In the wake of the Fukushima nuclear disaster, The government has adopted an active stance in the development of wind energy. The purchase rate for wind power was greatly increased in July 2012 and various development programs for next-generation offshore wind power

The main factors affecting the development of global wind power are the available wind farm resources and changes of national development policies. Future adjustments of renewable energy policies by key nations are therefore a main factor influencing the global market.

Injection molding machines

A. The market demand for machinery products with high technology content is strengthening

Fully electric and hydraulic precision-type injection molding machines form the mainstay. These products mainly target the electronic communications, audiovisual, household appliance, and automobile markets. Due to the high processing requirements, the demand for precision of injection molding machines is also comparatively high. The demand of the market for high-end products will continue to rise, offering more room for future product development.

B. HotTag injection molding machines

Due to the fact that stress rupture of plastic components under vibration conditions poses a serious challenge for the plasticization of automobiles and other engineering applications, HotTag injection molding technologies are adopted for a large variety of rubber and plastic materials with the goal of improving the abovementioned deficiencies.

C. A new type of air- and water

information for the plastic and rubber machinery industry. In addition, technological progress also further enhances sustainable development in the field of plastic recycling. Germany currently recycles 99% of all generated plastic waste generati

and expand the scope of operations in order to maintain a favorable position in the industry.

- (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 for forward exchange transactions by finance departments.

2.Long-term plans:

- (1) Marketing strategies:
Balancing of regional sales ratios and reasonable allocation of sales volumes to different fields and industries to maintain a flexible utilization of production capacities and reduce the risks and impact of regional market fluctuations. Newly developed order quantities of existing top customers and increased purchase shares of key customers have an indicative and stabilizing effect on certain regional markets.
- (2) Research and development dimension:
Cooperation with customers and participation in customer designs to resolve casting-related problems and optimization of product mixes and casting processes to reduce production costs.
- (3) Production strategies :
Integration of upstream and downstream resources to effectively reduce production costs and concerted efforts to increase yield rates and rigorous implementation of quality control operations to guarantee the provision of superior product services.
- (4) Scope of operations:
Active planning of new overseas production bases to generate a global layout; global thinking and management must be promoted in the group in the field of management and customer services to strengthen the response capabilities and optimize the operational performance of the group.
- (5) Financial planning:
Active long-term financial planning and pursuit of the utilization of multi-channel capital market instruments to enhance the capital movement capability and usage efficiency of working capital

market. China has shifted its focus from total installed capacity to grid connection ratio and power generation efficiency. The quality requirements of Chinese wind power facility manufacturers for parts and components are starting to resemble those in Europe, which in turn represents an opportunity for wind power casting manufacturers that place great emphasis on quality.

The Wind Power Development Roadmap 2050 was officially published by China on October 19, 2011. It is expected that the total installed wind power capacity in China will reach 1 terawatt by 2050 which would satisfy 17% of the domestic power demand. After 2020, the price of wind-generated power in China will be lower than that of coal power. The current subsidy policies for wind power will be gradually phased out. The future layout in the field of wind power development is as follows: Prior to 2020, the focus will be on land-based wind power and the development of offshore wind power pilot projects. Between 2031 and 2050, a full-scale development of land-based wind power and near and far offshore wind power will be implemented. It is estimated that power consumption in China will reach 13,000 terawatt hours in 2050. The current wind power technologies enable China to utilize its wind energy resources to support a total installed wind power capacity generating over 1 terawatt of power.

Increasing size of wind turbines

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

At the same time, relatively low natural gas prices and wholesale electricity prices and a 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

of wind power. On the contrary, they contain analyses and a framework for potential costs, benefits, and relevant effects of the deployment of other forms of wind power in the future.

Injection molding machinery industry

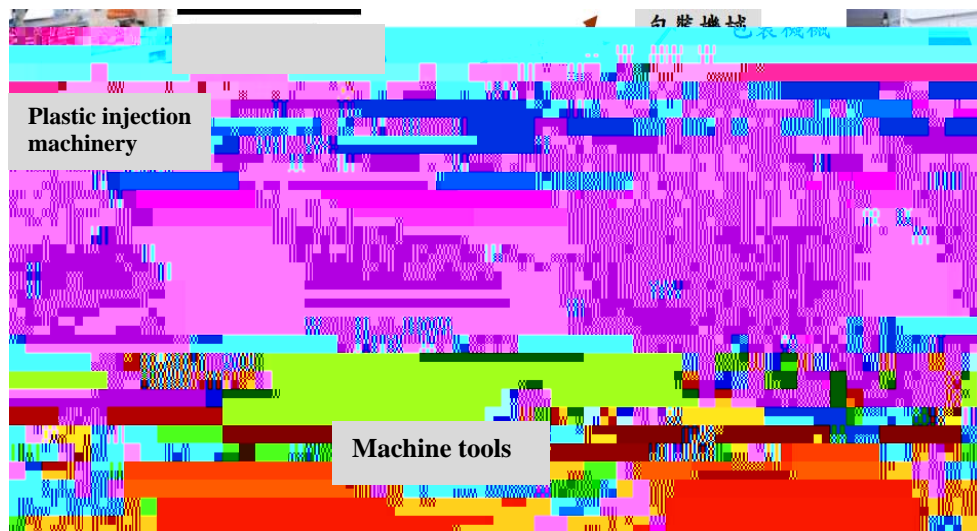
Due to the powerful stimulus provided by the rapidly increasing demand of emerging economies, the global plastics market will grow at an average annual rate of over 4% before 2015, which exceeds the growth rate of the global GDP. The demand of the Chinese market will continue to rise at a fast pace and provide the main impetus for the rapid increase of the global demand for plastic. During the period of the 12th Five Year Plan, the global demand for Polyethylene will grow at an annual rate of around 5% and is expected to reach 85 million tons by 2015. During the same period, the demand for Polypropylene will also grow at a rate of around 5% annually and is anticipated to reach 60 million tons by 2015. The Northern American market is currently showing a bullish performance and it is therefore expected that the North American market for Polyethylene will grow at an annual rate of 4%~5% during this period which is close to the GDP growth rate.

On a global scale, Asia will be the region with the most rapidly growing demand for Polyethylene and Polypropylene due to the continued advancement of the industrialization process in this area. At the same time, the production capacity for Polyolefin in the Middle East and Asia will continue to expand. The addition of new production capacities for Polyolefin and Polypropylene in China is currently spurred by a strongly growing demand of the automobile market, while newly added production capacities in the Middle East rely on a competitive advantage generated by low-cost raw materials. It is expected that the Middle East and China will account for 1/3 of the global production capacity for Polyethylene by 2016.

The average plastic consumption per person in developed nations currently amounts to over 120 kg (Belgians consume 200kg, which represents the highest amount, followed by 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 trillion dollars, respectively, which is 2.7 and 2.4 times as much as

and shipping equipment currently form the mainstay of Yeong Guan Energy Technology Group's industrial machinery sales. The machine tool market currently has a global focus, while Asia provides the main growth momentum and China represents the largest market. However, the competition between Mainland Chinese and Taiwanese manufacturers is still fierce and market conditions are harsh. Against the backdrop of a full-scale expansion of the US manufacturing sector, machine tool orders still exhibit a pattern of gradual decline. Only Germany and Japan showed signs of recovery in the third quarter of 2013. As for China, local Chinese enterprises have been forced to start transforming their businesses after an over two-year period of excess supply. Certain products have even gained a foothold in the international brand market. This phenomenon has also prompted large international manufacturers to accelerate localized production in China.

Machinery equipment derived from machine tools



For instance, only a very small number of the machine tool products that the DMG group (the top machine tool brand in the world) displayed at the China Machine Tool Exhibition in February 2014 were imported from areas outside China. Most products are already manufactured in China. The characteristics of the orders for machine tool castings received by Yeong Guan Energy Technology Group are as follows: complicated structure, multiple mud cores, time-consuming post processing, and relatively light weight. However, the market demand for machine tool castings is still high. In view of the fact that an increase of the production efficiency of such casting products, requires more designated personnel and production lines, Yeong Guan Energy Technology Group currently only accepts such orders after a selected process due to the tight production capacities.

The market for air compressors has been affected by the unstable economic situation in recent years. The demand for compressors entered a stage of stable growth in 2012. The supply situation is as follows: A large number of brands, most of them Chinese manufacturers, have entered the market resulting in cutthroat price competition. Prices stabilized after 2013 and the

- (3) The group continues to develop new products to maintain its market competitiveness.
- (4) The field of industrial applications is very wide and production and sales counterparties and fields can be adjusted flexibly.
- (5) Due to the fact that most of the group's customers are highly ranked large manufacturers in different fields and the group is cooperating with large-scale international raw material suppliers, the group is able to resist the impact of economic fluctuations in the areas of production and sales.

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 spherical 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 u

gradually widen the gap between the group and same industry competitors as far as business scope and production capacity are concerned. Customer reliance will also gradually increase.

(C) Independent sales capabilities and international competitiveness

The business scope of the company is wider than that of generic same industry businesses and its technical standards are equivalent to European standards. The group has the ability to accept orders from large international manufacturers. The group's customers are leading industry brands with excellent standards. This clearly indicates that the company's technologies and quality are recognized by large international manufacturers. Due to the fact that the operations of these manufacturers are characterized by a high level of stability, the operation of Yeong Guan Energy Technology Group are also more stable than those of its same industry competitors which has earned the company the trust of large international manufacturers.

(2) Unfavorable factors and response strategies

(A) Exchange rate fluctuations

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

Response strategies

To cope with exchange rate fluctuations, the company uses sales revenues in a certain currencies. st of the st019154(ccounts fourer)4.1(s.)6.1(

exchange rate fluctuations to reduce exchange rate risks generated by the company's business operations. In addition, the company also actively adjusts its market dominance and equilibrium strategies under conditions of a rapidly changing global economy to balance domestic and foreign sales ratios and buffer the impact of changes of the economic environment.

(B) Raw material price fluctuations

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

Response strategy

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

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

(C) Corrosion at sea affects product quality

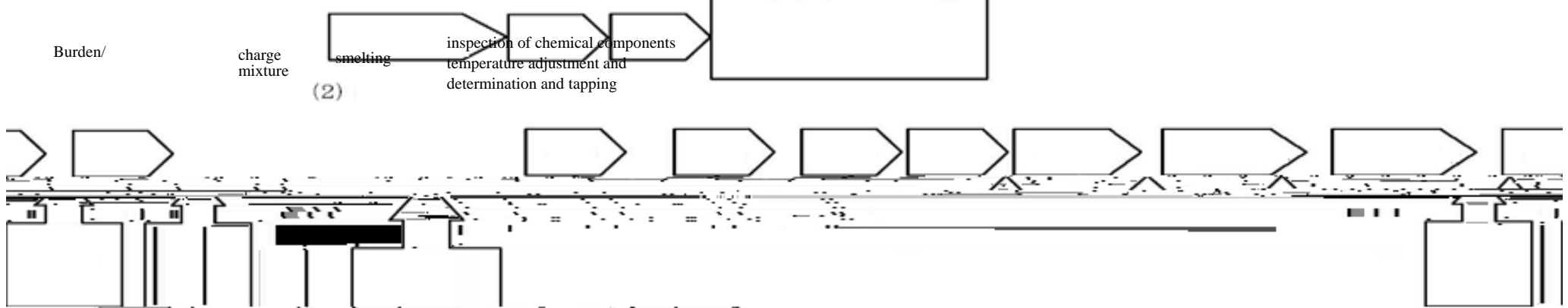
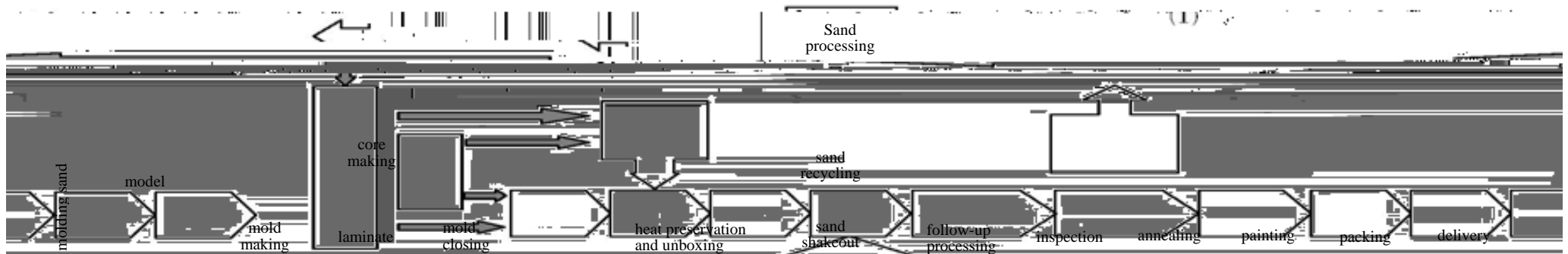
In recent years, the developmen

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

(b) Main uses and production procedures of major products

1. Main uses of major products

Provision of key components for industrial machinery equipment of different industrial fields including wind energy and injection molding machinery



(c) Supply status of main materials

Main raw materials	Main suppliers	Supply status
Pig iron	Ningbo Mingyuan Trading Co., Ltd. (hereinafter referred to as “Ningbo Mingyuan”), Fushun Hanking Direct Reduced Iron Co., Ltd., Lagu Branch (hereinafter referred to as “Fushun Hanking”), Benxi Huasheng Foundry, Rong Mei Jin Industry&Trade	Good
Scrap steel	Ningbo Yinzhou Jinlong Waste Metal Recycling Co., Ltd., Ningbo Yinzhou Hongli Metal Recycling Co., Ltd., Ningbo Zhonglie Renewable Resource Recycling Co., Ltd., Shenzhen Xinlan Renewable Resources Co., Ltd., Changzhou Hengguan Metal	Good
Resin	Kao Chemical Corporation Shanghai (hereinafter referred to as Kao Shanghai), Jinan Shengquan Group Co., Ltd.	Good
Nodulizer	Sanxiang Advanced Materials Co., Ltd.	Good

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

(d) Major suppliers and clients

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

Specification of reasons for increase/decrease:

Ningbo Mingyuan and Fushun Hanking are mainly engaged in the trading of metallurgy and mining products with a focus on nodular pig iron. Both companies are pig iron suppliers that meet the standards of this company. The quality of their products is excellent and they have positive cooperative relationships with the company. In 2014, these suppliers accounted for over 10% of the total purchases of materials. Purchase amounts were increased in 2015 since their prices were lower than those of other pig iron suppliers in 2014 and their

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

Unit: tons 1000 NTD

Production volume/value Production categories	Year	2013			2014		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value	
Casting products	129,708	115,052	3,379,137	174,400	145,883	4,061,218	
Precisely processed products(Note1)	198,314 (hours)	169,381 (hours)	629,102	248,131 (hours)	209,813 (hours)	947,104	
Pressed scrap steel blocks	25,000	31,107	357,389	42,000	34,529	353,713	
Other	Note 2	Note 2	438,085	Note 2	Note 2	495,235	

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

Note 2: Other categories include welded and assembled products. Manpower is dispatched to conduct processing operations based on client order types. Due

Year		2013	2014	1 st Quarter of 2015
Average age		35.65	35.52	36.01
Average years of service		5.39	5.41	5.49
Distribution of level of education(%)	PhD/MA	35.65%	0.60%	0.57%
	BA	5.39%	12.16%	11.38%
	Junior college or below	35.65%	87.25%	88.04%

4. Environmental protection expenses

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

The total amount of fines incurred by the company due to pollution of the environment was 23,000 RMB in the most recent fiscal year up to the date of publication of this report. The nature of the incident, future response strategies, and potential expenses are described below:

1. Ningbo Lu Lin

(a) Incident and losses:

The Zhenhai District Environmental Protection Bureau discovered during inspections on December 17, 2014 that the lid of the smelting furnace in the second workshop couldn't be closed properly during smelting operations due to the large size of certain smelting materials. The furnace lid was therefore half open and the supporting waste gas treatment facilities were not in use. A portion of the waste gases was not collected and directly discharged generating a negative impact on the surrounding environment. This incident constituted a violation of Clause 1, Article 18 of the Ningbo City Regulations on Prevention and Control of Environmental Pollution and was penalized with a fine of 23,000 RMB.

Investigation of reasons: Feedstock is added during the smelting process. Due to the large size of certain materials the furnace lid can't be closed properly. The environmental awareness of the operating personnel is not high enough.

Improvement measures:

A. Instruction and education of operating personnel

B. Distribution of an internal memo to notify personnel that furnace lids must be closed after feedstock has been added. Signature is required for confirmation. Relevant items will be included in performance evaluations.

C. The safety section will dispatch inspection personnel to monitor the operation processes. Detected irregularities will be corrected and appropriate action will be taken.

(b) Investments in environmental improvements:

A. Investment in the improvement of vacuum cleaners in the coating building: 410570 RMB (already completed)

B. Investment in the improvement of electric furnace vacuum cleaners: 262000 RMB (already completed)

C. Investment in the improvement

The company pays monthly contributions to old-age insurance in accordance with regional laws and regulations and legally required ratios to care for retired employees

4. Labor-Management Agreements

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

5. Measures to safeguard employee rights and interests

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

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

The total amount paid due to labor dispute arbitration in the most recent fiscal year up to the publication date of the annual report was 202,349.2 RMB.

Adopted response measures are as follows:

1. General investigation of employee contracts and regular update of relevant lists
2. Reinforced health checks to detect occupational diseases
3. Better understanding of the current condition of employees who have suffered work-related injuries and timely ascertainment and appraisal of work-related injuries within the prescribed deadline.
4. Regular education of employees, amicable relations between employees, reinforced controls, and implementation in accordance with management rules and regulations. No lawsuits are currently pending that involve labor-management disputes.

6. Critical Contracts

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
Purchase Contract	Vendor: Ben Zi Hua Sheng Buyer: Jiangsu Bright Steel Fine Machinery Co., Ltd.	2015/3/1~2015/5/31	Cast Iron	Nil
Purchase Contract	Vendor: Ben Zi Hua Sheng Buyer: Ningbo Yeong Shang Casting Iron Co., Ltd.	2015/3/1~2015/5/31	Cast Iron	Nil
Purchase Contract	Vendor: Ben Zi Hua Sheng Buyer: Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	2015/3/1~2015/5/31	Cast Iron	Nil
Purchase Contract	Vendor: Jiangsu Xing Sheng Buyer: Ningbo Yeong Shang Casting Iron Co., Ltd.	2015/5	Cast Iron	Nil
Purchase Contract	Vendor: Jiangsu Xing Sheng Buyer: Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	2015/5	Cast Iron	Nil
Purchase Contract	Vendor: Benxi Iron & Steel Co., Ltd. Buyer: Jiangsu Bright Steel Fine Machinery Co., Ltd.	2015/4/1~2015/8/31	Cast Iron	Nil
Purchase Contract	Vendor: Benxi Iron & Steel Co., Ltd. Buyer: Ningbo Yeong Shang Casting Iron Co., Ltd.	2015/4/1~2015/8/31	Cast Iron	Nil
Purchase Contract	Vendor: Benxi Iron & Steel Co., Ltd. Buyer: Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	2015/4/1~2015/8/31	Cast Iron	Nil
Purchase Contract	Vendor: Benxi Iron & Steel Co., Ltd. Buyer: Dongguan Yeong Guan Mold Factory Co., Ltd.	2015/4/1~2015/8/31	Cast Iron	Nil
Purchase Contract	Vendor: Benxi Ju Xin Da Company Buyer: Jiangsu Bright Steel Fine Machinery Co., Ltd.	2015/4/1~2015/8/31	Cast Iron	Nil
Purchase Contract	Vendor: Benxi Ju Xin Da Company Buyer: Ningbo Yeong Shang Casting Iron Co., Ltd.	2015/4/1~2015/8/31	Cast Iron	Nil
Purchase Contract	Vendor: Benxi Ju Xin Da Company	2015/4/1~2015/8/31	Cast Iron	Nil

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
Fixed Assets Sales & Purchase Contract	Party A: Fangli Machine Tool Industry & Trade Co., Ltd. Party B: Ningbo Yeong Shang Casting Iron Co., Ltd. Party A: Wen Ling Hua Tai Company Party B: Ningbo Lu Lin	2014/4/4~2015/6/16	HMC63E Processing Center	Nil

Nature of
Contract

Parties of Contract

Term of Contract

Major Contents

Limitation

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
Insurance	Proposer: Dongguan Yeong Guan Mold Factory Co., Ltd. Insurance Company: Zheshang Property and Casualty Insurance Company Limited	2014/6/28~2015/6/27	Employer Liability Insurance	Nil
Property Insurance	Party A: Fubon Property Insurance Company Party B: Dongguan Yeong Guan Mold Factory Co., Ltd.	2014/11/12~2016/6/30	Property Insurance	Nil
Guarantee Contract	Guarantor: Ningbo Yeong Shang Casting Iron Co., Ltd. Debtor: Jiangsu Bright Steel Fine Machinery Co., Ltd. Creditor: Bank of China	2013.3.31~2016.3.31	Guarantor provides guarantee for contracts of loan, trade financing, guarantee, capital business and other credit extension business as well as their modification or supplement signed between debtor and creditor from March 31 st , 2013 to March 31 st , 2016. Maximum principal amount for guaranteed creditor's rights is RMB70 million.	Nil
Mortgage Collateral Contract	Mortgagor: Ningbo Yeong Shang Casting Iron Co., Ltd. Debtor: Ningbo Yeong Shang Casting Iron Co., Ltd. Creditor: Bank of China	2014.9.9~2019.9.8	Mortgagor provides 39,290-square meters of land and 24,895- square meters of factory building to serve as collaterals for debtor's performance of obligations incurred under various major contracts signed or to be signed with creditor from September 9 th , 2014 to September 8 th , 2019. Principal amount for collateralized creditor's rights shall not exceed RMB48.59 million.	Nil
Mortgage Collateral Contract	Mortgagor: Ningbo Yeong Shang Casting Iron Co., Ltd.	2014.9.9~2019.9.8	Mortgagor provides 13,350-square meters of land and 12,801- square meters of factory	Nil

Nature of
Contract

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
			creditor's rights shall not exceed RMB36.47 million.	
Mortgage Collateral Contract	Mortgagor: Jiangsu Bright Steel Fine Machinery Co., Ltd. Debtor: Jiangsu Bright Steel Fine Machinery Co., Ltd. Creditor: Bank of China	2013.08.28~2018.08.27	Guarantor provides 30,066-square meters of land as a collateral for contracts of loan, trade financing, guarantee, capital business and other credit extension business signed between debtor and creditor from August 28 th , 2013 to August 27 th , 2018. Maximum principal amount for guaranteed creditor's rights is RMB11.48 million.	Nil
Mortgage Collateral Contract	Mortgagor: Jiangsu Bright Steel Fine Machinery Co., Ltd. Debtor: Jiangsu Bright Steel Fine Machinery Co., Ltd. Creditor: Bank of China	2015.01.22~2020.01.22	Guarantor provides 32,006-square meters of land and 24,577-square meters of factory building to serve as collaterals for contracts of loan, trade financing, guarantee, capital business and other credit extension business signed between debtor and creditor from January 22 nd , 2015 to January 22 nd , 2020. Maximum principal amount for guaranteed creditor's rights is RMB30.75 million.	Nil

Mortgagor: Do05 Tc.0009 Tw(January 27, 2015) Jiangsu Bright Steel Fine Machinery Co., Ltd. (FJG an Mold F7 TD.00

Mortgage
Contract

Nature of
Contract

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
	Industrial Bank Joint and Several Guarantor: Chang, Hsin-Ming		Company Limited with USD10 million as a working capital revolving loan with interest paid once every month.	
Credit Extension Contract	Borrower: Yeong Guan Energy Technology Group Company Limited Lender: Bank SinoPac Hong Kong Branch Joint and Several Guarantor: Chang, Hsin-Ming	2014.8.29~2016.8.28	Bank SinoPac Hong Kong Branch provided Yeong Guan Energy Technology Group Company Limited with USD6 million as a revolving loan for working capital with interest paid once every month.	Nil
Credit Extension Contract	Borrower: Yeong Guan Energy Technology Group Company Limited Lender: CTBC Bank Joint and Several Guarantor: Chang, Hsin-Ming	2014.10.14~2015.10.13	CTBC Bank provided Yeong Guan Energy Technology Group Company Limited with USD3 million as a revolving loan for working capital with interest paid once every month.	Nil
Credit Extension Contract	Borrower: Yeong Guan Energy Technology Group Company Limited Lender: Taiwan Cooperative Bank Joint and Several Guarantor: Chang, Hsin-Ming	2014.9.19~2015.9.18	Taiwan Cooperative Bank provided Yeong Guan Energy Technology Group Company Limited with USD5 million as a revolving loan for working capital with interest paid once every month.	Nil
Credit Extension Contract	Borrower: Yeong Guan Energy International Co., Limited Lender: CTBC Bank Joint and Several Guarantor: Yeong Guan Energy Technology Group Company Limited Chang, Hsin-Ming	2014.10.14~2015.10.13	CTBC Bank provided Yeong Guan Energy International Co., Limited with USD5 million as a revolving loan for working capital with interest paid once every month.	Nil
Credit Extension Contract	Borrower: Shin Shang Trade Co., Ltd. Lender: Shanghai Commercial & Savings Bank, Ltd.	2014.8.7~2015.8.6	Shanghai Commercial & Savings Bank, Ltd. provided Shin Shang Trade Co., Ltd. with USD2 million as a	Nil

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
	Joint and Several Guarantor: Yeong Guan Energy Technology Group Company Limited		revolving loan for working capital with interest paid once every month.	

Credit
Extension
Contract

VI. Financial Summary

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

(1) Summarized Balance Sheet & Income Statement
1-1 Summarized Consolidated Balance Sheet

Unit: NTD in thousands

Items	Year	Financial data for the last five years					Current Financial Data as of March 31 st , 2015 (note 1)
	2010	2011	2012	2013 (note 1)	2014 (note 1)	2015 (note 1)	
Current Asset				4,971,886	6,726,616	5,999,107	
Property, Plant and Equipment				4,021,240	4,310,151	4,227,964	
Intangible Asset				131,652	134,386	133,622	
Other Asset				381,580	507,107	1,041,537	
						12,230	
Current Liability	Un-allocated			2,466,894	2,067,496	1,671,821	
	Allocated						

N

Note. 2

Intangible Asset		265,654	380,084	372,637
Other Asset		116,192	143,262	126,475
Total Asset		6,998,808	8,626,798	8,365,389
Current Liability	Un-allocated	2,507,002	3,435,859	1,865,364
	Allocated	2,507,002	3,449,193	2,127,675
Long Term Liability		21,957	101,464	788,545
Other Liability		11,624	6,226	9,763
Total Liability	Un-allocated	2,540,583	3,543,549	2,663,672
	Allocated	2,540,583	3,556,883	2,925,983
Share Capital		800,000	800,000	1,008,890
Additional Paid-in Capital		3,166,049	3,166,049	3,548,276
Retained Earnings	Un-allocated	811,449	1,108,986	1,346,037
	Allocated	811,449	1,095,652	1,083,726
Financial Product Unrealized Income		0	0	0
Cumulative Translation Adjustment		(356,723)	8,214	(201,486)
Unrecognized Pension Cost Net Loss		0	0	0
Minority Interest		37,450	0	0
Shareholder's Equity	Un-allocated	4,458,225	5,083,249	5,701,717
	Allocated			
Total				

Consolidated Income Total Attributed to Parent Company Owner		827,347	1,453,033	112,742
Consolidated Income Total Attributed to Non-controlling Equities		0	3,893	(323)
Earnings Per Share		5.36	9.78	2.22

Note 1: The Company did not present consolidat

2. Financial analysis for the last five years

II. Financial Analysis

Year		Financial analysis for the last five years					Current Financial Data as of March 31 st , 2015
		2010	2011	2012 (note 2)	2013	2014	
Finance Structure	Debt Ratio (%)			31.86	33.73	31.01	27.18
	Long Term Fund to Fixed Asset Ratio (%)			161.09	175.06	220.20	227.31
Repayment Capability	Current Ratio (%)			207.00	201.54	325.35	358.84
	Quick Ratios (%)			153.25	151.29	250.55	273.18
	Times Interest Earned			5.80	11.24	25.09	36.58
	Account Receivables Turnover Rate (Times)			3.41	3.44	3.59	3.71

Operating
Performance

(note 1)

5. Account Payable Turnover Rate: This is mainly because this year the company locked in raw material prices and issued notes to pay for goods purchased. As such, notes payable increased accordingly.
6. Return on Asset: This is mainly because of increases in operating income and net profit from increased revenue and reduced costs.
7. Return on Equity: This is mainly because of increases in operating income and net profit from increased revenue and reduced costs.
8. 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.
9. Net Margin Rate: This is mainly because of increases in operating income and net profit from increased revenue and reduced costs.
10. Earnings Per Share: This is mainly because of increases in operating income and net profit from increased revenue and reduced costs.
11. Cash Flow Ratio: This is mainly because of reduced current liabilities from the company's increasing of operation capital through seasoned equity offering as well as issuance of convertible corporate bond this year. In the meantime, operating cash flow increases steadily because revenue for 2014 increased steadily.
12. Cash Re-investment Ratio: Operating cash flow increases steadily because revenue for 2014 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: Data for 2012 are derived from the calculation of 2013 current numbers on consolidated financial statements which are prepared using IFRS.

Note 3: No calculation conducted because application of IFRS is less than five years.

Note 4: Calculation formulas are as follows:

1. Financial Structure

(1) Debt Ratio $\frac{\text{Total Liabilities}}{\text{Total Assets}}$

(2) Long Term Fund to Fixed Asset Ratio $\frac{\text{Total Equities} - \text{Non-Current Liability}}{\text{Total Assets}}$

- Average Total Asset
- (2) Return on Equity Income After Tax Average Total Equity
 - (3) Net Margin Rate Income After Tax Net Sales
 - (4) Earnings Per Share (Income Attributed to Parent Company Owner Preferred Share Dividend)

Exhibit 2: Audit Committee's Review Report

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

To: Shareholders' Annual General Meeting for Year 2015

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

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

March 13, 2015

III. Financial Analysis – ROC GAAP

Items Analyzed(note 2)	Year	Financial Analysis for Last Three Years		
		2010	2011	2012
Financial Structure	Debt Ratio (%)	36.30	41.08	31.84
	Long Term Fund to Fixed Asset Ratio (%)	117.09	119.51	162.39
Liquidity	Current Ratio (%)	111.31	109.59	207.44
	Quick Ratios (%)	78.52	76.69	151.17
	Times Interest Earned	9.22	5.06	5.80

- (3) Net Margin Rate $\frac{\text{Income After Tax}}{\text{Net Sales}}$
- (4) Earnings Per Share $\frac{(\text{Net Income After Tax} - \text{Preferred Share Dividend})}{\text{Weighted Average Number of Outstanding Shares}}$
- 5. Cash Flow
 - (1) Cash Flow Ratio $\frac{\text{Operating Activity Net Cash Flow}}{\text{Current Liability}}$
 - (2) Net Cash Flow Adequacy Ratio $\frac{\text{Operating Net Cash Flow for the Last Five Years}}{(\text{Capital Expenditure} + \text{Increased Inventory} + \text{Cash Dividend}) \text{ for the Last Five Years}}$
 - (3) Cash Re-Investment Ratio $\frac{(\text{Operating Activity Net Cash Flow} - \text{Cash Dividend})}{(\text{Gross Fixed Asset} + \text{Long Term Investment} + \text{Other Asset} + \text{Working Capital})}$
- 6. Leverage
 - (1) Operating Leverage $\frac{(\text{Net Sales} - \text{Variable Operating Cost \& Expense})}{\text{Operating Income}}$
 - (2) Financial Leverage $\frac{\text{Operating Income}}{(\text{Operating Income} - \text{Interest Expense})}$

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

Yeong Guan Energy Technology Group Company Limited

Audit Committee's Review Report

To: Shareholders' Annual General Meeting for Year 2015

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of the company the Business Report, Consolidated Financial Statements and Dividend Distribution proposal. The above Business Report, Consolidated Financial Statements and Dividend Distribution

- 4. The Latest Year CPA Audited Financial Statement: Not Applicable**
- 5. The Latest Year CPA Audited Parent Company/Subsidiary Consolidated Financial Statement: Please refer to Appendix 1.**
- 6. In the latest year and as of the date when annual report was published, occurrence of financial difficulty which poses influences over the Company's financial situation: none.**

VII. Financial Status and Financial Performance Analysis and Risk Issues

1. Financial Status

Unit: NTD in thousands

Item \ Year	2013	2014	Difference	
			Amount	%
Current Asset	4,971,886	6,726,616	1,754,730	35.29%
Fixed Asset	4,021,240	4,310,151	288,911	7.18%
Intangible Asset	131,652	134,386	2,734	2.08%
Other Asset	381,580	507,107	125,527	32.90%
Total Asset	9,506,358	11,678,260	2,171,902	22.85%
Current Liability	2,466,894	2,067,496	-399,398	-16.19%

2. Financial Performance

(1). Operating Performance Analysis Table

Unit: NTD in thousands

Item \ Year	2013	2014	Difference	
			Amount	%
Operating Income	5,899,431	7,206,294	1,306,863	22.15%
Operating Cost	4,212,042	4,948,583	736,541	17.49%
Operating Gross Margin	1,687,389	2,257,711	570,322	33.80%
Operating Expense	825,481	908,852	83,371	10.10%
Operating Net Income	861,908	1,348,859	486,951	56.50%
Non-Business Income & Expense				

3. Cash Flow

(1) Analysis of Cash Flow Changes in Recent Years

Unit: NTD in thousands

Item \ Year	2013	2014	Increased (Decreased) Amount %	Increased (Decreased) Percentage %
Operating Activity	677,579	1,495,313	817,734	120.68%

other managers are designed or recruited by authorized respective invested companies' general managers. However, employment of finance head shall be submitted to parent company for approval or be designated by parent company. Furthermore, the Company regularly receives related financial statement materials, operation reports as well as CPA certified financial statements for the purpose of in-time analysis and assessment over invested enterprise's operation condition and income status. The Company's internal audit department will also dispatch personnel, regularly or randomly, to conduct auditing operation over subsidiary, and establish related auditing plan as well as prepare audit report in order to monitor internal control system deficiency and rectification over irregularity matter.

(2) Main reasons for gain or loss on investments for the latest year (2014)

Unit: NTD in thousands

Invested Enterprises	Recognized Investment Gain/Loss Amount	Reason for Gain or Loss	Improvement Plan
Yeong Guan Energy Holding Co., Ltd.	1,051,239	This is mainly because investment income is assessed using equity method.	
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	(1,042)	This is mainly because invested enterprise is still in its opening phase and business has not yet started.	Nil
Yeong Guan Energy International Co., Limited	868,836	This is mainly because investment income is assessed using equity method.	

the merge.

Note 2: Under BOD meeting resolutions from respective subsidiaries, subsidiary Ningbo Lu Lin Machine Tool Foundry Co., Ltd. (surviving company) merged with Ningbo You Tian Resources Co., Ltd. (extinguished company) on September 15th, 2014 and November 30th, 2014 was designated as the record date for the merge.

- (3) Investment plan for the upcoming year
The Company continues its investments to establish Thailand plant and Taichung plant.

6. Risk Analysis and Assessment

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

I. Interest Rate

The Company's interests paid in cash for 2013 and 2014 are NTD71,943 thousands and NTD39,299 thousands with percentages of 1.22% and 0.55% 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 relatively low. Therefore the Company's borrowing interest rates did not change a lot. However, in the event of larger fluctuation for interest rates going forward and the Company still has needs for loan, the Company will then raise capital through other fund raising instruments in capital market. Additionally, the Company will observe interest rate trends and select fixed or floating interest rate loan to avoid interest rate fluctuation risk.

II. Exchange Rate

Given the fact that thirty percent (30%) of the Company's sales territories are in China with sales are denominated in RMB, and fifty percent (50%) are in Europe and U.S. with sales denominated in EUR and USD, while goods purchased are mainly denominated in RMB, offset incurred accordingly between purchase in RMB and sales in RMB. Meanwhile, exchange rate changes among different currencies still

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III. Inflation

The Company continues to maintain close and good interaction relationship

be a franchising or a restricted industry. Therefore in the latest year and as of the date when this annual report was published, critical policy changes or regulation changes in British Cayman Islands, British Virgin Islands, Taiwan, Hong Kong and China are not expected to pose significant influence on the Company's finance business. Most of the Company's major customers and suppliers are located in Asia. Given special political situations in some Asian countries, the Company and its customers' finance business may be affected by politics, economy and laws. Therefore, in the event of changes in respective government's policy, economy, tax or interest rate, or in the event of incidents involving politics, diplomacy or society, business of the Company's client or the Company might be affected accordingly.

- (5) Influence on the Company's finance business from changes of technology and industry as well as responding measures to such influence
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 relationship. Losing such important clients is equal to losing critical sources to understand changes of technology as well as changes in the industry. Failure to master market trend and the trend for future product development will keep the Company from launching products needed by the market and operation may suffer from significant and negative impact. As such, the Company continuously pursues product promotion in an effort to elevate product positioning to the position of a market leading brand. On the other hand, th

operating costs and enhancement of group operation as well as through BOD meeting resolutions from respective subsidiaries, the Company conducted mergers between its subsidiaries of Ningbo Yeong Shang Casting Iron Co., Ltd. and Ningbo Yong He Xing Machine Co., Ltd. as well as between subsidiaries of Ningbo Lu Lin Machine Tool Foundry Co., Ltd. and Ningbo You Tian Resources Co., Ltd. on April 24th, 2014 and September 15th

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

negative factors for the Company's future development and responding strategies prescribed in this annual report. Even with the existence of such responding strategies, it is still possible that complete implementation is unfeasible because of force majeure factors encountered during implementation. This will further affect the Company's operation, business and finance.

2. Negative influence on the Group's business, operating performance and financial condition from the Company's potential insufficient insurance over operation:
Currently, the Company has already fo

VIII. Special Matters Documented

1. Subsidiary Related Information

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

(2) Subsidiary Basic Information

March 31st, 2015, Unit: in thousands

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Major Business or Production Items
Yeong Guan Energy Holding Co., Ltd.	2007.11	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 86,000	Investment in Share Holding
Yeong Guan Energy International Co., Limited	2007.11	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	HKD 506,000	Investment in Share Holding
Shin Shang Trade Co., Ltd.	1998.01	OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands	USD 50	Trading Business
Yeong Chen Asia Pacific Co., Ltd.	2008.06	No. 502, Sec. 1, Cheng Gon Rd., Guan Yin Township, Taoyuang County	NTD 95,000	Trading Business, Manufacturing and selling of cast iron
Dongguan Yeong Guan Mould Factory Co., Ltd.	1995.06	Yin Quan Industrial Zone, Chin Xi Town, Dong Guan City, Guandong Province, China	HKD 31,000	Manufacturing and selling of cast iron
Ningbo Yeong Shang Casting Iron Co., Ltd.	2000.12	No. 1, Gang Kuo Rd., Bei Lun District, Ningbo City, Zhejiang Province, China	USD 43,100	Manufacturing and selling of cast iron; processing of precision machinery
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	2000.08	No. 28, Ding Hai Rd., Economic Technology Development Zone, Zhen Hai District, Ningbo City, Zhejiang Province, China	USD 13,705	Manufacturing and selling of cast iron; Recycling of scrap steel
Jiangsu Bright Steel Fine Machinery Co., Ltd.	2006.11	No. 9, Yue Pen Rd., Tien Mu Hu Industrial Park, Li Yang City, Jiangsu Province, China	USD 80,000	Manufacturing and selling of cast iron
Ningbo Yong Jia Mei Trading Co., Ltd.	2009.11	No. 95, Huang Hai Rd., Bei Lun District, Ningbo City, Zhejiang Province, China	USD 1,000	Trading Business
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	2014.07	6 No.622/15, Rama2 Road, Samae Dum Sub-District, Bangkhuntian District, Bangkok Metropolis.	THB375,000	Manufacturing and selling of cast iron

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

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

Name of Enterprise	Job Title	Name
Yeong Guan Energy Holding Co., Ltd.	Director	Chang, Hsin-Ming, Chang, Wen-Lung
Yeong Guan Heavy Industries (Thailand) Co., Ltd.	Director	Chang, Hsin-Ming, Chang, Wen-Lung Chang, Zhen-Jong, Tsai, Su-Gen, Chen, Wu-Ji, Sutep Jatupornpakdi, Niyom Jatupornpakdi
Yeong Guan Energy International Co., Limited	Director	Chang, Hsin-Ming, Chang, Wen-Lung
Shin Shang Trade Co., Ltd.	Director	Chang, Hsin-Ming, Chang, Wen-Lung
Yeong Chen Asia Pacific Co., Ltd.	Director	Chang, Hsin-Ming, Chang, Wen-Lung
Dongguan Yeong Guan Mould Factory Co., Ltd.	Director	Chang, Hsin-Ming, Chang, Wen-Lung Chang, Zhen-Jong, Tsai, Su-Gen, Chen, Wu-Ji
	General Manager	Chen, Wu-Ji
Ningbo Yeong Shang Casting Iron Co., Ltd.	Director	Chang, Hsin-Ming, Chang, Wen-Lung Chang, Zhen-Jong, Chen, Wu-Ji

Name of Enterprise	Paid-in Capital	Total Asset	Total Liability	Net Value	Operating Income	Operating Benefit	Current Income (Loss)	Earnings Per Share (NTD)
Yeong Chen Asia Pacific Co., Ltd.	1,584	183,573	90,707	92,866	389,036	9,864	87	1.74
Dongguan Yeong Guan Mould Factory Co., Ltd.	95,000	1,948,535	1,410,086	538,449	3,470,142	262,696	183,532	note
Ningbo Yeong Shang Casting Iron Co., Ltd.	126,571	681,818	127,842	553,976	567,847	95,276	82,866	note

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Shareholder Equity Protection Critical Issues	Contents of The Company's Modified Articles of Incorporation	Reasons for Differences
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the Company and are entitled to utilize Taiwan Taipei District Court as the first instance court.

2.

Shareholder Equity Protection Critical Issues	Contents of The Company's Modified Articles of Incorporation	Reasons for Differences
	<p>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 entitled to utilize Taiwan Taipei District Court as the first instance court.</p>	<p>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 Company from raising litigation accordingly. British Cayman Island court will make determinations based on facts for individual cases. (Although court may take references of the Company's articles of incorporation, this is however not a decisive factor.)</p> <p>According to the laws of British Cayman Islands, BOD meeting shall make decisions on behalf of the Company based on expression of intention form the BOD as a whole (instead of individual director). As such, any director shall all be authorized by BOD meeting resolution in accordance with articles of incorporation to raise litigation against other director on behalf of the Company.</p> <p>Company Act of British Cayman Islands does not have regulations granting shareholders the rights to request the holding of BOD meeting for resolution on</p>

Shareholder Equity Protection Critical Issues	Contents of The Company's Modified Articles of Incorporation	Reasons for Differences
		specific issues. On the other hand, the aforementioned Company Act does not prohibit companies from drafting BOD meeting agenda related requirements (including requirements on convening BOD meeting) 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.

Chairman of the Board: Chang, Hsin-Ming