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Stock Code: 1589



# **Yeong Guan Energy Technology Group Company Limited.**

**2023**

**ANNUAL REPORT**

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

**Printed on April 3, 2024**

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## I. Spokesperson and Deputy Spokesperson:

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E-mail address: andy@ygget.com	E-mail address: chingwutsai@ygget.com

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#### Taiwan Branch

Address: No. 168, Huangang Rd., Longjing Dist., Taichung City  
Tel: (886) 4-3702-1589

#### 2. Taiwan Subsidiary

Name: Yeong Chen Asia Pacific Co., Ltd.  
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#### 3. Hong Kong Subsidiary

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Address: 1501 Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong  
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Name: Ningbo Yeong Shang Casting Iron Co., Ltd. Tel: (86)574-8622-8866  
Address: No.95, Huanghai Rd., Beilun Dist., Ningbo City, Zhejiang Province, China

Name: Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Tel: (86)574-8627-5777  
Address: No. 28, Dinghai Rd., Economic and Technology Development Zone, Zhenhai Dist., Ningbo City, Zhejiang Province, China

Name: Ningbo Yeong Chia Mei Trade Co., Ltd. Tel: (86)574-8622-8866  
Address: No.95, Huanghai Rd., Beilun Dist., Ningbo City, Zhejiang Province, China

Name: Jiangsu Bright Steel Fine Machinery Co., Ltd. Tel: (86)519-8089-5588  
Address: No.9, Yueming Rd., Tienmuhu Industrial Zone, Liyang City, Jiangsu Province, China

Name: Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. Tel: (86)512-8287-0666  
Address: No.999 Laixiu Road, Fen Lake Economic Development Zone, Fenhu, Suzhou City, Jiangsu Province, China

#### 5. Thailand Subsidiary

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

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

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Website: <http://agency.capital.com.tw>

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

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Name of Accounting Firm: Deloitte & Touche

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Website: <http://www.deloitte.com.tw>

### VI. Overseas Securities Exchange Name and Query Method: NA

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

### VIII. List of board members:

April 3, 2024

Title	Name	Nationality	Professional Background
Chairman of the board	Chang, Hsien-Ming	ROC	Chairman of Yeong Guan Energy Technology Group Company Limited.
Vice Chairman	Tsai, Shu-Ken	ROC	Vice Chairman of Yeong Guan Energy Technology Group Company Limited.
Board director	Tsai, Chang-Hung	ROC	President of Eastern China Area, Yeong Guan Energy Technology Group Company Limited.
Board director	Li, Yi-Tsang	ROC	Chief Strategy Officer of Yeong Guan Energy Technology Group Company Limited.
Board director	Chang, Chun-Chi	ROC	President of Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd.
Board director	Wu, Su-Chiu	ROC	General Manager of JIAYUAN INVESTMENT CO., LTD.
Board director	Sun, Rui-Chien	ROC	General Manager of TAIWAN SINTONG MACHINERY CO., LTD.
Independent director	Wei, Chia-Min	ROC	Vice CEO of Metal Industries Research & Development Centre
Independent director	Chen, Tien-Wen	ROC	Chairman of Chia Shih Construction Co., Ltd.
Independent director	Chang, De-Wen	ROC	President of You Shih CPA Firm
Independent director	Chan, Wen-Yin	ROC	Director of Taiwan Area, Agilent Technologies

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## I. LETTER TO SHAREHOLDERS

2023 was a year of mounting challenges and difficulties for most enterprises because of dramatic changes in the macro environment and frequent incidents. The three key industries of vital importance for the operating performance of Yeong Guan Group (wind power industry, injection molding machinery industry, and industrial machinery industry) faced a situation of market demand falling short of forecasts at the beginning of the year. The unprecedented simultaneous slowing down of our three growth engines has resulted in a significant discrepancy between actual and projected performance. The injection molding and industrial machinery industries which are directly linked to people's livelihood and consumption and market outlook were originally expected to shine brightly after the global market shook off the impact of the pandemic. Unfortunately, the European and North American markets are shrouded in the clouds of high interest rates, persistent inflation pressure, and lingering war. The global recovery lacks momentum and demand remains sluggish. As for the Chinese market, the optimism about market recovery in the wake of lifting of COVID lockdowns and turbocharged consumption was only present in the first quarter. In the second quarter, the economic outlook plummeted as the demand market was mired in a situation of quasi-deflation. The combined impact of structural problems such as the bursting of the housing bubble, population aging and decline, and excessive debt leverage triggered a confidence crisis in the market without any signs of a breakthrough or turning point. On top of that, the wind power industry, which tended to offset business cycle risks in the past, also exhibited sluggish performance against the backdrop of the downgraded economic outlook. The macroeconomic environment which is characterized by mounting inflation pressures and high interest rates in the European and North American markets has resulted in setbacks in the development of numerous wind farms in this area and progress falling short of expectations. Wind turbine manufacturers in these regions are therefore facing the conundrum of poor revenue performance and huge deficits. In addition, the order volume of the supply chain has fallen short of projected targets. The slow progress in wind power installations in China has hindered the release of production capacities, resulting in cutthroat price competition. Internal bidding has turned into an overriding theme of the industry, which has caused intense survival pressure for the supply chain.

Despite this harsh macroeconomic environment, Yeong Guan embraces the philosophy of viewing this crisis as an opportunity. Looking ahead to 2024, Yeong Guan's efforts will focus on the following three major goals: 1. Pursuit of constructive change and productivity and quality enhancements to boost profitability. 2. Adjustment of sales ratios (increased ratios of injection molding and industrial machinery and maintenance of the wind power order volume at around 50%) paired with accelerated order development in the European, North American, Indian, and Japanese markets. 3. Reinforced team building measures, enhanced professionalism of mid-level and top management, increased short-, medium-, and long-term benefits, and ongoing, steady progress on the path toward becoming a world-leading manufacturer and realizing the vision of industrial sustainability.

1. State of operations in 2023

- A. Business plan implementation results: The consolidated revenue of Yeong Guan Group amounted to NT\$ 8.671 billion in 2023, which represents an increase by 7.6% YoY. The shipping volume totaled 175,045 metric tons, which marks a decrease by 8.9% YoY. Gross and net profit margins reached 14.0% and -2.0% and 14.3% and 1% in 2023 and 2022, respectively. In 2023, consolidated net income/loss and EPS equaled NT\$ -276,341,000 and NT\$ -2.35, which constitutes an increase by NT\$ 168,034,000 and NT\$ 1.61 over the previous year.
- B. Budget execution: Not applicable since the Company did not make its financial forecasts for 2023 public.
- C. Analysis of financial revenues and expenditures and profitability: Please refer to the consolidated statement of comprehensive income.
- D. State of R&D: In 2023, the R&D budget accounted for 3.7% of the net operating revenue. The Group will persist in its efforts to research new manufacturing technologies and ameliorating existing ones with the ultimate goal of shortening R&D cycles for new products, lowering reject rates in the field of product development, and enhancing product development capabilities and technologies.

2. Business plan summary

Yeong Guan is a leading supplier of castings for wind turbine, injection molding machinery, and industrial machinery manufacturers all over the world. Its highly advanced process technologies, quality control procedures, and metallurgical engineering technologies with high technology content ensure superior product quality and stable supply, earning the Group the trust and respect of its customers. The Group's main competitive advantage lies in its production capacities characterized by economies of scale, its castings manufacturing technologies which are constantly refined, and its ability to integrate its production processes vertically and horizontally. These factors have solidified the leadership position of Yeong Guan in its industry.

Group development strategy

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

In 2024, a target of a shipping volume of 190,000 tons or more was set after comprehensive assessments and analysis based on key considerations such as global economic outlook, changes in the business environment, supply and demand conditions, industry competition, progress in business development through acquisition of new and retention of existing customers, and autonomous production capacities. Against the backdrop of an increase in demand caused by the wind power localization policy adopted by the Taiwanese government, the new Taichung plant of Yeong Guan KY started to supply large castings for domestically produced offshore wind turbines in 2023. Yeong Guan is currently the only company in Taiwan that is capable of manufacturing such castings. This new demand is expected to act as a driving force for enhanced productivity and revenue performance of Yeong Guan-KY. In addition,

construction of the new manufacturing base in Thailand was initiated according to plan in August 2022 to facilitate the expansion into new markets and gain a firm grasp of the investment promotion policy recently rolled out by the Thai government. This project is scheduled to be completed by the end of 2024.

B. Medium-term goals (3~5 years)

With a view to maintaining effective and efficient operations of all manufacturing bases, the Group's strategies will place higher emphasis on the development of the Taichung Harbor Plant and the new manufacturing base in Thailand. The Group will enhance the production capacities and efficiency of its Taichung Plant and lower its production costs in sync with the gradually rising global demand for wind power with the ultimate goal of seizing opportunities generated by market demand to the maximum extent possible. Furthermore, the production capacity of the manufacturing base in Thailand will be expanded in line with market and customer demands. Due to the competitive advantages of emerging Southeast Asian countries including size of working-age populations, low wage levels, and superior geographic location, the strategic value of the manufacturing base in Thailand for the Group cannot be overstated. Moreover, a large number of customers attach increasing importance to supply chain risk management after experiencing first-hand the severe impacts of the Sino-US trade friction, the COVID-19 pandemic, and the Russia-Ukraine War. These customers intend to expand their supply chain layout to achieve the goals of short-chain supply and risk diversification. This represents an ideal opportunity for the Group to realize the goal of sustained, stable growth through the creation of distinct service zones all over the world.

C. Long-term goals (5~10 years)

With a view to sharpening the Group's competitive edge, fulfilling its corporate social responsibility, and realizing corporate sustainability, the following priorities have been identified:

i. ESG (Environmental, Social, and Governance dimensions)

The issue of socially responsible investments has garnered increasing attention in investment circles and has seen vigorous growth in recent years. Nowadays, investors base their investment decisions not solely on the financial status of companies (e.g., growth potential) but also extend their feelers into the ESG dimensions. In line with the Corporate Governance 3.0 – Sustainable Development Blueprint developed by the R.O.C. Financial Supervisory Commission, the Group actively promotes board diversity, strengthens the functions of the Board of Directors, and steps up risk management in the governance dimension. As for environmental issues, top emphasis is placed on the impact of GHG and carbon emissions on the environment. In addition to the disclosure of quantitative information in the fields of carbon emissions, water consumption, and waste generation, the Group is firmly committed to enhancing its resource usage efficiency. In the social dimension, the Group strives to reinforce disclosure of ESG-related information and aims to put corporate sustainability into practice through release of occupational safety and accident statistics, implementation of workplace diversity and gender equality, quantification of social issue contents,



- and proactive engagement in the protection of human rights and employee care.
- ii. Promotion of green production modes and innovation  
The Group will maintain its unwavering commitment to installation of noise, dust, atmosphere, and water treatment systems, adoption of digitized management for lighting, waste heat recovery, and electric furnaces, replacement and upgrades of green energy facilities, and ongoing implementation of green factory concepts to make strides towards the goal of energy conservation and carbon reduction and eco-friendly transformation.
  - iii. Promotion of lean manufacturing and management  
Lean manufacturing is founded on key considerations such as utilization of system and personnel structure, operation modes, and market supply and demand. It is a business philosophy that aims to eliminate unnecessary waste and enable manufacturing systems to rapidly adapt to ever-changing user demands and with the ultimate goal of optimizing the Group's production management modes.
  - iv. Implementation of talent cultivation and succession programs  
The Group has made a long-term commitment to organizing professional talent cultivation programs with a view to ensuring effective development of executives at all levels by equipping trainees with the ability to solve problems in a proactive manner. Training course and performance appraisal contents are designed in line with personal characteristics and work attributes to facilitate the building of a management and technical talent reservoir. The goal is to lay a more solid foundation for sustainable development of the Group.

Looking ahead, the Group will spare no effort to optimize its business model in close coordination with policy planning. The Group is steadfastly committed to gaining a clear understanding of customer demands and requirements, placing top emphasis on customer values, upgrading the management and production capabilities of organizational teams, and implementing ESG and corporate governance principles. Yeong Guan has adopted sustainability as its ultimate objective and is firmly devoted to fulfilling its CSR and creating maximum value for all stakeholders.

I'd like to conclude by expressing my sincere gratitude to all of you present for your valuable feedback and suggestions and look forward to your continued support and encouragement.

I wish you good health and success in all your endeavors!

Chairman:

dent:

Accountant in Charge:

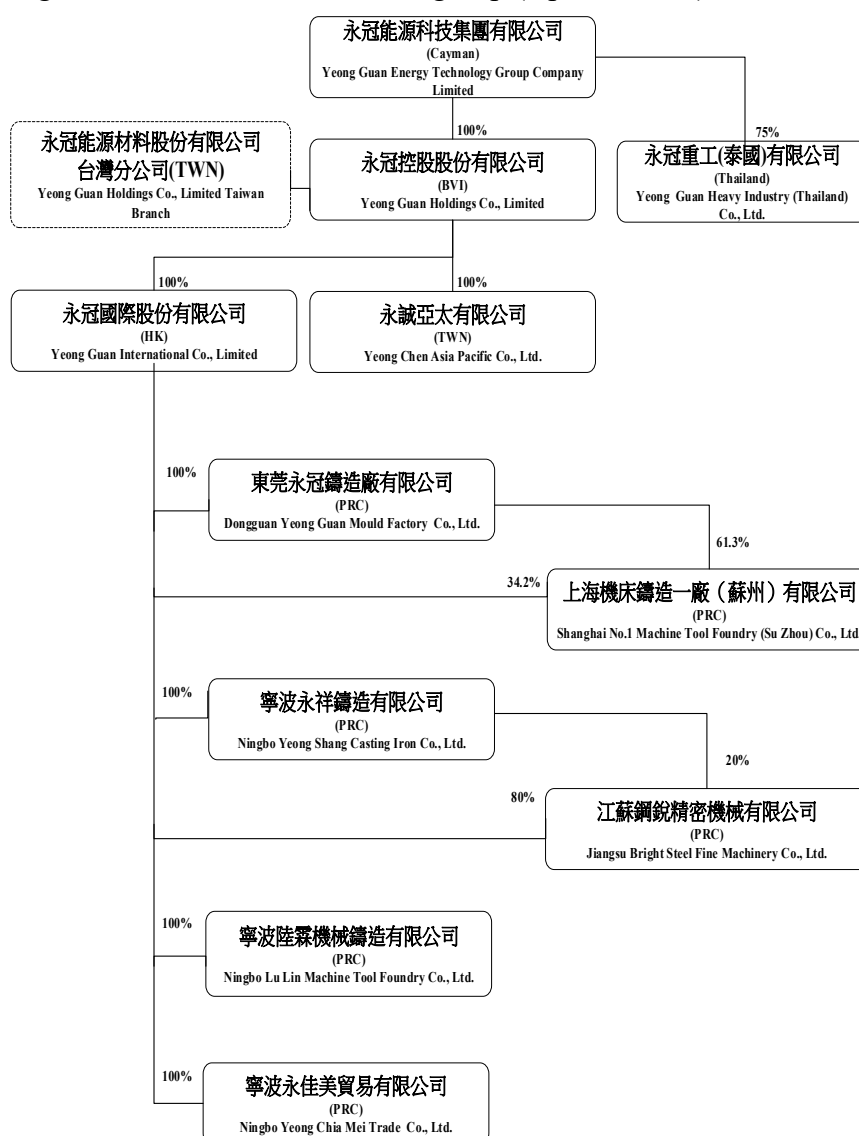
## II. Company Profile

### 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 (April 3, 2024)



## 2. Company history

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

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August 2011	Yeong Chen Asia Pacific Co., Ltd. acquires a portion of the assets and operating rights of Taiwan Yeong Guan Mould Factory Co, Ltd.
April 2012	First listing of stocks on TWSE
April 2012	Third cash capital increase by a total of NT\$ 471.177 million
September 2012	Capitalization of earnings (NT\$ 120 million)
November 2013	Merger of Shin Shang Trade Co., Ltd. (continues to exist) and Yeong Fa Trade Co., Ltd.
April 2014	Merger of Ningbo Yeong Shang Casting Iron Co., Ltd. (continues to exist) and Ningbo Yeong He Xing Machinery Industry Co., Ltd.
June 2014	First issuance of convertible corporate bonds in the Republic of China (a total of NT\$ 1.5 billion raised)
July 2014	Investment in Yeong Guan Heavy Industry (Thailand) Co., Ltd.
August 2014	Fourth cash capital increase by a total of NT\$ 472 million
September 2014	Ningbo Lu Lin Machine Tool Foundry Co., Ltd. (continues to exist) absorbs Ningbo Youtian Renewable Resources Co., Ltd.
December 2014	Yeong Guan Holdings Co., Ltd. establishes a branch in Taiwan named Yeong Guan Holdings Co., Limited Taiwan Branch
April 2015	Shin Shang Trade Co., Ltd. establishes a branch in Taiwan named Shin Shang Trade Co., Ltd. Taiwan Branch
July 2015	Yeong Guan Holdings Co., Limited Taiwan Branch signs lease for land in the Taichung Harbor area
August 2015	Second issuance of convertible corporate bonds in the Republic of China (a total of NT\$ 2.5 billion raised)
October 2015	Fifth cash capital increase by a total of NT\$ 840 million
January 2016	Investment in Shanghai No. Machine Tool Foundry (Su Zhou) Co., Ltd. Investment in New Power Team Technology Co., Ltd.
May 2016	New Power Team Technology Co., Ltd. Investment in Lizhan Limited Yeong Chen Asia Pacific Co., Ltd. establishes a branch in Taichung
July 2016	Lizhan Limited invests in Ningbo New Power Team Technology Co., Ltd.
December 2016	Yeong Guan Holding Co., Limited Taiwan Branch completes contract exchange for land lease in the Taichung Harbo area
September 2017	Sale of the equity stake in Shanghai No. 1 Machine Tool & Marketing Company
January 2018	Repurchase of 7,200,000 treasury shares by board resolution

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March 2018	Writing-off of first repurchase of 7,200,000 treasury shares
April 2018	Writing-off of New Power Team Technology Co., Ltd.
June 2018	Writing-off of LIZHAN LIMITED
December 2018	Repurchase of 6,000,000 treasury shares by board resolution
January 2019	Sale of the equity stake in New Power Team Technology Co., Ltd.
March 2019	Writing-off of second repurchase of 6,000,000 treasury shares
June 2019	Maturity payment for the first unsecured convertible bond in the Republic of China and termination of being listed in Over-The-Counter market
December 2019	Establishment of Jiangsu Yeong Ming Heavy Industry Co., Ltd.
March 2020	Change of utilization plan for capital raised from the second unsecured convertible bond in the Republic of China
August 2020	Maturity payment for the second unsecured convertible bond in the Republic of China and termination of being listed in Over-The-Counter market
September 2020	Third issuance of convertible corporate bonds in the Republic of China (a total of NT\$ 1,553,389,000 thousands raised)
October 2020	Sixth cash capital increase by a total of NT\$ 500,000 thousands
March 2021	Writing-off of Qing Dao Rui Yao Building Material Co., Ltd.
March 2021	Merger of Yeong Guan Holdings Co., Limited (continues to exist) and Shin Shang Trade Co., Ltd.
April 2021	Writing-off of Yeong Chen Asia Pacific Co., Ltd. Taichung Branch
November 2021	Change of utilization plan for capital raised from the second unsecured convertible bond in the Republic of China
January 2023	Cash capital increase THB150,000 thousands of Yeong Guan Heavy Industry (Thailand) Co., Ltd.
February 2023	Fourth issuance of convertible corporate bonds in the Republic of China (a total of NT\$ 1,563,501 thousands raised)
January 2024	Capital increase of THB\$ 75 million for Yeong Guan Heavy Industry (Thailand) Co., Ltd.

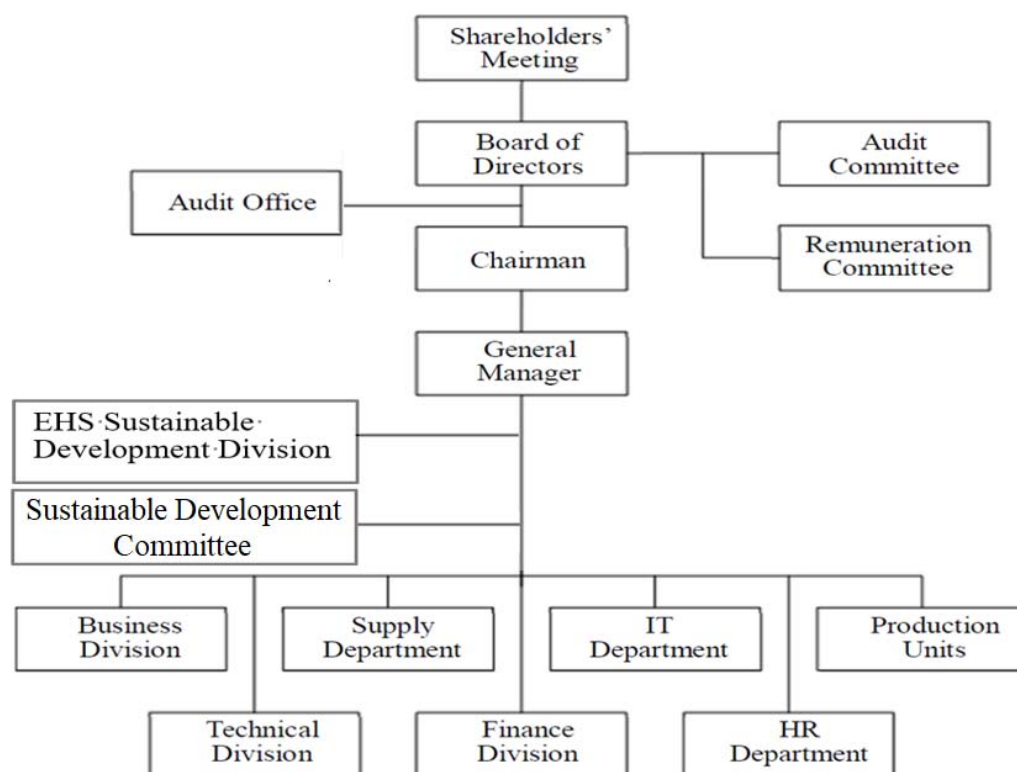
### **3. Risk:**

Please refer to VII.6 “Risk Analysis and Assessment”

### III. Corporate Governance Report

#### 1. Organization

##### (a) Group Organization Chart



##### (b) Major Corporate Functions

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

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

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

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

#### 1. Director data

April 2, 2024; Unit: Shares

Title	Name	Gender Age	Nationality or domicile	Date first elected	Election Date	Term	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Chairman	Chang, Hsien-Ming	Male Aged 61-70	ROC	2008.01.22	2022.06.17	3 years	11,093,540	9.39	11,093,540	9.39	3,120	0.00	1,492,000	1.26	Graduation from Dept. of Electronics, Xihu Vocational High School Chairman, and President of Yeong Guan Mould Factory Co., Ltd. Chairman, President and Sales Manager of Shin Shang Special Industry Co., Ltd.	Director, Yeong Guan Energy Holdings Co., Ltd. Director and President of Yeong Guan Energy International Co., Ltd. Supervisor of Taipin Corporation Ltd. Director, Yeong Guan Heavy Industry (Thailand) Co., Ltd.	-	-	-
Vice Chairman	Tsai, Shu-Ken	Male Aged 71-80	ROC	2009.05.29	2022.06.17	3 years	678,137	0.57	678,137	0.57	-	-	-	-	EMBA, National Taiwan University of Science and Technology Senior Engineer and Director, Metal Industries R&D Center President, Shieh Yih Machinery Industry Co., Ltd.	Spokesperson, Yeong Guan Energy Technology Group Company Limited. President, Nitinol Innovative Technology Co., Ltd.	-	-	-



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Title	Name	Gender Age	Nationality or domicile	Date first elected	Election Date	Term	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Director	Tsai, Chang-Hung	Male Aged 51-60	ROC	2019.06.20	2019.06.20	3 years	-	-	-	-	-	-	-	-	Department of Industrial Engineering and Management, Ching Yun Institute of technology	President of Eastern China, Yeong Guan Energy Technology Group Company Limited. Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Chairman, Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. Supervisor, Dongguan Yeong Guan Mould Factory Co., Ltd. Supervisor, Ningbo Yeong Shang Casting Iron Co., Ltd. Supervisor, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Supervisor, Ningbo Yeong Chia Mei Trade Co., Ltd.	-	-	-
Director	Li, Yi-Tsang	Male Aged 41-50	ROC	2019.06.20	2022.06.17	3 years	15,639	0.01	15,639	0.01	-	-	-	-	School of Business, University of British Columbia	Chief Strategy Officer of Yeong Guan Energy Technology Group Company Limited. Supervisor, Formosa 5 International Investment Co., Ltd.	-	-	-
Director	Chang, Chun-Chi	Male Age 41-50	ROC	2019.06.20	2022.06.17	3 years	469,022	0.40	242,022	0.20	-	-	-	-	Department of Public Finance and Taxation, Takming University of Science and Technology.		-	-	-
Independent director	Wu, Su-Chiu	Female Aged 61-70	ROC	2022.06.17	2022.06.17	3 years	-	-	-	-	-	-	-	-	Master of Finance, Syracuse University, New York, US Chief Strategy Officer of PJ Asset Management Co., Ltd	General Manager, JIAYUAN INVESTMENT CO., LTD			

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Title	Name	Gender Age	Nationality or domicile	Date first elected	Election Date	Term	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Number of shares	Shareholding ratio	Title
Independent director	Sun, Rui-Chien	Male Age 71-80	ROC	2022.06.17	2022.06.17	3 years	20,852	0.02	20,852	0.02	—	—	—	—	Mechanical Engineering Department, Chung Yuan Christian University Director & Executive Director, Taiwan Foundry Society General Manager, TAIWANABRATOR CO., LTD. General Manager, TAIWAN SINTONG MACHINERY CO., LTD. Director, SAN YANG METAL INDUSTRIAL CO., LTD.	—	—	—	—

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Title	Name	Gender Age	Nationality or domicile	Date first elected	Election Date	Term	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Independent director	Wei, Chia-Min	Male Aged 61-70	ROC	2013.06.17	2022.06.17	3 years	—	—	—	—	—	—	—	—	PhD, Graduate Institute of Resource Engineering, National Cheng Kung University Deputy CEO, Metal Industries R&D Center Managing Director, Taiwan Wind Industry Association Managing Supervisor, Taiwan Wind Industry Association Director, SAE International Taipei Section Chairman, Taiwan Foundry Society Committee member, Taiwan Steel & Iron Industries Association. Director, Taiwan Wind Energy Association	Independent director, CVC Technologies Inc. Director, PRESIDENT CO., LTD. Independent director, LAUNCH TECHNOLOGIES CO., LTD. Director, PRESIDENT CO., LTD.	—	—	—
Independent director	Chen, Tien-Wen	Male Aged 61-70	ROC	2019.06.20	2022.06.17	3 years	33,347	0.03	33,347	0.03	—	—	—	—	MBA Master, University of Southern California Founder and Chairman, Capital Securities Corp. Vice President, Merrill Lynch Manager, Chase Bank	Chairman of Chia Shih Construction Co., Ltd. Independent director, Taita Chemical Co., Ltd. Independent director, Taiwan Secom Co., Ltd.	—	—	—
Independent director	Chang, De-Wen	Male Aged 61-70	ROC	2021.07.30	2021.07.30	3 years	—	—	—	—	—	—	—	—	Dept. of Business Administration, National Taiwan University	President, You Shih CPA Firm	—	—	—

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Title	Name	Gender Age	Nationality or domicile	Date first elected	Election Date	Term	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at this or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Number of shares	Shareholding ratio	Title
Independent director	Chan, Wen-Yin	Male Aged 71-80	ROC	2022.06.17	2022.06.17	3 years	—	—	—	—	—	—	—	—	Institute of Electrical and Control Engineering, National Chiao Tung University Top-level Managers Managerment, Wharton School of the University of Pennsylvania Director, Microelectronics Technology, Inc. Vice President, ADVANIXS CORPORATION Vice President, CyberTAN Technology Inc. Vice President, Avago Technologies	Consultant, Chroma ATE Inc.	—	—	—

Noet: Where the chairman of the board of directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as adding more independent directors to the board and there shall be a majority of directors who do not serve concurrently as an employee or officer): NA

2: Supervisor: The Company installed an Audit Committee on March 19, 2013. However, no supervisor has been established accordingly.

3: Major shareholders for legal person shareholders: All directors of the Company are natural person and there is no juristic person director.

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

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

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

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Name \ Qualification	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
	Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.		
Director Wu, Su-Chiu	<u>Education</u> Master of Finance, Syracuse University, New York, US  <u>Experience</u> General Manager, JIAYUAN INVESTMENT CO., LTD. with years of experience in finance, banking and operation management.  Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.		0
Director Sun, Rui-Chien	<u>Education</u> Mechanical Engineering Department, Chung Yuan Christian University  <u>Experience</u> Previously Director & Executive Director, Taiwan Foundry Society; General Manager, TAIWANABRATOR CO., LTD.; General Manager, TAIWAN SINTONG MACHINERY CO., LTD.; Director, SAN YANG METAL INDUSTRIAL CO., LTD., with machinery industry expertise and years of industry operation and management experience.  Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.		
Independent Director	<u>Education</u>	1. The director himself or herself, his or	2

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



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Name \ Qualification	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
		<p>own the Company's shares either under his/her/their own name(s) or other's name.</p> <p>3. The director himself or herself does not assume posts of a director or an employee in a company having specific relationship with the Company.</p> <p>4. The director himself or herself did not offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years.</p>	
<p>Independent Director Chang, De-Wen</p>	<p><u>Education</u> Dept. of Business Administration, National Taiwan University</p> <p><u>Experience</u> President, You Shih CPA Firm, with CPA qualification and years of experience in accounting, finance and operation management.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>	<p>1. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not assume posts of director, supervisor or employee in the Company or its affiliated business.</p> <p>2. The director himself or herself holds 33,347 shares of the Company. his or her spouse or relatives within second degree of kinship does not or do not own the Company's shares either under his/her/their own name(s) or other's name.</p> <p>3. The director himself or herself does not assume posts of a director or an employee in a company having specific relationship with the Company.</p> <p>4. The director himself or herself did not</p>	<p>0</p>

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Name \ Qualification	Professional Qualification and Experience	Independence Status	Number of Publicly Listed Companies Where This Director Also Assumes Independent Director
		offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years.	
Independent Director Chan, Wen-Yin	<p><u>Education</u> Institute of Electrical and Control Engineering, National Chiao Tung University Top-level Managers Management Class, Wharton School of the University of Pennsylvania</p> <p><u>Experience</u> Previously Director, Microelectronics Technology, Inc.; Vice President, ADVANIXS CORPORATION; Vice President, CyberTAN Technology Inc.; Vice President; Vice President, Avago Technologies; Director of Taiwan Area, Agilent Technologies with years of experience in operation management.</p> <p>Qualification hereto complies with terms stipulated in respective clauses of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not assume posts of director, supervisor or employee in the Company or its affiliated business.</li> <li>2. The director himself or herself, his or her spouse or relatives within second degree of kinship does not or do not own the Company's shares either under his/her/their own name(s) or other's name.</li> <li>3. The director himself or herself does not assume posts of a director or an employee in a company having specific relationship with the Company.</li> <li>4. The director himself or herself did not offer services related to business, law, finance or accounting to the Company or its affiliated business within the last two years.</li> </ol>	0

#### 5. Diversity and Independence of the Board of Directors Meeting

- (1) We strongly advocate board diversity policies to enhance corporate governance and foster sound development of board composition and structure. We firmly believe that such diversity policies are highly conducive to elevating the overall performance of the Company. The election of board directors is based on meritocratic principles. All board members possess a wide range of complementary skills and

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abilities spanning various industries and fields. This includes board composition principles (e.g., age, gender, nationality, and culture), industrial expertise and competence (e.g., legal affairs, accounting, industry, finance, or technology), and operational judgment & business management, leadership & decision-making, and crisis management skills. With a view to strengthening board functions and realize the goal of ideal corporate governance, Article 20 of the Group’s Corporate Governance Best Practice Principles clearly stipulates that the board of directors shall possess the following abilities: 1. Operation Judgement; 2. Accounting and Financial Analysis; 3. Operation Management; 4. Crisis Management; 5. Industry Knowledge; 6. Perspective on International Market; 7. Leadership Capability; 8. Decision-Making Capability.

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

Job Title	Name	Basic composition					Core Capabilit							
		Gender	Nationality	Serves as the Company’s employee	Age	Independent Director’s Years of Service	Operation Judgement	Accounting and Financial Analysis	Operation Management	Crisis Management	Industry Knowledge	Perspective on International Market	Leadership Capability	Decision-Making Capability
Director	Chang, Hsien-Ming	Male	ROC	✓	61~70	-	✓	✓	✓	✓	✓	✓	✓	✓
Director	Tsai, Shu-Ken	Male	ROC	✓	71~80	-			✓	✓	✓	✓		
Director	Tsai, Chang-Hung	Male	ROC	✓	51~60	-	✓		✓	✓	✓		✓	✓
Director	Li, Yi-Tsang	Male	ROC	✓	41~50	-	✓	✓		✓	✓	✓		✓
Director	Chang, Chun-Chi	Male	ROC	✓	41~50	-		✓	✓	✓	✓		✓	✓
Director	Wu, Su-Chiu	Female	ROC		51~60	-		✓	✓	✓		✓	✓	✓
Director	Sun, Rui-Chien	Male	ROC		71~80	-	✓		✓	✓	✓	✓	✓	✓
Independent Director	Chang, De-Wen	Male	ROC		61~70	3		✓	✓	✓		✓	✓	✓
Independent	Wei,	Male	ROC		61~70	11			✓	✓	✓	✓	✓	✓

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Job Title	Name	Basic composition					Core Capabilit							
		Gender	Nationality	Serves as the Company's employee	Age	Independent Director's Years of Service	Operation Judgement	Accounting and Financial Analysis	Operation Management	Crisis Management	Industry Knowledge	Perspective on International Market	Leadership Capability	Decision-Making Capability
Director	Chia-Min													
Independent Director	Chen, Tien-Wen	Male	ROC		61~70	5		✓	✓	✓		✓	✓	✓
Independent Director	Chan, Wen-Yin	Male	ROC		71~80	2	✓		✓	✓		✓	✓	✓

(2) It has been determined through detailed analysis that all 11 members of the current-term board (including the four independent directors) possess the ability to lead and make operational judgments and policy decisions, the ability to conduct management administration and crisis management, an international market perspective, industrial experience and professional competence. In the future, this board diversity policy (including, but not limited to, basic requirements and values and standards in the two major dimensions of professional knowledge and skills) will be amended as deemed necessary in line with actual board operations, adopted business models, and development needs. The ultimate goal is to ensure that all board members have the knowledge, skills, and experience necessary to perform their duties.

All board directors are R.O.C. nationals. The four independent directors account for 36% of the board seats. As for the age distribution of the board, two directors each fall within the age group of 41-50 and 51-60, respectively, five directors are aged 61-70, and the remaining three directors fall within the highest age group (71-80). In addition to the aforementioned factors, we also emphasize gender equality in the field of board composition. The current-term board has one female member, accounting for 9% of all board seats. Since this percentage falls short of the goal of 1/3 of all board seats, we will persist in our efforts to raise the ratio of female to male board members. In addition, five board members concurrently serve as managerial officers of the company, which exceeds the target of no more than 1/3 of the board membership. We will therefore maintain our commitment to increasing the number of external directors.

(3) Board independence: We have appointed four independent directors, accounting for 36% of all board seats. During the selection process, the qualifications of all independent directors were reviewed, and a statement was issued to confirm that none of the conditions laid out in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act apply. No spousal or familial relationship within the second degree of kinship exists among the directors of Group.

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

April 2, 2024; Unit: Shares

Title	Nationality or Domicile	Name	Gender	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman & President, Yeong Chen Asia Pacific Co., Ltd. President, Yeong Guan Energy International Co., Ltd.	ROC	Chang, Hsien-Ming	Male	2008.01.22	11,093,540	9.39	3,120	0.00	1,492,000	1.26	Graduation from Xihu High School of Industry and Commerce, Electronics Department President, Yeong Guan Mould Factory Co., Ltd. Chairman, Shin Shang Special Industry Co., Ltd. President, Shin Shang Special Industry Co., Ltd. Sales Manager, Shin Shang Special Industry Co., Ltd.	Director, Yeong Guan Energy Holdings Co., Ltd. Director, Yeong Guan International Co., Ltd. President, Yeong Chen Asia Pacific Co., Ltd. Director, Yeong Guan Heavy Industry (Thailand) Co., Ltd. Supervisor of Taipin Corporation Ltd.	-	-	-	Note 1
Vice Chairman and Spokesperson	ROC	Tsai, Shu-Ken	Male	2010.01.29	678,137	0.57	-	-	-	-	EMBA, National Taiwan University of Science and Technology Senior Engineer and Director, Metal Industries R&D Center President, Shieh Yih Machinery Industry Co., Ltd.	President, Nitinol Innovative Technology Co., Ltd.	-	-	-	-
President	ROC	Hsu, Ching-Hsiung	Male	2022.05.16	-	-	-	-	-	-	Yu Da High School Of Commerce and Home Economics, Commercial Accounting Department Vice President, Chen Hsing Industrial Co., Ltd. President, Weimao Company	President of Southern China Area, Yeong Guan Energy Technology Group Company Limited Chairman, Dongguan Yeong Guan Mould Factory Co., Ltd. Chairman, Ningbo Yong Shang Casting Iron Co., Ltd. Chairman, Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	-	-	-	-

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Title	Nationality or Domicile	Name	Gender	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
												Director, Ningbo Yeong Chia Mei Trade Co., Ltd. Director, Chairman, Yeong Guan Heavy Industry (Thailand) Co., Ltd. Supervisor, Jiangsu Bright Steel Fine Machinery Co., Ltd. Supervisor, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd.				
Director and President of Eastern China Area	ROC	Tsai, Chang-Hung	Male	2019.06.20	-	-	-	-	-	-	Department of Industrial Engineering and Management, Ching Yun Institute of technology	Chairman, Jiangsu Bright Steel Fine Machinery Co., Ltd. Chairman, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd. Chairman and President, Jiangsu Yeong Ming Heavy Industry Co., Ltd. Supervisor, Dongguan Yeong Guan Mould Factory Co., Ltd. Supervisor, Ningbo Yeong Shang Casting Iron Co., Ltd. Supervisor, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Supervisor, Ningbo Yeong Chia Mei Trade Co., Ltd.	-	-	-	-
Executive Vice President	PRC	Fang, Cheng-Chiang	Male	2019.07.02	-	-	-	-	-	-	Business Administration, Southwest University of Science and Technology Mechatronic Engineering of	Director, Dongguan Yeong Guan Mould Factory Co., Ltd. Director, Ningbo	-	-	-	-

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Title	Nationality or Domicile	Name	Gender	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
											Jilin University	Yeong Shang Casting Iron Co., Ltd. Director, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. Director, Jiangsu Bright Steel Fine Machinery Co., Ltd. Director, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd. Director, Jiuquan Yizhong Wind Power Group Co., Ltd.				
Executive Vice President	PRC	Liang, Li-Sheng	Male	2019.07.02	-	-	-	-	-	-	Mechatronics, North China University of Water Resources and Electric Power	President, Jiangsu Bright Steel Fine Machinery Co., Ltd.	-	-	-	-
Director and Vice Presiden	ROC	Li, Yi-Tsang	Male	2019.07.02	15,639	0.01	-	-	-	-	School of Business, University of British Columbia Department of Administration, Okanagan College, Canada Assisant Manager, Operation Department, Jiangsu Bright Steel Fine Machinery Co., Ltd.	Supervisor, Formosa 5 International Investment Co., Ltd.	-	-	-	-
Vice President	ROC	Liu, Han-Pang	Male	2019.07.02	-	-	-	-	-	-	Master of International Marketing, Bournemouth University	President, Sales Division of Yeong Guan Energy Technology Group Company Limited	-	-	-	-
Vice President	ROC	Huang, Ching-Chung	Male	2010.12.01	-	-	-	-	-	-	Mechanical Engineering Department, Chien Hsin Junior College of Technology Lio Ho Machine Works Ltd.		-	-	-	-
Vice President	ROC	Chang, Chun-Chi	Male	2020.07.01	242,022	0.20	-	-	-	-	Department of Public Finance and Taxation, Takming University of Science and Technology		-	-	-	-

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Title	Nationality or Domicile	Name	Gender	Appointment date	Current shareholding		Shareholding of spouse or minor children		Shareholding by Nominee Arrangement		Professional background (Education)	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
President, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd.	ROC	Chang, Tsan-Yu	Male	2023.07.01	-	-	-	-	-	-	Vice President, Jiangsu Bright Steel Fine Machinery Co., Ltd. Innolux Corporation Chi Mei Optoelectronics Corporation Department of Electronic Engineering, Feng Chia University	NA	-	-	-	-
Chief Governance Officer	ROC	Chiang, Shu-Kan	Female	2019.08.08	-	-	-	-	-	-	Department of Economics, Chung Cheng University Certified Public Accountant Certified Securities Certified Internal Auditor Project Manager, Department of Securities Underwriting, Capital Securities Corporation	AVP of the Office of the Chairman, Yeong Guan Energy Technology Group Company Limited	-	-	-	-
Head of Finance and Accounting	ROC	Tsai, Ching-Wu	Male	2021.02.17	-	-	-	-	-	-	Department of Accounting, National Chengchi University Financial Manager, Zhenxin Company Ernst & Young	Officer of Finance Division, Yeong Guan Energy Technology Group Company Limited Supervisor, Dongguan Yeong Guan Mould Factory Co., Ltd. Supervisor, Ningbo Yeong Shang Casting Iron Co., Ltd. Supervisor, Jiangsu Bright Steel Fine Machinery Co., Ltd. Supervisor, Shanghai No. 1 Machine Tool Foundry (Su Zhou) Co., Ltd.	-	-	-	Note 1

Note 1: In accordance with management needs, Mr. Chang, Tsan-Yu took over as General Manager of Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. on July 1, 2023; Chairman Chang, Hsien-Ming assumed the position of General Manager of Yeong Guan Holdings Co., Limited (Taiwan Branch) on July 10, 2023.



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

1. Remuneration of Directors (incl. Independent Directors)

Unit: 1000 NTD

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to the net profit after tax (%)				Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to the net profit after tax, (%)				Compensation paid to directors from an invested company other than the company's subsidiary
		Base compensation (A)		Severance pay and retirement pension (B)		Remuneration from distribution of profits (C)		Expenses for execution of business (D)		Total compensation of the company	The proportion of the compensation of the Company against the net profit after tax	Total compensation of companies in the financial statements	The proportion of total compensation of companies in the financial statements against the net profit after tax	Salary, Bonuses, and Allowances (E)		Severance pay and retirement pension (F)		Profit Sharing- Employee Bonus (G)				Total compensation of the company	The proportion of the compensation of the Company against the net profit after tax	Total compensation of companies in the financial statements	The proportion of total compensation of companies in the financial statements against the net profit after tax	
		The company	Companies in the financial statements	The company	Companies in the financial statements	The company	Companies in the financial statements	The company	Companies in the financial statements					The company	Companies in the financial statements	The company	Companies in the financial statements	The company	Companies in the financial statements	Cash bonus	Stock bonus					
Chairman	Chang, Hsien-Ming	360	360	-	-	-	-	8	8	368	-0.14%	368	-0.14%	1,208	3,278	-	-	-	-	-	-	1,576	-0.58%	3,646	-1.35%	1,576
Vice Chairman	Tsai, Shu-Ken	360	360	-	-	-	-	8	8	368	-0.14%	368	-0.14%	1,800	5,208	-	-	-	-	-	-	2,168	-0.80%	5,576	-2.07%	2,168
Director	Tsai, Chang-Hung	360	360	-	-	-	-	8	8	368	-0.14%	368	-0.14%	2,240	5,768	-	-	-	-	-	-	2,608	-0.97%	6,136	-2.27%	2,608
Director	Li, Yi-Tsang	360	360	-	-	-	-	8	8	368	-0.14%	368	-0.14%	912	2,736	-	-	-	-	-	-	1,280	-0.47%	3,104	-1.15%	1,280
Director	Chang, Chun-Chi	360	360	-	-	-	-	8	8	368	-0.14%	368	-0.14%	-	3,084	-	-	-	-	-	-	368	-0.14%	3,452	-1.28%	368

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Director	Su, Su-Chiu	360	360	-	-	-	-	8	8	368	-0.14%	368	-0.14%	-	-	-	-	-	-	-	-	368	-0.14%	368	-0.14%	368
Director	Sun, Rui-Chien	360	360	-	-	-	-	8	8	368	-0.14%	368	-0.14%	-	-	-	-	-	-	-	-	368	-0.14%	368	-0.14%	368
Independent Director	Wei, Chia-Min	799	799	-	-	-	-	12	12	811	-0.30%	811	-0.30%	-	-	-	-	-	-	-	-	811	-0.30%	811	-0.30%	811
Independent Director	Chen, Tien-Wen	799	799	-	-	-	-	12	12	811	-0.30%	811	-0.30%	-	-	-	-	-	-	-	-	811	-0.30%	811	-0.30%	811
Independent Director	Chang, De-Wen	799	799	-	-	-	-	12	12	811	-0.30%	811	-0.30%	-	-	-	-	-	-	-	-	811	-0.30%	811	-0.30%	811
Independent Director	Chan, Wen-Yin	799	799	-	-	-	-	12	12	811	-0.30%	811	-0.30%	-	-	-	-	-	-	-	-	811	-0.30%	811	-0.30%	811

1. Please describe compensation policy, system, standards and structure for independent director as well as relevance between amount of compensation paid and factors of assumed obligations, risks and amount of time spent: The Company takes references from the industry in establishing standards for fixed amount allowances such as travelling allowance or attendance allowance for directors. However, no variable compensations are paid to directors. There is no connection between a director's compensation payment and performance.
2. In addition to aforementioned disclosure, compensation paid to directors for services provided to all companies (such as being a consultant instead of an employee for parent company/all companies in financial statement/invested businesses) in financial statement during the latest year: none.

Note: Net profit (loss) after tax refers to the amount listed in the 2023 Consolidated Financial Statement prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the Republic of China.

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

### Range of Remunerations

Range of remunerations paid to directors of the company	Names of directors			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Below NT\$ 1,000,000	Wei, Chia-Min; Chen, Tien-Wen; Chang, De-Wen; Chan, Wen-Yin; Chang, Hsien-Ming; Tsai, Shu-Ken; Tsai, Chang-Hung; Li, Yi-Tsang; Chang, Chun-Chi; Wu, Su-Chiu; Sun, Rui-Chien	Wei, Chia-Min; Chen, Tien-Wen; Chang, De-Wen; Chan, Wen-Yin; Chang, Hsien-Ming; Tsai, Shu-Ken; Tsai, Chang-Hung; Li, Yi-Tsang; Chang, Chun-Chi; Wu, Su-Chiu; Sun, Rui-Chien	Wei, Chia-Min; Chen, Tien-Wen; Chang, De-Wen; Chan, Wen-Yin; Chang, Chun-Chi; Wu, Su-Chiu; Sun, Jui-Chi	Wei, Chia-Min; Chen, Tien-Wen; Chang, De-Wen; Chan, Wen-Yin; Wu, Su-Chiu; Sun, Jui-Ch
NT\$ 1,000,000 or more but less than NT\$ 2,000,000	—	—	Chang, Hsien-Ming; Li, Yi-Tsang	—
NT\$ 2,000,000 or more but less than NT\$ 3,500,000	—	—	Tsai, Shu-Ken; Tsai, Chang-Hung;	Li, Yi-Tsang; Chang, Chun-Chi;
NT\$ 3,500,000 or more but less than NT\$ 5,000,000	—	—	—	Chang, Hsien-Ming
NT\$ 5,000,000 or more but less than NT\$ 10,000,000	—	—	—	Tsai, Shu-Ken; Tsai, Chang-Hung;
NT\$ 10,000,000 or more but less than NT\$ 15,000,000	—	—	—	—
NT\$ 15,000,000 or more but less than NT\$ 30,000,000	—	—	—	—
NT\$ 30,000,000 or more but less than NT\$ 50,000,000	—	—	—	—
NT\$ 50,000,000 or more but less than NT\$ 100,000,000	—	—	—	—
NT\$ 100,000,000 or more but less than NT\$ 100,000,000	—	—	—	—
Over NT\$ 100,000,000	—	—	—	—
Total	11 persons	11 persons	11 persons	11 persons

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

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

### 3. Remuneration of Presidents and Vice Presidents

Unit: 1000 NTD; %

Title	Name	Base compensation (A)		Severance pay and retirement pension (B)		Bonuses and allowances (C)		Profit Sharing-Employee Bonus (D)				Ratio of total remuneration (A+B+C+D) to the net profit after tax (%)		Number of received Employee Stock Option Certificates		Number of acquired shares through Employee Stock Option		Number of acquired shares through Restricted Stock Awards		Compensation paid to presidents/vice presidents from an invested company other than the company's subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Total compensation of the company	The proportion of the compensation of the Company against the net profit after tax	Total compensation of companies in the financial statements	The proportion of total compensation of companies in the financial statements against the net profit after tax	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements			
								Cash Bonu	Stock Bonu									Cash Bonu	Stock Bonu	
Director and President of Eastern China Area	Tsai, Chang-Hung	-	1,920	-	-	2,240	3,848	-	-	-	-	2,240	-0.83%	5,768	-2.14%	-	-	-	-	2,608
President	Hsu, Ching-Hsiung	-	1,920	-	-	2,240	3,848	-	-	-	-	2,240	-0.83%	5,768	-2.14%	-	-	-	-	2,240
Vice Chairman and Spokesperson	Tsai, Shu-Ken	-	1,800	-	-	1,800	3,408	-	-	-	-	1,800	-0.67%	5,208	-1.93%	-	-	-	-	2,168
President of Ningbo Yeong Shang Casting Iron Co., Ltd.	Huang, Ching-Chung	-	1,440	-	-	720	1,913	-	-	-	-	720	-0.27%	3,353	-1.24%	-	-	-	-	720
President, Sales Division of Yeong Guan Energy Technology Group Company Limited	Liu, Han-Pang	-	1,440	-	-	720	1,913	-	-	-	-	720	-0.27%	3,353	-1.24%	-	-	-	-	720
Chairman & President, Yeong Chen Asia Pacific Co., Ltd. President, Yeong Guan Energy International Co., Ltd.	Chang, Hsien-Ming	-	11,249	-	-	4,474	8,078	-	-	-	-	4,474	-1.66%	19,327	-7.16%	-	-	-	-	5,578

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Director and Chief Strategy Officer	Li, Yi-Tsang																			
President, Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	Chang, Chun-Chi																			
President, Yeong Guan Holdings Co., Limited Taiwan Branch																				
Executive Vice President	Liang, Li-Sheng																			
Executive Vice President	Fang, Cheng-Chiang																			
Head of Finance and Accounting (Chief Financial Officer)	Tsai, Ching-Wu																			
President, Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	Chang, Tsan-Yu																			
Chief Governance Officer	Chinag, Su-Kan																			

Note 1: In accordance with management needs, Mr. Chang, Tsan-Yu took over as General Manager of Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. on July 1, 2023; Chairman Chang, Hsien-Ming assumed the position of General Manager of Yeong Guan Holdings Co., Limited (Taiwan Branch) on July 10, 2023.

Note 2: Net profit (loss) after tax refers to the amount listed in the 2023 Consolidated Financial Statement prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the Republic of China.

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

### Range of Remunerations

Range of remunerations paid to presidents and vice presidents of the company	Names of presidents and vice presidents	
	The company	Parent company/all invested businesses
Below NT\$ 1,000,000	Liang, Li-Shang; Fang, Cheng-Chiang; Huang, Ching-Chung; Liu, Han-Pang; Li, Yi-Tsang; Chang, Chun-Chi Chiang, Su-Kan Chang, Tsan-Yu	—
NT\$ 1,000,000 or more but less than NT\$ 2,000,000	Chang, Hsien-Ming; Tsai, Su-Ken; Tsai, Ching-Wu	Chang, Chun-Chi; Chiang, Su-Kan; Chang, Tsan-Yu
NT\$ 2,000,000 or more but less than NT\$ 3,500,000	Tsai, Chang-Hung Hsu, Ching-Hsiung	Chang, Hsien-Ming; Liang, Li-Shang; Fang, Cheng-Chiang; Huang, Ching-Chung; Liu, Han-Pang; Li, Yi-Tsang; Tsai, Ching-Wu
NT\$ 3,500,000 or more but less than NT\$ 5,000,000	—	—
NT\$ 5,000,000 or more but less than NT\$ 10,000,000	—	Tsai, Chang-Hung; Hsu, Ching-Hsiung; Tsai, Su-Ken;
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	13 persons	13 persons

Note 1: In accordance with management needs, Mr. Chang, Tsan-Yu took over as General Manager of Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. on July 1, 2023; Chairman Chang, Hsien-Ming assumed the position of General Manager of Yeong Guan Holdings Co., Limited (Taiwan Branch) on July 10, 2023.

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

4. Managerial officers with the top five highest remuneration amounts

Unit: 1000 NTD; %

Title	Name	Base compensation (A)		Severance pay and retirement pension (B)		Bonuses and allowances (C)		Profit Sharing-Employee Bonus (D)				Ratio of total remuneration (A+B+C+D) to the net profit after tax (%)		Number of received Employee Stock Option Certificates		Compensation paid to presidents/ vice presidents from an invested company other than the company's subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		Total compensation of the company	The proportion of the compensation of the Company against the net profit after tax	Total compensation of companies in the financial statements	The proportion of total compensation of companies in the financial statements against the net profit after tax	
								Cash Bonuses	Stock Bonuses	Cash Bonuses	Stock Bonuses					
Director and President of Eastern China Area	Tsai, Chang-Hung	-	1,920	-	-	2,240	3,848	-	-	-	-	2,240	-0.83%	5,768	-2.14%	2,608
President	Hsu, Ching-Hsiung	-	1,920	-	-	2,240	3,848	-	-	-	-	2,240	-0.83%	5,768	-2.14%	2,240
Vice Chairman and Spokesperson	Tsai, Shu-Ken	-	1,800	-	-	1,800	3,408	-	-	-	-	1,800	-0.67%	5,208	-1.93%	2,168
President of Ningbo Yeong Shang Casting Iron Co., Ltd.	Huang, Ching-Chung	-	1,440	-	-	720	1,913	-	-	-	-	720	-0.27%	3,353	-1.24%	720
President, Sales Division of Yeong Guan Energy Technology Group Company Limited	Liu, Han-Pang	-	1,440	-	-	720	1,913	-	-	-	-	720	-0.27%	3,353	-1.24%	720

Note 1: Net profit (loss) after tax refers to the amount listed in the 2023 Consolidated Financial Statement prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the Republic of China.

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

5. Managers and their allotted employee bonuses:

Unit: 1,000 NTD; December 31, 2023

	Title	Name	Stock bonus	Cash Bonus	Total	Ratio of total amount to net profit after tax (%)
Managers	Chairman and Vice President	Chang, Hsien-Ming	-	-	-	0%
	Vice Chairman and Spokesperson	Tsai, Shu-Ken				
	President	Huang, Ching-Chung				
	Executive Vice President	Fang, Cheng-Chiang				
	Executive Vice President	Liang, Li-Sheng				
	Director & Chairman of the Board, East	Tsai, Chang-Hung				
	Director and Chief Strategy Officer	Li, Yi-Tsang				
	President, Sales Division	Liu, Han-Pang				
	President of Ningbo Yeong Shang Casting Iron Co., Ltd.	Huang, Ching-Chung				
	Head of Finance and Accounting (Chief Financial)	Tsai, Ching-Wu				
	Chief Governance Officer	Chinag, Su-Kan				
	President, Shanghai No. 1 Machine Tool Foundry (Su Zhou)	Chang, Tsan-Yu				

Note 1: In accordance with management needs, Mr. Chang, Tsan-Yu took over as General Manager of Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. on July 1, 2023; Chairman Chang, Hsien-Ming assumed the position of General Manager of Yeong Guan Holdings Co., Limited (Taiwan Branch) on July 10, 2023.



- (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	2022		2023	
	Amount	%	Amount	%
Director	34,611	-7.89%	25,895	-9.60%
Presidents and Vice Presidents	56,811	-12.97%	42,777	-15.86%
Consolidated net income	-438,462	100%	-269,740	100%

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

2. Remuneration policies, standards, and mixes, setting of relevant procedures, and correlation between business performance and future risks
  - (1) Directors and independent directors of the Company only receive regular compensation without any other payments except for director's receiving of attendance allowance for attending each Board of Directors Meeting.
  - (2) Compensations for General Manager and Vice President are established in accordance with job title, contribution to the Company, references of industry standards as well as the Company's human resource regulations. Manager compensation includes salary and bonus. Salary is based on items of industry reference, job title, job rank, education (experience), professional capability and responsibility. Bonus is based on considerations of manager's performance assessment items which include two major parts of financial indicators (such as company revenue, pre-tax net profit and after-tax net profit) and non-financial indicators.

### 3. Implementation of Corporate Governance

#### (1) Operations of the board of directors

A total of 4 board meetings (A) were convened in the most recent fiscal year (2023). Director attendance was follows:

Job Title	Name	Number of Actual Attendance (B)	Number of Commissioned Attendance(C)	Actual Attendance Rate (%) 【B/A】	Note
Chairman	Chang, Hsien-Ming	4	0	100.00%	
Director	Tsai, Shu-Ken	4	0	100.00%	
Director	Tsai, Chang-Hung	4	0	100.00%	
Director	Li, Yi-Tsang	4	0	100.00%	
Director	Chang, Chun-Chi	4	0	100.00%	
Director	Su, Su-Chiu	4	0	100.00%	
Director	Sun, Rui-Chien	4	0	100.00%	
Independent Director	Wei, Chia-Min	4	0	100.00%	
Independent Director	Chen, Tien-Wen	4	0	100.00%	
Independent Director	Chang, De-Wen	4	0	100.00%	
Independent Director	Chan, Wen-Yin	4	0	100.00%	

Other items to be recorded:

A. Where one of the following conditions occurs in the company's board operations, the date and term of the board meeting, proposal contents, all opinions of independent directors, and the handling of such opinions by the company shall be clearly specified:

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

Board meeting	Proposal contents that meet the criteria laid out in Article 14-3 of the Securities Exchange Act	Independent director opinions	Handling of independent director opinions	Resolution
March 16, 2023	<ol style="list-style-type: none"> <li>1. Approval of the 2022 Consolidated Financial Statement</li> <li>2. Deliberation of the adoption of Procedures Governing the Acquisition or Disposal of Assets</li> <li>3. Deliberation of CPA appointment and fees in 2023</li> <li>4. Deliberated reduction of the endorsement/guarantee amount for</li> </ol>	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair

	the Company's subsidiary Yeong Guan Holdings Co., Limited			
May 9, 2023	1. Approval of the Consolidated Financial Statement for the first quarter of 2023	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
August 17, 2023	1. Approval of the Consolidated Financial Statement for the second quarter of 2023 2. Planned provision of an endorsement/guarantee to the Company's subsidiary Yeong Guan Holdings Co., Limited	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
November 7, 2023	1. Approval of the Consolidated Financial Statement for the third quarter of 2023 2. Planned lending of funds to the Company's subsidiaries Yeong Guan Holdings Co., Limited (Taiwan Branch Organization) and Yeong Guan Holdings Co., Limited Taiwan Branch (B.V.I.) 3. Planned provision of an endorsement/guarantee to the Company's subsidiary Yeong Guan Holdings Co., Limited 4. Planned provision of an endorsement/guarantee to the Company's subsidiary Yeong Guan Holdings Co., Limited	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
March 12, 2024	1. Approval of the 2023 Consolidated Financial Statement 2. Deliberation of CPA replacement 3. Deliberation of CPA appointment and fees in 2024 4. Planned cash capital increase through issuance of new shares in 2024	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair

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

B. Where a director recuses himself/herself from the discussion and voting process for a proposal due to a conflict of interest, the name of the director, the proposal contents, the reasons for recusal, and his/her participation in the voting process shall be clearly specified:

1. On March 16, 2023, the board of directors deliberated the approval of the year-end bonus for managerial officers in 2022. In view of the fact that Chairman Chang, Hsien-Ming, Director Tsai, Shu-Ken, Director Tsai, Chang-Hung, Director Li, Yi- Tsang, and Director Chang, Chun-Chi hold concurrent appointments as managerial officers and are therefore interested parties in relation to this proposal, they did not participate in the discussion and voting process. The proposal was approved unanimously by the remaining directors in attendance on the same day following an inquiry by Independent Director Chang De-Wen, who served as acting chair.
2. On March 12, 2024, the board of directors deliberated the approval of the year-end bonus for managerial officers in 2023. In view of the fact that Chairman Chang, Hsien-Ming, Director Tsai, Shu-Ken, Director Tsai, Chang-Hung, and Director Li, Yi- Tsang hold concurrent appointments as managerial officers and are therefore interested parties in relation to this proposal, they did not participate in the discussion and voting process. The proposal was approved unanimously by the remaining directors in attendance on the same day following an inquiry by Independent Director Chang De-Wen, who served as acting chair.

C. TWSE/TPEX Listed Companies shall disclose evaluation periods and cycles and the scope, method, and contents of self (or peer) evaluations of their boards of directors. The implementation status of board evaluations is shown in the table below:

Cycle	Period	Scope	Method	Contents
Once a year	January 1, 2023 to December 31, 2023	Board of directors (functional committee) performance evaluation	Internal self-evaluation	Evaluations covered the following five items: 1. Level of participation in the operations of the Company 2. Improvement of the quality of the board decision- making process 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control system
Once a year	January 1, 2023 to December 31, 2023	Evaluation of the performance of individual board members	Internal self-evaluation	Evaluations covered the following six items: 1. Familiarity with the goals and missions of the company 2. Awareness of the duties of a director 3. Level of participation in the operations of the Company 4. Management of internal relationships and communication 5. The director's professionalism and continuing education

				6. Internal control
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D. Evaluation of goals associated with the strengthening of board functions in the current and most recent year (e.g., establishment of an audit committee, enhancement of information transparency) and their implementation status:

1. With a view to strengthening and optimizing board functions including its supervisory and management capabilities, the Company established an audit and remuneration committee on March 19, 2010, and October 14, 2011, respectively. These committees are composed of the independent directors of the Company.
2. In order to implement the spirit of corporate governance and effectively enhance information transparency, the Company fully discloses business and financial information in its annual reports, on its corporate website, and on the Market Observation Post System.

## (2) Operations of the Audit Committee

A total of 4 meetings (A) were convened in the most recent fiscal year (2023). Director attendance was follows:

Job Title	Name	Number of Actual Attendance (B)	Number of Commissioned Attendance(C)	Actual Attendance Rate (%) 【B/A】	Note
Independent Director	Wei, Chia-Min	4	0	100.00%	
Independent Director	Chen, Tien-Wen	4	0	100.00%	
Independent Director (Convener)	Chang, De-Wen	4	0	100.00%	
Independent Director	Chan, Wen-Yin	4	0	100.00%	

The Company's Audit Committee is composed of 4 independent directors. Audit Committee held 4 meetings in 2023. The main audited items included:

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

### ■ Review of Financial Statements

Board of Directors Meeting complied 2023 business report, financial statements and surplus earning distribution proposal. Deloitte Taiwan was commissioned to inspect financial statements and issued an inspection report accordingly. This Audit Committee also conducted audit on aforementioned business report, financial statement and surplus earning distribution proposal and therefore considered them as compliant with requirements.

### ■ Assessment of Internal Control System's Effectiveness

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

### ■ Commissioning of Certified Public Accountant

Audit Committee has been delegated with the responsibility to supervise CPA accounting firm's independence to ensure impartiality of financial statements. To ensure CPA accounting firm's independence, Audit Committee takes references from Article 47 of Certified Public Accountant Act and contents of "integrity, impartiality, objectiveness and independence" prescribed in No 10 of Norm for Certified Public Accountant's Professional Ethics in its establishing of Independence Assessment Form. With this, CPA's independence, professionalism and suitability will be assessed to verify items that if they and the Company are mutual stakeholders, if they have transactions with the Company or if they

and the Company have mutual financial benefit relationship. During reviews conducted by the Audit Committee meeting held on March 16, 2023 and Board of Directors Meeting dated March 16, 2023, it was verified that CPA Chen, Chih-Yuan and CPA Huang, Yao-Lin from Deloitte Taiwan had both met with independence assessment standards, and thus they were qualified for the posts of the Company's finance and tax CPA.

Other items to be documented:

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

Audit Committee	Compliance with contents of proposal prescribed in Article 14-5 of Securities and Exchange Act	Independent Director's Opinion	Company's Response to Independent Director's Opinion	Resolution Result
March 16, 2023	<ol style="list-style-type: none"> <li>1. Approval of the 2022 Consolidated Financial Statement</li> <li>2. Deliberation of the adoption of Procedures Governing the Acquisition or Disposal of Assets</li> <li>3. Deliberation of CPA appointment and fees in 2023</li> <li>4. Deliberated reduction of the endorsement/guarantee amount for the Company's subsidiary Yeong Guan Holdings Co., Limited</li> </ol>	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
May 9, 2023	<ol style="list-style-type: none"> <li>1. Approval of the Consolidated Financial Statement for the first quarter of 2023</li> </ol>	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
August 17, 2023	<ol style="list-style-type: none"> <li>1. Approval of the Consolidated Financial Statement for the second quarter of 2023</li> <li>2. Planned provision of an endorsement/guarantee to the Company's subsidiary Yeong Guan Holdings Co., Limited</li> </ol>	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair
November 7, 2023	<ol style="list-style-type: none"> <li>1. Approval of the Consolidated Financial Statement for the third quarter of 2023</li> <li>2. Planned lending of funds to the Company's subsidiaries Yeong Guan Holdings Co., Limited (Taiwan Branch Organization) and Yeong Guan Holdings Co., Limited Taiwan Branch (B.V.I.)</li> <li>3. Planned provision of an endorsement/guarantee to the</li> </ol>	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair

	Company's subsidiary Yeong Guan Holdings Co., Limited 4. Planned provision of an endorsement/guarantee to the Company's subsidiary Yeong Guan Holdings Co., Limited			
March 12, 2024	1. Approval of the 2023 Consolidated Financial Statement 2. Deliberation of CPA replacement 3. Deliberation of CPA appointment and fees in 2024 4. Planned cash capital increase through issuance of new shares in 2024	NA	NA	Approved unanimously by all attending directors following an inquiry by the chair

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

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

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

1. Each month, the Company's head of internal audit will deliver audit report, which is implemented in accordance with audit plan, to each commissioner of Audit Committee through mail for the purpose of communicating audit report result, and report contents of each quarter's audit report in Board of Directors Meetings held each quarter, and attend Board of Directors Meeting and each Audit Committee meeting. In the event of special circumstances, real-time reports will be provided to respective audit commissioners accordingly. There were occurrences of special incidents in 2022. The Company's Audit Committee maintains good communication with head of internal audit.
2. CPA will attend Audit Committee meeting depending on needs from contents of each meeting. In the event of special circumstances, reports will be made to Audit Committee commissioners in a timely manner. There were no special circumstances for 2023. The Company's Audit Committee maintains good communication with CPA.

Date of Audit Committee Meeting	Items for Communication with CPA	Communication Result
2023.03.16	CPA provided explanation on 2022 financial statements and audit focus on critical items, and discussed and communicated with attending personnel on questions raised.	No objection



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

Assessment items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
1. Has the company formulated and duly disclosed corporate governance best practice principles pursuant to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”	✓		The company formulated and duly disclosed corporate governance best practice principles pursuant to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. Corresponding norms and regulations are observed and implemented in accordance with the spirit of corporate governance. In the future, the company will continue to strengthen information transparency and board functionality through the amendment of relevant management regulations with the goal of promoting corporate governance.	No major deviations
2. Shareholding Structure & Shareholders’ Rights				
(1) Have internal operating procedures for the handling of shareholder suggestions, uncertainties, disputes, or grievances been formulated and implemented?	✓		(1) The company has formulated internal operating procedures. The spokesperson and deputy spokesperson are in charge of handling shareholder suggestions, uncertainties, disputes, or grievances in coordination with related units.	No major deviations
(2) Does the company possess a list of major shareholders that have actual control over the company and a list of ultimate controllers of these major shareholders?	✓	✓	(2) The company discloses shareholdings of insiders (directors, supervisors, managerial officers, and 10-percent shareholders) on a regular basis in accordance with the Article 25 of Securities and Exchange Act.	No major deviations
(3) Has the company established and implemented a risk management and firewall mechanism with its affiliates?	✓		(3) All affiliates are independently responsible for the management of their assets and finances in accordance with the internal control system of the company to ensure the implementation of the risk control and firewall mechanism	No major deviations
(4) Has the company formulated internal norms and regulations that prohibit insiders from using non-public information on the market to conduct security transactions?	✓		(4) The company has formulated internal norms and regulations that prohibit insiders from using non-public information on the market to conduct security transactions	No major deviations
3. Composition and Responsibilities of Board of Directors Meeting				
(1) In terms of its member composition, did the Board of Directors Meeting establish diversity policy, specific management objective and execute them truthfully without fail?	✓		(1) The Company’s current Board of Directors Meeting is composed of 11 directors which include 5 executive directors, 2 non-executive director and 4 independent directors. Diversified guidelines on the composition of members has already been established and therefore these directors come with expertise and backgrounds in industry, finance, accounting and management. (Please refer to P13 for details on director diversification.)	No major deviations

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Assessment items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
(2) In addition to the Company’s establishment of Salary and Compensation Committee and Audit Committee in accordance with laws, does the Company voluntarily establish other committees with various functions?		✓	(2) The Company hasn’t established other committees with various functions. Board of Directors Meeting will authorize installation of such committees if needed.	The Company hasn’t established other committees with various functions.
(3) Does the Company establish performance assessment guidelines and assessment measures for Board of Directors Meeting and conduct regular performance assessments each year? And if the Company submits performance assessment result to Board of Directors Meeting and uses such results for references on individual director’s salary and compensation as well subsequent nomination for next tenure?	✓		(3) The Company’s Board of Directors Meeting complies with related regulations such as Regulations Governing Procedure for Board of Directors Meeting of Public Companies, and established Assessment Guideline and Assessment Measures for Board of Directors Meeting’s performance on May 6, 2020 and later amended this guideline on May 6, 2021. Assessment result for 2023 has already been submitted to Board of Directors Meeting during Board of Directors Meeting held on March 12, 2024.	No major deviations
(4) Does the Company conduct regular assessment on CPA’s independence?	✓		(4) The Company’s Board of Directors Meeting conducts assessment over CPA’s independence at least once every year. In addition to obtaining independence statement issued by CPA, the Company also verifies that there is no financial interest or business relationship between CPA and the Company other than expenses incurred from financial statement certification and tax cases. Family members of CPA also comply with independence requirements. Consequently, Audit Committee meeting dated March 16, 2023 and Board of Directors Meeting dated March 16, 2023 reviewed and approved that CPA Chen, Chihi-Yuan and CPA Huang, Yao-Lin from Deloitte Taiwan had both met with independence assessment standards. (Please refer to Note 1 for details of assessment on CPA’s independence.)	No major deviations
4. Does a public company/OTC company assign competent and appropriate number of corporate governance personnel, and assign corporate governance head for responsibilities of corporate governance related matters (including but not limited to providing director, supervisor with information needed for business execution, assisting director and supervisor in regulation compliance, conducting related matters on Board of Directors Meeting and Shareholder’s Meeting in	✓		The Company’s Board of Directors Meeting passed a resolution on August 8, 2019 to designate Assistant Vice President Chiang, Shu-Kan as the Head of Corporate Governance to protect shareholders’ rights and enhance Board of Directors Meeting’s competence. Assistant Vice President Su-Gan Jiang has more than 3 years of experience in shareholders’ affair and supervisor duty for Board of Directors Meeting in a public company, and he is also a certified accountant for accounting practices. Currently, the Company has established 2 staffs for corporate governance. Main responsibilities for Head of Corporate Governance are, as required by laws	No major deviations

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Assessment items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”																		
	Y	N	Brief description																			
accordance with laws and regulations, or preparing meeting minutes for Board of Directors Meeting and Shareholder’s Meeting)?			<p>and regulations, to work on related matters of Board of Directors Meeting and Shareholder’s Meeting, prepare meeting minutes for Board of Directors Meeting and Shareholder’s Meeting, assist directors (including independent directors) to assume their posts and continue to learn, provide directors and supervisors with materials needed for their execution of business and assist directors (including independent directors) to comply with laws and regulations, and so on.</p> <p>■ Details of the Company corporate governance management’s advance learning in 2023 are as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Date of Learning</th> <th>Hours of Learning</th> <th>Organizer</th> <th>Course Title</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Chiang, Shu-Kan</td> <td>2023/07/26</td> <td>3.0</td> <td>Taiwan Corporate Governance Association</td> <td>Board of Directors Meeting Performance Assessment &amp; Practices Sharing Workshop</td> </tr> <tr> <td>2023/09/04</td> <td>6.0</td> <td>Financial Supervisory Commission</td> <td>The 14th Taipei Corporate Governance Forum</td> </tr> <tr> <td>2023/11/29</td> <td>3.0</td> <td>Securities &amp; Futures Institute</td> <td>2023 Insider Share Trading Regulation Compliance Promotion Workshop</td> </tr> </tbody> </table>	Name	Date of Learning	Hours of Learning	Organizer	Course Title	Chiang, Shu-Kan	2023/07/26	3.0	Taiwan Corporate Governance Association	Board of Directors Meeting Performance Assessment & Practices Sharing Workshop	2023/09/04	6.0	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	2023/11/29	3.0	Securities & Futures Institute	2023 Insider Share Trading Regulation Compliance Promotion Workshop	
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5. Has the company established communication channels with its stakeholders (include but not limited to shareholder, employers, customers and suppliers) and a special section for stakeholders on its website? Does the company deal with CSR issues of concern to stakeholders in an appropriate manner?	✓		<p>The company maintains open communication channels with banks it has dealings with as well as employees, consumers, and suppliers and respects and protects their lawful rights and interests.</p> <p>The company has established a spokesperson system and a Litigation/Non-Litigation Agent position and requires that company information is disclosed in an honest manner to provide stakeholders with highly</p>	No major deviations																		

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Assessment items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”												
	Y	N	Brief description													
			transparent financial and business information. It is also planned to set up a special section for stakeholders on the corporate website to enable the company to deal with CSR issues of concern to stakeholders in an appropriate manner													
6. Has the company commissioned a professional service agency to handle shareholders meeting affairs?	✓		The company has commissioned Capital Securities Corp., Registrar Agency Department to handle shareholders meeting affairs	No major deviations												
7. Information disclosure																
(1) Has the company established a corporate website to disclose information regarding the Company’s financials, business, and corporate governance status?	✓		(1) The company has set up a Chinese-language website and will continue to disclose relevant information. Finance, business, and corporate governance related information of the company can also be queried on the Market Observation Post System after the company goes public.	No major deviations												
(2) Has the company adopted other information disclosure methods (e.g., maintenance of an English-language website, appointment of dedicated personnel in charge of handling information collection and disclosure, implementation of a spokesperson system, webcasting of investor conferences)?	✓		(2) The company has already established a spokesperson and deputy spokesperson position as well as a Chinese-language website. Finance, business, and corporate governance related information have been made available and investor conference related announcements are handled in accordance with regulations prescribed by the Taiwan Stock Exchange.	No major deviations												
(3) Did the Company make public announcement and report its annual financial statements within two months after the end of fiscal year, and make an advance public announcement and report financial statements for Q1, Q2 and Q3 as well as operation status for respective months prior to deadlines required by laws?		✓	(3) The Company has already reported its annual financial statements before deadlines prescribed by laws, and has made public announcements and reports on Q1, Q2 and Q3 financial statements as well as operation status for respective months prior to deadlines prescribed by laws.	No major deviations												
8. Other important information to facilitate better understanding of the Company’s corporate governance practices (e.g., employee rights, employee care, investor relations, supplier relations, rights of stakeholders, advanced training of directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer relations policies, and purchase of liability insurance for directors and supervisors):	✓		(1) Director’s continued learning: The Company has already arranged learning courses for all directors. Details of continued learning for 2023 are as follows:  <table border="1" data-bbox="1025 1203 1756 1402"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Continuing education course date</th> <th>Courses</th> <th>Organizer</th> <th>Course title</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Title	Name	Continuing education course date	Courses	Organizer	Course title							No major deviations
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Assessment items	Implementation Status						Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”	
	Y	N	Brief description					
							International Situation, and Cross-Strait Relations	
			Indepen dent Director	Chang, De- Wen	Decem ber 14, 2023	3.0	Taiwan Corporate Governance Association	Analysis of Corporate Governance Trends and Responses from the Perspective of Sustainable Development Action Plans (Corporate Governance 4.0)
					Decem ber 14, 2023	3.0	Taiwan Corporate Governance Association	Related Party and Non-arm’s Length Transactions Illustrated by Practical Examples
			Indepen dent Director	Chan, Wen- Yin	Novem ber 16, 2023	3.0	Securities & Futures Institute	Transformation- Related Opportunities and Challenges of Taiwanese Enterprises in a Geopolitical Context – Exclusive Analysis of PMI/NMI

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Assessment items	Implementation Status					Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”			
	Y	N	Brief description						
					November 8, 2023	3.0	Securities & Futures Institute	Introduction to Management Rights Disputes and the Commercial Case Adjudication Act	
			Director	Chang, Hsien-Ming	December 14, 2023	3.0	Taiwan Corporate Governance Association	Related Party and Non-arm’s Length Transactions Illustrated by Practical Examples	
					December 14, 2023	3.0	Taiwan Corporate Governance Association	Analysis of Corporate Governance Trends and Responses from the Perspective of Sustainable Development Action Plans (Corporate Governance 4.0)	
			Director	Tsai, Shu-Ken	December 14, 2023	3.0	Taiwan Corporate Governance Association	Analysis of Corporate Governance Trends and Responses from the Perspective of Sustainable Development Action Plans	

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Assessment items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
				(Corporate Governance 4.0)
				December 14, 2023 3.0 Taiwan Corporate Governance Association Related Party and Non-arm’s Length Transactions Illustrated by Practical Examples
			Director Tsai, Chang-Hung	December 14, 2023 3.0 Taiwan Corporate Governance Association Related Party and Non-arm’s Length Transactions Illustrated by Practical Examples
				December 14, 2023 3.0 Taiwan Corporate Governance Association Analysis of Corporate Governance Trends and Responses from the Perspective of Sustainable Development Action Plans (Corporate Governance 4.0)
			Director Li, Yi-Tsang	December 14, 2023 3.0 Taiwan Corporate Governance Association Related Party and Non-arm’s Length Transactions Illustrated by Practical Examples



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	Y	N	Brief description				
				Sustainable Development Action Plans (Corporate Governance 4.0)			
			Director	Wu, Su-Chiu			
				December 14, 2023	3.0	Taiwan Corporate Governance Association	Analysis of Corporate Governance Trends and Responses from the Perspective of Sustainable Development Action Plans (Corporate Governance 4.0)
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			<p>(2) Recusal of directors from discussion and voting on motions that involve conflicts of interest: Restrictions and recusal of directors with regard to motions that involve conflicts of interest are clearly stated in the provisions prescribing methods of exercise of rights by shareholders in the articles of incorporation.</p> <p>(3) Purchase of liability insurance for directors and supervisors: The</p>															

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Assessment items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Y	N	Brief description	
			(4) company has purchased liability insurance for all directors Investor relations, supplier relations, rights of stakeholders: The company has established a spokesperson system to facilitate inquiries on business conditions and consultation with regard to right and interest related issues by investors, suppliers, and stakeholders. The company maintains positive communication channels with banks, suppliers, and stakeholders.	
<p>9. Please describe adopted improvements and planned measures for prioritized areas requiring improvement as identified in the most recent corporate governance evaluation carried out by the TWSE Corporate Governance Center. (not required for companies which have not been evaluated)</p> <p>(A) Implemented improvements: Preparation and upload of a sustainability report in Mandarin</p> <p>(B) Priority improvement items and measures: Preparation and upload of a sustainability report in English</p>				

Note 1: CPA independence assessment

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

(4) Operation of Remuneration Committee

1. Information for Members of Remuneration Committee

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

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

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

Note: The Company's Remuneration Committee is composed of all independent directors. Please refer to p.16 to p.23 of Annual Report for details of their professional qualification, experience and independence.

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2. Remuneration Committee Competencies

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

3. Operations of the remuneration committee

- (1) The Remuneration Committee of the company is comprised of four members
- (2) Term of office of the current committee:  
The term of office began on June 17, 2022 and will end on June 19, 2025 (on the same day as the 7th board of directors)



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A total of 2 committee meetings (A) were convened in the most recent fiscal year (2023). Member qualifications and attendance records are as follows:

Title	Name	Attendance in person (B)	By proxy (C)	Attendance rate (%) 【B/A】	Remarks
Independent director	Wei, Chia-Min	2	0	100%	
Independent director	Chen, Tien-Wen	2	0	100%	
Independent director (Convener)	Chang, De-Wen	2	0	100%	
Independent director	Chan, Wen-Yin	2	0	100%	

Date of Meeting	Contents of Proposals	Opinions from Remuneration Committee	Company's Response to Remuneration Committee's Opinion	Resolution Result
March 16, 2023	1. Approval of the year-end bonus for managerial officers in 2022 2. Deliberation of employee and director compensations in 2022 3. Approval of the fixed salary adjustment for managerial officers in 2023	None	Proposals were passed under all attending commissioners' unanimous approval.	Proposals were submitted to the Board of Directors Meeting and were passed under all attending directors' unanimous approval.
November 7, 2023	Approval of the fixed salary adjustment for managerial officers in 2023	None	Proposals were passed under all attending commissioners' unanimous approval.	Proposals were submitted to the Board of Directors Meeting and were passed under all attending directors' unanimous approval.
March 12, 2024	1. Approval of the year-end bonus for managerial officers in 2023 2. Deliberation of employee and director compensations in 2023	None	Proposals were passed under all attending commissioners' unanimous approval.	Proposals were submitted to the Board of Directors Meeting and were passed under all attending directors' unanimous approval.

Other items to be recorded:

1. If the board rejects or revises suggestions submitted by the remuneration committee, the date of the board meeting, the session, content of the motion, the board resolution, and the response by the company to opinions of the remuneration committee members should be specified (if remunerations and compensations approved by the board are higher than those suggested by the committee, the actual discrepancies and reasons should be stated clearly): None

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2. If objections or reservations to resolutions by committee members are recorded or declared in writing, the dates of committee meetings, sessions, contents of motions, the opinions of all committee members and responses to such opinions by the company should be specified: None

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

Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
1. Does the Company establish structures to promote sustainable development and establish full-time (part-time) unit responsible for promoting sustainable development? Does Board of Directors Meeting authorize and supervise senior management over management of these issues?	√		We have formulated Sustainable Development Best Practice Principles and set up an “Sustainable Development Committee” (Note 1) on June 10, 2022, to optimize the Board functions and strengthen our management mechanism. Numerous mid- and high-level executives with expertise in different fields jointly examine core operational capabilities, formulate sustainable development policies, systems, and related management approaches, propose and execute concrete implementation plans, and track implementation results on an ongoing basis. This committee reports the status of the Company’s operations, finances, corporate governance, and sustainability issues to the Board of Directors on a quarterly basis to provide board members with a clear understanding of achievements in these areas and offer timely recommendations.	No Material Difference
2. Has the Company conducted assessments over risks related to the Company operation’s environmental, social and corporate governance issues, and established related risk management policy or strategy accordingly?	√		We rely on systematic and standardized management approaches to identify, prevent, and control risks in an effective manner and thereby maintain regular operations and achieve corporate sustainability. Risks in the environmental, social, and corporate governance dimensions are assessed based on materiality principles. All involved departments engage in risk identification, measurement, coping, and monitoring in line with their duties and responsibilities. Relevant tasks are implemented and reviewed on	No Material Difference

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Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No		
			an annual basis subject to reporting to the related division for discussion. Potential risks impacting different departments in the four major categories of business, finance, operations, and environment are identified in risk management meetings. For a more detailed description of risk assessment policies, please refer to the upcoming 2023 Sustainability Report (expected to be released in the second quarter of 2024).	
<p>3. Environmental Issues</p> <p>(1) Has the Company established appropriate environment management systems in accordance with industry characteristics?</p>	√		<p>(1) The Company is always dedicated to environmental protection and energy saving, and fulfills its corporate responsibility on environmental protection as well as establishes pollution prevention equipment as required by laws and regulations. Respective subsidiaries of the Company have all passed ISO14001 certification and have fulfilled their environmental protection specifically in the fields of environmental management projects, pollution prevention and reduction of garbage hoping to make contributions to global environmental protection. In the meantime, management units of respective factories are responsible for establishing designated personnel on air pollution, waste water and wastes for the purpose of managing environmental protection related businesses and compliance with laws and regulations. ISO 14001</p>	No Material Difference

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Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences												
	Yes	No														
			<p>expirations for respective factories range from June 2024 to July 2026.</p> <table border="1"> <thead> <tr> <th>Name of Company</th> <th>ISO14001 Environment Certificate Expiration Dates</th> </tr> </thead> <tbody> <tr> <td>Jiangsu Bright Steel</td> <td>2023.06.23~2026.07.05</td> </tr> <tr> <td>Shanghai No.1 Machine Tool Foundry</td> <td>2022.09.27~2025.09.28</td> </tr> <tr> <td>Ningbo Yeong Shang</td> <td>2023.07.05~2026.07.16</td> </tr> <tr> <td>Dongguan Mould Factory</td> <td>2021.09.10~2024.09.10</td> </tr> <tr> <td>Ningbo Lu Lin</td> <td>2021.08.18~2024.06.16</td> </tr> </tbody> </table>	Name of Company	ISO14001 Environment Certificate Expiration Dates	Jiangsu Bright Steel	2023.06.23~2026.07.05	Shanghai No.1 Machine Tool Foundry	2022.09.27~2025.09.28	Ningbo Yeong Shang	2023.07.05~2026.07.16	Dongguan Mould Factory	2021.09.10~2024.09.10	Ningbo Lu Lin	2021.08.18~2024.06.16	
Name of Company	ISO14001 Environment Certificate Expiration Dates															
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Dongguan Mould Factory	2021.09.10~2024.09.10															
Ningbo Lu Lin	2021.08.18~2024.06.16															
(2) Is the Company dedicated to enhancing utilization efficiency for various resources, and utilizing recycled materials with low impact to environment?	√		(2) The Company established management system over energy utilization efficiency and utilization and passed ISO5001 energy management system. The Company is dedicated to utilization efficiency of various resources Raw material usage rates are currently being adjusted through process technology upgrades with the ultimate goal of reducing pig iron consumption and replacing this material with recycled steel as an alternative. In 2023, recycled steel was utilized as the main raw material for over 49% of the total output volume of about 170,000 tons. Tailings and foundry sand generated during production processes are recycled,	No Material Difference												

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Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No		
			recovered, and reused as raw materials. This has enabled us to achieve a recycling rate in excess of 98%. It is currently planned to deploy solar power installations as auxiliary manufacturing facilities and thereby increase the usage of clean energy.	
(3) Does the Company assess corporate's current and future potential risks and opportunities from climate change, and adopt measures responding to climate related issues?	√		(3) We conduct risk assessment with respect to internal and external plant environments and past accidents and disasters to identify potential risks and opportunities that impact the organization in five dimensions (assets, personnel, processes, stakeholders, and property). Risk analysis is carried out after identification of assumed disaster categories (storms, torrential rains, earthquakes, heat, and lightning strikes) and impacts. Contingency plans are formulated based on the results of this analysis to facilitate the confirmation, reporting, handling, and elimination of anomalies and initiation of rescue operations. In response to climate change, we have made a firm commitment to the adoption of management plans to achieve GHG mitigation, energy conservation & carbon reduction, decrease of water resource consumption and waste generation with the ultimate goal of minimizing climate change risks caused by GHG emissions and waste of water resources.	No Material Difference

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Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences												
	Yes	No														
(4) Has the Company calculated greenhouse gas emission amount, water utilization amount and total weight of wastes, and established policies for energy saving and carbon reduction, reduction in greenhouse emission and water utilization or management over other wastes?	√		<p>(4) The Company has always paid attention to energy saving and carbon reduction for the purpose of saving power consumption in offices and production units. In the event of hazardous wastes, local environmental protection departments where enterprises are located will be reported. Each year, corresponding goals for industrial water utilization and power consumption will be established, and monthly statistics are made accordingly in order to verify target fulfillment status and ensure gradual realization of energy saving and carbon reduction as well as reduction in greenhouse gas emission.</p> <table border="1"> <thead> <tr> <th>Type \ Year</th> <th>2022 (ton)</th> <th>2023 (ton)</th> </tr> </thead> <tbody> <tr> <td>Total greenhouse gas (GHG) emission</td> <td>134,297.97</td> <td>124327.68</td> </tr> <tr> <td>Water consumption</td> <td>318,277</td> <td>274,898</td> </tr> <tr> <td>Total waste</td> <td>37,587.47</td> <td>33,749.78</td> </tr> </tbody> </table> <p>◆ The data provided in the table has not been verified by a third-party certification body. All disclosed data has been derived through estimates conducted by subsidiaries in accordance with GHG inventory regulations at local operating sites. Jiangsu Bright Steel Fine Machinery Co., Ltd.</p>	Type \ Year	2022 (ton)	2023 (ton)	Total greenhouse gas (GHG) emission	134,297.97	124327.68	Water consumption	318,277	274,898	Total waste	37,587.47	33,749.78	<p>No Material Difference</p> <p>No Material Difference</p>
Type \ Year	2022 (ton)	2023 (ton)														
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Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences				
	Yes	No						
			<p>completed a GHG verification conducted by a third-party certification body (TÜV). 2022 GHG emission have been updated accordingly.</p> <p>Climate change coping and GHG management strategies:</p> <ol style="list-style-type: none"> <li>Active engagement in international, climate change-related advocacy initiatives such as EPD, CPD, and TCFD and inclusion of relevant priorities and evaluation criteria as key considerations for the formulation of environmental and GHG policies to ensure that such policies are in sync with mainstream views and requirements on the international stage</li> <li>Equipment improvements and selection of high-efficiency motors to optimize process energy consumption and adoption of ISO 50001 Energy Management System</li> </ol> <p>ISO 50001 expirations for respective factories range from May 2025 to December 2026.</p> <table border="1"> <thead> <tr> <th>Name of Company</th> <th>ISO 50001 Environment Certificate Expiration Dates</th> </tr> </thead> <tbody> <tr> <td>Jiangsu Bright Steel</td> <td>2022.05.27~2025.05.26</td> </tr> </tbody> </table>	Name of Company	ISO 50001 Environment Certificate Expiration Dates	Jiangsu Bright Steel	2022.05.27~2025.05.26	
Name of Company	ISO 50001 Environment Certificate Expiration Dates							
Jiangsu Bright Steel	2022.05.27~2025.05.26							



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Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences						
	Yes	No								
			<table border="1"> <tr> <td>Shanghai No.1 Machine Tool Foundry</td> <td>2023.12.05~2025.11.05</td> </tr> <tr> <td>Ningbo Yeong Shang</td> <td>2023.08.07~2026.08.06</td> </tr> <tr> <td>Ningbo Lu Lin</td> <td>2023.12.21~2026.12.24</td> </tr> </table> <p>3. Solar energy facilities are planned to be installed in some factory areas. Solar energy facility in Shanghai No.1 Machine Tool Foundry was launched in 2022 while such facilities for other factories are being planned.</p> <p>4. Propagation of energy and water conservation policies to achieve an indirect decrease of GHG emissions, setting of AC temperatures, and advocacy of power conservation in the Group's daily operations</p> <p>5. Active engagement in the voluntary GHG reduction initiative</p> <p>6. Decrease of the level of dependency on water resources and gradual installation of water efficiency label-certified faucets and toilets to make a contribution to preventing torrential rains and droughts caused by climate change; process improvements and optimization and partial recycling and reuse to enhance water utilization efficiency;</p>	Shanghai No.1 Machine Tool Foundry	2023.12.05~2025.11.05	Ningbo Yeong Shang	2023.08.07~2026.08.06	Ningbo Lu Lin	2023.12.21~2026.12.24	
Shanghai No.1 Machine Tool Foundry	2023.12.05~2025.11.05									
Ningbo Yeong Shang	2023.08.07~2026.08.06									
Ningbo Lu Lin	2023.12.21~2026.12.24									

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Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
			<p>regular sampling inspections conducted by competent local environmental authorities pursuant to applicable laws and regulations at operating sites; self-discipline and dedicated efforts to minimize environmental burdens under the premise of legal compliance</p> <p>7. We strive to realize the goal of effective resource use through waste reduction, recycling, and reuse. Controls are implemented in accordance with waste management programs and methods stipulated in local laws and regulations at operating sites. Waste management is based on the overriding principle of environmental impact mitigation in the process of waste storage, transportation, recycling, recovery, and final incineration or landfilling. Qualified waste treatment businesses are commissioned to carry out safe treatment and disposal of industrial waste (hazardous/non-hazardous) through incineration and other disposal methods that conform to local legal provisions pursuant to applicable environmental regulations. General domestic and recyclable waste is treated and recycled by competent units.</p>	
<p>4. Social Issues</p> <p>(1) Does the Company establish related management policies and programs in</p>	√		<p>(1) The Company complies with related labor laws and regulations in establishing various management systems and</p>	No Material Difference

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Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
<p>accordance with related laws and regulations and International Bill of Human Rights?</p> <p>(2) Does the Company establish and implement reasonable employee benefit measures (including compensation, vacation and other benefits), and reflect operation performance or achievements appropriately on employee compensation?</p>	<p>√</p> <p>√</p>		<p>guidelines such as personnel management guidelines and employee work rules to protect employee’s legitimate rights. The Company also complied with Labor Standards Acts in Taiwan and China in its labor protection measures such as appropriation of labor medical insurance (health insurance), labor fundamental pension insurance (labor retirement system), unemployment insurance (labor insurance), labor occupational injury insurance (labor insurance), birth insurance (labor insurance) and group insurance.</p> <p>(2) The Company’s employee benefits measures are better than those of industry average standards. Additionally, the Company also offers year-end bonus, various allowance subsidies, full-attendance bonus and production performance bonus, and offers legal appropriations of “social insurance payment” (pension insurance, medical insurance, occupational injury insurance, unemployment insurance and birth insurance) as well as “residence deposit” in accordance with laws and regulations in China. Furthermore, the Company also offers holiday bonus, wedding and birth cash gift, regular appropriation of employee benefit as well as random events of employee travelling, meal gathering and recreation activities for the purpose of enhancing employee’s</p>	No Material Difference

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Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
(3) Does the Company provide safe and healthy work environments to employees and regularly conduct safety and health education to employees?	√		<p>physical and mental health and facilitating employee's cohesion and sense of belonging. Female employees account for 14% and 17% of the total workforce and management level of the company. We attach great importance to employee salaries and benefits and have formulated Salary Management Guidelines to provide key standards and criteria for employee compensation and motivate employees to make valuable contributions to the Company. Employee compensation consists of salaries and bonuses which can be further divided into year-end bonuses and performance-based bonuses linked to business performance. Bonuses are issued based on business performance and outcomes.</p> <p>(3) The Company is dedicated to providing employees with a comfortable, safe and healthy work environment. In addition to providing employees with a safe and healthy work environment in accordance with related regulations on public safety and fire prevention safety for buildings, the Company also conducts employee education and training, offers regular health examination each year and provides comprehensive living and recreation facilities of employee dormitory and recreation center. To truly fulfill professional management guidelines on employee's occupational safety</p>	No Material Difference

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Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences		
	Yes	No	Summarized Explanation			
			<p>and health, respective factories conducted applications for ISO45001 certification. Expiration dates for respective factories' ISO45001 Occupational Health and Safety certificate range from June of 2024 to September of 2026. The Company has already established effective career capability development and training programs for employees. Pilot program will be launched from one of the Group's subsidiaries. A total of 90 occupational accidents causing injuries to 90 employees, accounting for 3.94% of the total workforce, occurred in 2023. An analysis of accident category statistics reveals that lifting, object strike, and mechanical injuries had the highest incidence rates. With regard to the most common safety incidents, we implement improvements of relevant preventive and protective measures, add alert signs, increase the frequency of employee training, and amend and revise standard operating procedures. Since hand and foot injuries are most prevalent, we have created extended handheld tools in line with the type and nature of work operations to prevent such injuries.</p> <table border="1" data-bbox="981 1305 1778 1426"> <tr> <td>Name of Company</td> <td>ISO45001 Occupational Health &amp; Safety Certificate Expiration Dates</td> </tr> </table>	Name of Company	ISO45001 Occupational Health & Safety Certificate Expiration Dates	
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Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences	
	Yes	No	Summarized Explanation		
(4) Does the Company establish effective career capability development and training programs for employees?	√		Jiangsu Bright Steel	2023.06.14~2026.06.22	
			Shanghai No.1 Machine Tool Foundry	2022.09.27~2025.09.28	
			Ningbo Yeong Shang	2023.07.09~2026.07.16	
			Dongguan Mould Factory	2023.08.27~2026.08.26	
			Ningbo Lu Lin	2021.08.18~2024.06.16	
(4)		(4)	The Company establishes annual employee training programs based on employee's responsibilities and capabilities. Through comprehensive talent training contents, new employee training, on-job-training, internal/external training, EHS education and training and management trainee training are included to provide diversified learning channels. Employees under training are under constant observation to verify if their business performance is enhanced and if training effectiveness is achieved for the purpose of obtaining efficient talent training programs.		
(5) In terms of products and services, does the Company comply with related regulations and international standards on customer's	√		(5)	1. Our products and services are clearly labeled pursuant to applicable laws and international standards at the Company's operation and sales locations or in accordance	No Material Difference

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Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No		
health and safety, customer confidentiality and marketing and labelling, and establish related customer protection policy and customer complaint procedures?			<p>with customer requirements. We have formulated relevant rules, norms, and regulations to protect confidential business information and customer privacy and prevent unauthorized access, tampering, or improper disclosure of such information, posing a threat to customer privacy and interests. In addition to provision of the latest company news and product information and the phone numbers and e-mail addresses of persons in charge of different business areas on the corporate website, we have set up stakeholder communication channels that enable stakeholders to convey grievances and engage in communication with the company. After receiving information provided by stakeholders, it is immediately forwarded to dedicated personnel for confirmation or processing. It is further ensured that stakeholders receive responses within a prescribed time limit.</p> <p>2. No violations of laws and regulations governing customer health and safety, customer privacy, and product and service marketing occurred in 2023.</p>	
(6) Does the Company establish supplier management policies requesting suppliers to comply with related requirements on	√		(6) The Company has already established supplier control processes. Prior to entering new collaboration agreement, related materials and qualifications of suppliers will be	No Material Difference

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Assessment Items	Operation Conditions			Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No	Summarized Explanation	
environmental protection, occupational safety and health or labor human rights? What about implementation of these policies?			reviewed to verify if requirements are met. Meanwhile, management agreements on environmental protection and occupational health and safety will be entered with suppliers accordingly. For suppliers fail to implement or fail to fully implement environmental protection and occupational health and safety management requirements, related measures of rectification within deadline, performance review, payment deduction, downgraded performance ratings, suspension or termination of collaboration will be enforced accordingly.	
5. Does the Company take references from internationally applied report preparation requirements or guidelines in its preparation of corporate social responsibility report which discloses the Company's non-financial information? Has aforementioned report obtained assurance or guarantee opinion from collaboration vendor's verification unit?		√	The Company has already established "Sustainable Development Best Practice Principles" and has actively fulfilled information openness and transparency for the purpose of realizing a corporate's commitments to society, employees and shareholders. Although the Company has yet to officially complete a comprehensive report or obtain collaboration vendors' certifications, it continues to exert its efforts in complying with related matters prescribed in Global Reporting Initiative (GRI) or guidelines.	2023 Sustainability Report will be issued by the Company in the second quarter of 2024.
6. In the event that the Company has already established its own corporate social responsibility guidelines in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," please describe differences between its actual operations and guidelines: The Company has already established its "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies." The Company has complied with these principles accordingly and there are no material differences at current phase.				



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Assessment Items	Operation Conditions		Summarized Explanation	Difference with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Differences
	Yes	No		
<p>7. Other critical information helps in understanding operations of corporate social responsibility:</p> <p>(1) The Company echoes community activities from time to time and actively participates in community related charity events.</p> <p>(2) The Company provides opinion feedback channels to employees, and holds meetings from time to time to allow personnel from respective departments of different levels to fully express their opinions and recommendations.</p> <p>(3) The Company established Corporate Social Responsibility Zone on company website to provide related information to investors for reference purpose.</p>				

Note 1: “EHS Sustainable Development Division” was renamed to “Sustainable Development Committee” on June 10, 2022.

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(f) Implementation of Ethical Corporate Management and Adopted Measures

**Implementation of Ethical Corporate Management**

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

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Assessment items	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
<p>set forth in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Do the programs to prevent unethical conduct contain clearly defined operating procedures, codes of conduct, penalties for violations, and a grievance system? Are these programs implemented and carried out? Does the Company implement regular reviews and amendments to the aforementioned programs?</p>	✓		<p>Management Operating Procedures and Code of Conduct</p> <p>(3) The Company has included concrete directions including clearly defined operating procedures and code of conduct, penalties for violations, and a grievance system for the performance of duties by Company personnel in its Ethical Corporate Management Operating Procedures and Code of Conduct. The Audit Office reviews and amends the Ethical Corporate Management Best Practice Principles and Ethical Corporate Management Operating Procedures and Code of Conduct on a regular basis with reference to key international trends.</p>	No major deviations
<p>2. Implementation of ethical corporate management</p> <p>(1) Does the company evaluate integrity records of trading counterparties and do contracts signed with trading counterparties include clearly formulated provisions regarding ethical behavior?</p>	✓		<p>(1) Before the company establishes commercial relations with third parties, it carries out assessments of the legality, ethical corporate management policies, and past records of unethical behavior of suppliers, customers, or other trading counterparties to ensure the fairness and transparency of their business operations and guarantee that they will not request, offer, or accept bribes.</p>	No major deviations
<p>(2) Has the company established exclusively</p>	✓		<p>(2) The company has designated the audit office</p>	No major deviations

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Assessment items	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
<p>dedicated units subordinate to the board to be in charge of proposing and enforcing ethical corporate management policies and submit regular reports (at least once a year) regarding the implementation progress to the board?</p> <p>(3) Are policies in place to prevent conflicts of interest and have appropriate appeal channels been established and implemented?</p>	✓		<p>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.</p> <p>(3) The board directors uphold a high standard of self-discipline. When a proposal at a given board of directors meeting concerns the personal interest or the interest of the juristic person represented by any director, that director may state his/her opinions and respond to inquiries, but may not participate in the discussion or vote on that proposal and shall recuse himself or herself from any discussion and voting, where there is a likelihood that the interests of the company would be prejudiced. In addition, said director may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. If in the course of conducting company business, any personnel of the company</p>	No major deviations

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Assessment items	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
(4) Has the company established an effective accounting and internal control system to implement ethical corporate management? Are relevant audit plans formulated by internal audit units based on the results of unethical behavior risk assessments? Are regular audits of compliance with programs for the prevention of unethical conduct carried out by internal audit units or commissioned accountants based on these plans?	✓		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.  (4) The company has established an accounting system and effective internal control system. Audit departments regularly review compliance with this accounting and internal control system and submit reports to the board of directors.	No major deviations
(5) Does the company organize regular internal and external training on ethical corporate management?	✓		(5) The company organizes regular training and education for directors, executives, employees, and appointees to provide them with a full understanding of the commitment, policies, and prevention schemes of the company in the area of	No major deviations

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Assessment items	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
			ethical corporate management and ward off unethical behavior.	
3. Implementation of the whistle-blowing system				
(1) Has the company established a clearly defined whistle-blowing and incentive system and convenient review channels? Has dedicated personnel been designated to ensure an appropriate processing of reported cases.	✓		(1) The company has set up reporting mailboxes to encourage employees to submit reports on detected malconduct that prejudices the interests of the company. The audit office is in charge of processing such reports.	No major deviations
(2) Has the company formulated standard operating procedures for the investigation and processing of received reports, follow-up measures and relevant confidentiality mechanisms?	✓		(2) The audit office carries out investigations of reported contents and reports the final results to the chairman in accordance with confidentiality principles.	No major deviations
(3) Has the company adopted measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	✓		(3) The company is responsible for the confidentiality of the identity of the whistle-blower to prevent inappropriate dismissal or retaliation at the workplace against the whistle-blower.	No major deviations
4. Enhancing information disclosure Does the company disclose its Ethical Corporate Management Best Practice Principles and effects of their promotion on its corporate website and the Market Observation Post System?	✓		The company has already disclosed the norms set forth in the Ethical Corporate Management Best Practice Principles in the corporate governance section of the corporate website and the Market Post Observation System.	No major deviations
5. If the Company has established ethical corporate management principles based on “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation: The company has				

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Assessment items	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Y	N	Brief description	
formulated “Ethical Corporate Management Best Practice Principles” and “Ethical Corporate Management Operating Procedures and Code of Conduct” based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and requires compliance with these principles by all staff members.				
6.			Other important information to facilitate a better understanding of the company’s ethical corporate management practices: (such as review and amendment of ethical corporate management best practice principles) The company closely monitors national and international developments in the field of ethical management related norms and encourages directors, executives, and employees to provide suggestions. Ethical management policies and promotion measures adopted by the company are reviewed and enhanced based on these suggestions to increase the effect of ethical corporate management.	

- (g) If the company has formulated corporate governance best practice principles and relevant rules and regulations, query methods should be disclosed:  
Please refer to the corporate website: <http://www.ygget.com> (Investor section/corporate governance)
- (h) Other important information that facilitates a better understanding of corporate governance practices should also be disclosed: None

- i) Implementation of the internal control system
  - 1. Declaration regarding the internal control system

## Yeong Guan Energy Technology Group Company Limited.

### Declaration regarding the internal control system

Date: March 12, 2024

Based on the results of a self-inspection, the company hereby makes the following declaration regarding the internal control system in 2023:

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



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- V. Based on the results of the aforementioned inspections, the company believes that the design and implementation of the internal control system on December 31, 2023 (including the supervision and management of subsidiaries) was efficient as far as goal achievement in the field of results and efficiency of operations, reliability of financial reports, and legal compliance are concerned and may provide reasonable guarantees regarding the achievement of the aforementioned goals.
- VI. This declaration will be included as a main component of the annual report and prospectus of the company and will be made public. If the aforementioned published contents involve illegal activity such as fraud or concealment, the company shall assume legal liability pursuant to Article 20, 32, 171, 174 of the Securities and Exchange Act.
- VII. This declaration was approved unanimously by the board of directors with an attendance of 11 directors on March 12, 2024. All directors consented to the contents of this declaration as stated herein.

Yeong Guan Energy Technology Group Company Limited.

Chairman: Signature/Seal

President: Signature/Seal

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

- (j) Penalties imposed in accordance with the law upon the company or its in-house personnel, disciplinary action taken by the company against its in-house personnel for violations of the company's internal control regulations, and description of principal shortcoming(s) and adopted improvements during the most recent fiscal year up to the date of printing of the annual report: NA
- (k) Major resolutions adopted by the shareholders' meeting and board during the most recent fiscal year up to the date of printing of the annual report.
1. Major resolutions adopted by the General Shareholders' Meeting and their implementation status in 2023.
    - (1) Approval of the 2022 Business Report and Consolidated Financial Statement
    - (2) Approval of the 2022 Earnings Distribution and Loss Make-up Proposal

2. Major resolutions of board meetings in 2023 up to the printing date of the annual report:

Meeting type	Date	Major resolutions
Board meeting	March 16, 2023	<ol style="list-style-type: none"> <li>1. Approval of the 2022 Consolidated Financial Statement</li> <li>2. Approval of the 2022 Business Report</li> <li>3. Deliberation of the 2022 Loss Make-up Proposal</li> <li>4. Planned release of the 2022 Internal Control Statement</li> <li>5. Deliberation of the amendment to the Articles of Incorporation</li> <li>6. Deliberation of the amendment to the Rules of Procedure for Board of Directors Meetings</li> <li>7. Deliberation of the amendment to the Procedures Governing Acquisition or Disposal of Assets</li> <li>8. Deliberation of the convening of the 2023 General Shareholders' Meeting</li> </ol>
Board meeting	May 9, 2023	Approval of the Consolidated Financial Statement for the first quarter of 2023
Board meeting	August 17, 2023	<ol style="list-style-type: none"> <li>1. Approval of the Consolidated Financial Statement for the second quarter of 2023</li> <li>2. Planned provision of an endorsement/guarantee to the Company's subsidiary Yeong Guan Holdings Co., Limited (10th Proposal)</li> </ol>
Board meeting	November 7, 2023	<ol style="list-style-type: none"> <li>1. Approval of the Consolidated Financial Statement for the third quarter of 2023</li> <li>2. Planned leaning of funds to the Company's subsidiaries Yeong Guan Holdings Co., Limited (Taiwan Branch Organization) and Yeong Guan Holdings Co., Limited Taiwan Branch (B.V.I.)</li> <li>3. Planned provision of an endorsement/guarantee to the Company's subsidiary Yeong Guan Holdings Co., Limited</li> <li>4. Planned provision of an endorsement/guarantee to the Company's subsidiary Yeong Guan Holdings Co., Limited</li> </ol>
Board meeting	March 12, 2024	<ol style="list-style-type: none"> <li>1. Approval of the 2023 Consolidated Financial Statement</li> <li>2. Approval of the 2023 Business Report</li> <li>3. Deliberation of the 2023 Loss Make-up Proposal</li> </ol>

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Meeting type	Date	Major resolutions
		4. Planned release of the 2023 Internal Control Statement 5. Deliberation of the amendment to the Rules of Procedure for Shareholders' Meetings 6. Deliberation of the amendment to the Rules of Procedure for Board of Directors Meetings 7. Deliberation of CPA replacement 8. Planned cash capital increase through issuance of new shares in 2024 9. Deliberation of the convening of the 2024 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:

#### 4. Professional fees of CPAs

(a)

Unit: 1000 NTD

Name of Accounting Firm	Accountant Name	Audit Period	Audit Fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Chen, Chih-Yuan Huang, Yao-Lin	2023.01.01~ 2023.12.31	8,600	—	8,600	

- (b) Explanation of Service Contents for Audit Fee Paid to Certified Public Accountant, Certified Public Accountant's Accounting Firm and their Affiliate: Fee for Issuance of Convertible Corporate Bond
- (c) Audit fee for change of accounting firm and fiscal year is less than audit fee paid during the year prior to the change: None
- (d) Audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None

#### 5. Alternation of CPA:

(1) Regarding Previous Accountant

Date of Change	2021/5/6		
Reason and Explanation for Change	Certified Public Accountant (CPA) was changed due to accounting firm's internal job adjustment.		
Explanation of Principal's Termination or Accountant's denial of Appointment	Party	Accountant	Principal
	Circumstances	N/A	N/A
	Active Termination of Appointment		

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	No Further (Continued) Appointment Accepted	N/A	N/A
Opinions and Reasons for Inspection Reports Other Than Reports Without Unqualified Opinions Signed Within Last Two Years	No Occurrence of Such Incident		
Different Opinions from Issuer's?	Yes		Accounting Principles or Practices
			Disclosure of Financial Statement
			Audit Scope and Steps
			Others
	No	V	
	Explanation		
Other Disclosure Items (Contents prescribed from Item 1-4 to Item 1-7 of Clause 6, Article 10 should be disclosed.)	None		

(2) Regarding Succeeding CPA

Name of Firm	Deloitte Taiwan
Names of CPA	Huang, Yao-Ling Li, Tung-Feng
Date of Commissioning	2024/3/12
Prior to appointment, any consulting items and results over accounting handling methods or accounting principles for specific transactions, or over potential opinions of financial statements?	N/A
Succeeding accountant's written opinions over previous accountant's unqualified opinions?	NA/

**6. The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None**

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

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

Title	Name	2022		2023		2024 up to March 31		Remarks
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	
Chairman, manager	Chang, Hsien-Ming	—	—	—	—	—	—	—
Nominee shareholder appointed by chairman and manager	DREEBY INDUSTRY CO., LIMITED	—	—	—	—	(1,227,000)	—	—

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Title	Name	2022		2023		2024 up to March 31		Remarks
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	
Vice Chairman and Spokesman	Tsai, Shu-Ken	—	—	—	—	—	—	—
President and President of Southern Chian Area	Hsu, Ching-Hsiung	—	—	—	—	—	—	—
Director and President of Eastern China Area	Tsai, Chang-Hung	—	—	—	—	—	—	—
Director and Chief Strategy Officer	Li, Yi-Tsang	—	—	—	—	—	—	—
Director	Chang, Chun-Chi	(76,000)	—	(207,000)	—	—	—	—
Director	Wu, Su-Chiu	—	—	—	—	—	—	—
Director	Sun, Rui-Chien	—	—	—	—	—	—	—
Independent director	Wei, Chia-Min	—	—	—	—	—	—	—
Independent director	Chen, Tien-Wen	—	—	—	—	—	—	—
Independent director	Change, De-Wen	—	—	—	—	—	—	—
Independent director	Chan, Wen-Yin	—	—	—	—	—	—	—
Executive Vice President	Fang, Cheng-Chiang	—	—	—	—	—	—	—
Executive Vice President	Liang, Li-Sheng	—	—	—	—	—	—	—
President of Business Division	Liu, Han-Pang	—	—	(2,000)	—	—	—	—
President, Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	Huang, Ching-Chung	—	—	—	—	—	—	—
President, Shanghai No. 1 Machine Tool Foundry (Suhou) Co., Ltd.	Chang, Tsan-Yu	—	—	—	—	—	—	—
Chief Governance Officer	Chinag, Su-Kan	—	—	—	—	—	—	—
Head of Finance and Accounting (Chief Financial Officer)	Tsai, Ching-Wu	—	—	—	—	—	—	—

(b) Share Transfer to Related Parties: NA

(c) Shares pledged to related parties: NA

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

As of April 2, 2024/Unit: Shares; %

NAME/TITLE	Personal shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		The relationship between any of the company's top ten shareholders (name/title)		REMARKS
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name/title	Relationship	
Chang, Hsien-Ming	11,093,540	9.39%	3,120	0.00%	1,492,000	1.26%	Chang, Yueh-Chao	brother & sister	
Jiayuan Investment Co., Ltd. Representative: Wu, Su-Chiu	8,365,000	7.08%	-	-	-	-	-	-	
Chao, Su- Chieh	2,259,000	1.91%	-	-	-	-	-	-	
Taishin Life offers comprehensive authorization with regard to Taishin Securities Investment Trust's Share Investment Account(s).	2,010,000	1.70%	-	-	-	-	-	-	
Wu Shu-Chen	1,937,000	1.64%	-	-	-	-	-	-	
Huang, Kuo-Chieh	1,792,000	1.52%	-	-	-	-	-	-	
Chang, Yueh-Chao	1,586,035	1.34%	-	-	-	-	Chang, Hsien-Ming	brother & sister	
Wu, He-Chuan	1,556,000	1.32%	-	-	-	-	-	-	
Dreeby Industry Co., Limited Representative: Chang, Hsien-Ming	1,492,000	1.26%	-	-	-	-	Chang, Hsien-Ming	-	Nominee shareholder
Yeong Guan New Material Co., Ltd. Representative: Lee Chang, Yueh-Yun	1,464,000	1.24%	-	-	-	-	-	-	

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**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, 2023/Unit: 1,000 Shares; %

Joint venture business	Investments by the company		Investments by directors, supervisors, executives, and businesses directly or indirectly controlled by the company		Total investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Yeong Guan Holdings Co., Ltd.	194,000	100.00	—	—	194,000	100.00
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	120,000	75.00	—	—	120,000	75.00
Yeong Guan International Co., Ltd.	805,000	100.00	—	—	805,000	100.00
Yeong Chen Asia Pacific Co., Ltd.	Note1	100.00	—	—	Note1	100.00
Dongguan Yeong Guan Mould Factory Co., Ltd.	Note1	100.00	—	—	Note1	100.00
Ningbo Yeong Shang Casting Iron Co., Ltd.	Note1	100.00	—	—	Note1	100.00
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	Note1	100.00	—	—	Note1	100.00
Jiangsu Bright Steel Fine Machinery Co., Ltd.	Note1	100.00	—	—	Note1	100.00
Ningbo Yeong Chia Mei Trade Co., Ltd.	Note1	100.00	—	—	Note1	100.00
Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd.	Note1	95.1	—	—	Note1	95.1
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	Note1、2	100.00	—	—	Note1、2	100.00

Note1: Limited liability company that has not issued any shares

Note2: Jiangsu Yongming has been canceled on March 22, 2024.

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## IV. Capital Overview

### 1. Capital and shares

#### (a) Source of Capital

Month/ Year	Par value	Authorized capital		Paid-in capital		Remarks		
		Shares (1000 shares)	Amount (1000 dollars)	Shares (1000 shares)	Amount (1000 dollars)	Sources of capital	Capital Increased by Assets Other than Cash	Other
2008.1	-	Common shares 1,000	HKD100	1,000	HKD 100	Company establishment	NA	
2008.9	-	Common shares 985,000 Preferred shares 15,000	HKD100,000	50,000	HKD5,000	Organizational restructuring	NA	
2009.5	USD2.08	Common shares 1,000,000	HKD100,000	57,822	HKD5,782	Cash capital increase	NA	
2009.8	USD1.51	Common shares 1,000,000	HKD100,000	77,683	HKD7,768	Cash capital increase	NA	
2010.3	-	Common shares 120,000	NTD1,200,000	80,000	NTD800,000	Conversion of capital into NT dollars	NA	
2012.4	NTD53	Common shares 120,000	NTD1,200,000	88,889	NTD888,890	Cash capital increase	NA	Note 1
2012.9	-	Common shares 120,000	NTD1,200,000	100,889	NTD1,008,890	Capital increase from earnings	NA	Note 2
2014.8	NTD118	Common shares 120,000	NTD1,200,000	104,889	NTD1,048,890	Cash capital increase	NA	Note 3
2015.3	NTD153	Common shares 120,000	NTD1,200,000	105,793	NTD1,057,930	Convertible bond conversion	NA	
2015.4	NTD153	Common shares 120,000	NTD1,200,000	105,862	NTD1,058,622	Convertible bond conversion	NA	
2015.6	NTD149	Common shares 150,000	NTD1,500,000	111,212	NTD1,112,118	Convertible bond conversion	NA	
2015.7	NTD149	Common shares 150,000	NTD1,500,000	112,151	NTD1,121,507	Convertible bond conversion	NA	
2015.8	NTD149	Common shares 150,000	NTD1,500,000	112,155	NTD1,121,545	Convertible bond conversion	NA	
2015.10	NTD168	Common shares 150,000	NTD1,500,000	117,155	NTD1,171,545	Cash capital increase	NA	Note 4
2015.10	NTD148.6	Common shares 150,000	NTD1,500,000	117,830	NTD1,178,303	Convertible bond conversion	NA	
2015.11	NTD148.6	Common shares 150,000	NTD1,500,000	117,845	NTD1,178,451	Convertible bond conversion	NA	
2015.12	NTD148.6	Common shares 150,000	NTD1,500,000	117,980	NTD1,179,796	Convertible bond conversion	NA	
2016.1	NTD148.6	Common shares 150,000	NTD1,500,000	118,126	NTD1,181,263	Convertible bond conversion	NA	



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2016.2	NTD148.6	Common shares 150,000	NTD1,500,000	118,299	NTD1,182,986	Convertible bond conversion	NA	
2016.3	NTD148.6	Common shares 150,000	NTD1,500,000	118,702	NTD1,187,023	Convertible bond conversion	NA	
2016.4	NTD148.6	Common shares 150,000	NTD1,500,000	118,771	NTD1,187,709	Convertible bond conversion	NA	
2016.6	NTD148.6	Common shares 300,000	NTD3,000,000	118,782	NTD1,187,824	Convertible bond conversion	NA	
2016.8	NTD148.6	Common shares 300,000	NTD3,000,000	118,818	NTD1,188,175	Convertible bond conversion	NA	
2018.3	-	Common shares 300,000	NTD3,000,000	111,618	NTD1,116,175	Writing-off of repurchased treasury shares	NA	
2019.3	-	Common shares 300,000	NTD3,000,000	105,618	NTD1,056,175	Writing-off of repurchased treasury shares	NA	
2020.10	NTD80	Common shares 300,000	NTD3,000,000	110,618	NTD1,106,175	Cash capital increase	NA	Note 5
2023.06	NTD62.3	Common shares 300,000	NTD3,000,000	117,796	NTD1,177,957	Convertible bond conversion	NA	
2023.07	NTD62.3	Common shares 300,000	NTD3,000,000	118,136	NTD1,181,359	Convertible bond conversion	NA	

Note 1: Jin-Guan-Zheng-Zi-Di-No.1010010892 dated March 29, 2012

Note 2: Tai-Zheng-Shan-2-Zi-Di-No.1010022223 dated October 8, 2012

Note 3: Jin-Guan-Zheng-Fa-Zi-Di-No.1030015153 dated May 9, 2014

Note 4: Jin-Guan-Zheng-Fa-Zi-Di-No.1040027186 dated July 27, 2015

Note 5: Jin-Guan-Zheng-Fa-Zi-Di-No.1090347042 daetd June 29, 2020

## 2. Type of stock

April 2, 2024

Share type	Authorized capital			Remarks
	Issued shares	Unissued shares	Total shares	
Common	118,135,941 shares	181,864,059 shares	300,000,000 shares	Listed Stock

## 3. Information for the shelf registration system: NA

### (b) Shareholder Structure

As of April 2, 2024; Unit: Persons; Shares; %

Shareholder structure Number	Government agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
	Number of shareholders	0	1	196	81	26,331
Number of shares	0	2,010,000	14,330,33	4,602,607	97,192,998	118,135,94

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			6			1
Shareholding ratio (%)	0.00%	1.70%	12.13%	3.90%	82.27%	100.00%

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

(c) Shareholding distribution status:

As of April 2, 2024; Unit: Persons; Shares; %

Shareholding classes	Number of shareholders	Number of shares	Shareholding ratio (%)
1 ~ 999	14,860	868,316	0.74%
1,000 ~ 5,000	9,276	18,223,215	15.43%
5,001 ~ 10,000	1,203	9,355,311	7.92%
10,001 ~ 15,000	389	4,982,994	4.22%
15,001 ~ 20,000	259	4,766,579	4.04%
20,001 ~ 30,000	204	5,286,163	4.48%
30,001 ~ 40,000	114	4,046,980	3.43%
40,001 ~ 50,000	67	3,072,576	2.60%
50,001 ~ 100,000	124	8,837,961	7.48%
100,001 ~ 200,000	63	8,509,398	7.20%
200,001 ~ 400,000	27	7,471,264	6.32%
400,001 ~ 600,000	5	2,347,492	1.98%
600,001 ~ 800,000	5	3,293,900	2.78%
800,001 ~ 1,000,000	0	0	0%
1,000,001 or more	13	37,073,792	31.38%
Total	26,609	118,135,941	100.00%

(d) List of Major Shareholders

As of April 2, 2024; Unit: Shares; %

Name of major shareholder	Number of shares and shareholding ratio	Number of shares	Shareholding ratio (%)
Chang, Hsien-Ming		11,093,540	9.39%
Jiayuan Investment Co., Ltd. Representative: Wu, Su-Chiu		8,365,000	7.08%
Chao, Su- Chieh		2,259,000	1.91%
Taishin Life offers comprehensive authorization with regard to Taishin Securities Investment Trust's Share Investment Account(s).		2,010,000	1.70%
Wu Shu-Chen		1,937,000	1.64%
Huang, Kuo-Chieh		1,792,000	1.52%
Chang, Yueh-Chao		1,586,035	1.34%
Wu, He-Chuan		1,556,000	1.32%
Dreeby Industry Co., Limited Representative: Chang, Hsien-Ming		1,492,000	1.26%

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Yeong Guan New Material Co., Ltd. Representative: Lee Chang, Yueh-Yun	1,464,000	1.24%
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(e) Market Price, Net Worth, Earnings, and Dividends per Share in the previous two fiscal years

Unit: NTD; 1000 shares

Item		Year	2022	2023
Market price per share	Highest		73.30	87.20
	Lowest		48.60	48.80
	Average		58.37	62.91
Net worth per share	Before distribution		75.61	72.46
	After distribution		75.61	72.46
Earnings per share	Weighted average shares		110,618	118,136
	EPS		(3.96)	(2.35)
Dividends per share	Cash dividends		—	—
	Stock dividends	—	—	—
		—	—	—
	Accumulated undistributed dividends		NA	NA
Return on investment	Price-Earnings Ratio (Note 1)		NA	NA
	Price-Dividend Ratio (Note 2)		—	—
	Cash dividend yield rate (Note 3)		—	—

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 2023 Earnings Distribution Proposal was approved by board resolution on March 12, 2024 and will be submitted to the shareholders' meeting for ratification on May 31, 2024

(f) Dividend Policy and Implementation Status

1. Dividend policy as prescribed in the Articles of Incorporation

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

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

condition that the aforementioned general provisions are not affected. It may also resolve to pay dividends to certain shareholders in cash in place of designated assets and may decide to convey said designated assets to a trustee under appropriate conditions.

Unless stipulated otherwise in relevant laws, Article 11.4 (a) of the Articles of Incorporation, the Articles of Incorporation, or the rights attached to shares, the company may distribute earnings in accordance with board earnings distribution proposals approved by ordinary resolution of the General Shareholders' Meeting. The company may not pay dividends or make other distributions unless based on realized or unrealized earnings, share premium accounts, legally authorized reserves, or other funds. Unless rights attached to shares stipulate otherwise, all dividends shall be calculated based on the number of held shares and amounts paid by shareholders. If share issue conditions prescribe the calculation of dividends from a specified date, calculations shall be made accordingly.

Where the Company earns profits in a fiscal year (as defined below), 2% - 15% shall be allocated as employee bonuses. The beneficiaries of such compensations shall include employees of subsidiaries who meet certain conditions. A maximum of 3% of the aforementioned profits may be allocated as director compensations. The employee bonus and director compensation proposal shall be approved by resolution of a majority of directors with a minimum of 2/3 of all directors in attendance and shall be reported to the shareholders' meeting. In case of accumulated losses, a specified amount shall be retained for compensation prior to the allocation of employee bonuses and director compensations in accordance with the aforementioned ratios. The term "profits" shall refer to earnings before tax. The term "earnings before tax" shall refer to the amount prior to payment of employee bonuses and director compensations.

As for the determination of dividend policies, the board of directors determines the amounts of dividends and other distributions (if applicable) in each fiscal year based on a clear understanding of the maturity of the company's operations and services and the stable income situation and sound financial structure of the company and requests approval by the shareholders. The board of directors shall:

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

The board of directors shall allocate a minimum of 20% of the distributable amount as shareholder dividends upon allocation of amounts deemed appropriate by the board of directors as employee bonuses and director compensations in accordance with relevant regulations set forth in Article 13.4 and the dividend distribution policy specified in Article 13.5 under the premise of legal compliance. Dividends shall be subject to approval by resolution of the shareholders' meeting.

Shareholder dividends and employee bonuses may be paid out to employees or shareholders as cash, unissued shares purchased with said amount, or a combination of these two methods. Issued cash dividends shall make up at least 10% of the total dividends paid to shareholders. The company does not pay interest on undistributed dividends and bonuses.

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2. Dividend distribution in this fiscal year:

The Company's proposal of appropriation to make up loss in 2023 was approved by Board of Director's Meeting on March 16, 2024. No dividend will be distributed and related appropriation to make up loss is as follows:

Unit: NTD	
Item	Amount
Undistributed earnings at the beginning of the quarter	701,491,323
Plus: Disposition of equity instrument measured at fair value through other comprehensive income	71,250,000
Undistributed earnings at the beginning of the quarter	772,741,323
plus: Net income after taxes for this period	(269,740,073)
plus: Reversal of special reserve (Note)	(190,528,308)
Distributable earnings in this fiscal year	312,472,942
Distribution items:	
Cash dividend	-
Undistributed earnings at the end of the period	312,472,942

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

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

The Company determined not to distribute share dividends under approval from the Board of Directors Meeting dated March 12, 2024. This is supposed to be no impact to the Company's overall operation performance going forward.

(h) Compensation of employees, directors and supervisors

1. Quotas or range of compensations of employees, directors and supervisors as specified in the Articles of Incorporation: Please refer to Paragraph (f) 1.
2. Estimation basis for employee bonuses and compensations of directors and supervisors for this quarter, calculation basis for number of shares allocated as stock bonus, and accounting procedures in case of discrepancies between actually distributed amounts and estimated figures: A proportional basis for the distribution of payable employee bonuses and director compensations in 2022 shall be determined based on the distribution intervals of 2%~15% and 3% after allocation of 10% legal reserves and special reserves from net income after tax (minus employee bonuses and director compensations). In case of major changes of distribution amounts determined by the board of directors after year end, the originally allocated annual expenses shall be adjusted. Further changes on the date of the shareholders' meeting resolution shall be handled as accounting estimate changes. Annual adjustments shall be entered into accounts by resolution of the shareholders' meeting. If the shareholders' meeting resolves to pay out employee bonuses as stock, the number of shares allocated as stock dividends shall be determined based on payable bonus amounts divided by fair stock value. The term fair stock value shall refer to the closing price on the day prior to the shareholders' meeting resolution date (upon consideration of ex-right/ex-dividend impacts)

3. Compensations approved by the board of directors:

- (1) Employee bonuses and director and supervisor compensations in form of cash payment or dividend distribution. Where there is a discrepancy between such compensations and

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recognized fees and estimated amounts, the actual difference as well as the reasons and handling thereof shall be specified: The board of directors has approved employee compensations of NT\$0 distributed in cash.

(2) Amount of employee bonuses paid as distributed dividends/ratio of employee bonuses paid as dividends to after-tax net income as stated on the individual financial statement and total employee bonuses: NA

(3) Pro-forma EPS upon deduction of proposed employee bonuses and director/supervisor compensations: The Company has already taken into account employee bonus expense estimates in the 2023 Financial Statement. Calculated EPS is therefore identical to the financial statement.

4. Actual distribution of employee, director, and supervisor compensations in the previous year (including number and value of distributed shares and share price); where there is a discrepancy between actual compensations and approved amounts, the actual difference as well as the reasons and handling thereof shall be specified: NA

(i) Repurchase of shares by the company: NA

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## 2. Issuance of company bonds

### (a) Issuance of company bonds

Type of corporate bond	3rd Issue of Domestic (ROC) Unsecured Convertible Bonds (15893 Yeong Guan III KY)	4th Issue of Domestic (ROC) Unsecured Convertible Bonds (15894 Yeong Guan IV KY)	
Issue (offer) Date	September 30, 2020	February 20, 2023	
Denomination	NT\$ 100,000 each	NT\$ 100,000 each	
Place of issuance and transaction	Taipei Exchange	Taipei Exchange	
Issuing price	Issued at 103.56% of par value. (Issued at premium)	Issued at 104.23% of par value. (Issued at premium)	
Total amount	Issued at par value of NT\$1,553,389 thousands; Total Amount Raised: NT\$1,553,389,000	Issued at par value of NT\$1,563,501 thousands; Total Amount Raised: NT\$1,563,501,000	
Interest rate	0%	0%	
Maturity	5 years; Maturity date: September 3, 2025	5 years; Maturity date: February 20, 2028	
Guarantee agency	None	None	
Trustee	Trusts Department of Land Bank of Taiwan	Trusts Department of Land Bank of Taiwan	
Underwriter	CTBC Securities Co., Ltd.	SinoPac Securities	
Certified Lawyer	Attorney Wang, Ya-Hsien from Lee and Li Attorneys-At-Law	Attorney Song, Tien-Hsiang from Lee and Li Attorneys-At-Law	
CPA	Deloitte Touche Tohmatsu Limited (DTTL) Accountants Chen, Chih-Yuan and Chang, Ching-Jen	Deloitte Touche Tohmatsu Limited (DTTL) Accountants Chen, Chih-Yuan and Huang, Yao-Lin	
Payback method	The Company will make one-time repayment in cash based on par value of bond at maturity of this bond.	The Company will make one-time repayment in cash based on par value of bond at maturity of this bond.	
Outstanding principal	NT\$ 98,800 thousands	NT\$ 1,031,600 thousands	
Provisions of redemption and prepayment	Please refer to the issuance and conversion procedures.	Please refer to the issuance and conversion procedures.	
Restrictions	None	None	
Credit rating agency, credit rating date, and corporate bond rating results	None	None	
Other rights	Converted (exchanged or subscribed) common shares, global depository receipts, or amount of other securities.	Conversion started on April 2, 2024; no bonds have been converted yet	As of April 2st of 2024, a conversion of NTD468,400,000 has been conducted to 7,518,422 common shares with a par value of NTD10 per share.
	Issuance and conversion (exchange or subscription) procedures	Please refer to the credit section of the market observation post system for bond issuance information	Please refer to the credit section of the market observation post system for bond issuance information
Impact of issuance and conversion,	According to the current conversion	According to the current conversion	

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exchange and subscription methods and issuance conditions on equity dilution, possible dilution on stock equity and shareholder's equity	price of NT\$ 96.4 1,024,896 shares need to be issued if all shares are to be converted to common shares. The impact on shareholders' equity is limited so far.	price of NT\$ 62.3 16,558,587 shares need to be issued if all shares are to be converted to common shares. The impact on shareholders' equity is limited so far.
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## 2. Convertible bond data

Corporate bond type		(15893) 3 <sup>rd</sup> Issue of Domestic (ROC) Unsecured Convertible Bonds	
		Year	
Item		2022	Current year until March 31, 2024
Market price of convertible bonds	Highest	103.10	101.00
	Lowest	98.55	96.00
	Average	100.56	97.66
Conversion price		96.4	96.4
Issue (offer) date and conversion price on issue date		Issue date: September 3, 2020 Conversion price on issue date: 100	Issue date: September 3, 2020 Conversion price on issue date: 100
Conversion method		Issuance of new shares	Issuance of new shares

## 2. Convertible bond data

Corporate bond type		(15894) 4 <sup>th</sup> Issue of Domestic (ROC) Unsecured Convertible Bonds	
		Year	
Item		2023	Current year until March 31, 2024
Market price of convertible bonds	Highest	131.10	108.45
	Lowest	97.05	97.55
	Average	110.60	102.77
Conversion price		62.3	62.3
Issue (offer) date and conversion price on issue date		Issue date: February 20, 2023 Conversion price on issue date: 62.3	Issue date: February 20, 2024 Conversion price on issue date: 62.3
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



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**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:**

As of the printing date of this annual report, the Company does not have any uncompleted plans for issuance or private placement of securities or plans with unrealized benefits which have been completed in the most recent three years.

## V. Operations Overview

### 1. Business activities

#### (a) Business scope

##### i. Main areas of business operations

The company's operations mainly focus on the manufacture and sale of spheroidal graphite cast iron and gray cast iron including hubs and bases for wind turbines, gearbox components, thermal power generation exhaust hoods, injection molding machine components, and castings for machine tools and other industrial machinery. The company has a casting production capacity of nearly 40,000,000 tons per year, and is dedicated to providing clients with a horizontal and vertical integration of one-stop procurement service for the purpose of offering casting, processing, spraying and assembly services to clients.

##### ii. Revenue distribution

Unit: 1000 NTD

Main product categories	2022		2023	
	Net sales	% of total sales	Net sales	% of total sales
Energy castings	4,340,912	46.26	4,698,323	54.18
Injection molding machine castings	2,434,808	25.94	1,593,621	18.38
Other castings	2,608,205	27.80	2,379,065	27.44
Total	9,383,925	100.00	8,671,009	100.00

##### iii. Current product categories

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

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

(b) Industry overview

**1. Industry status and development trends**

**(1) Wind power industry**

Against the backdrop of international trends such as low-carbon economy and energy revolution, the global community places increasing importance on energy safety, the ecological environment, and abnormal climate patterns. The reduction of fossil fuel burning and accelerated development and use of renewable energy have become a general consensus and concerted action of all countries in the world.

In 2015, the newly installed renewable capacity surpassed that of new conventional energy installations for the first time in history, which is a clear indicator for structural changes in the field of global power system installations. The impetus provided by wind power technology advances and innovative business models has brought about a period of rapid development and increase in newly installed global capacities in the wind power industry.

Due to the fact that wind power is an eco-friendly renewable energy form characterized by high technological maturity, it is developed and applied on a large scale in countries all over the world. As of the end of 2021, over 100 countries worldwide have initiated the development of wind power. The US, Denmark, the Netherlands, the UK, Germany, Sweden, and Canada have invested large amounts of manpower and capital into the research and application of wind power generation.

As of 2016, wind power has overtaken hydropower as the leading renewable energy source in the U.S. Within the seven-year-period preceding 2016, wind costs dropped by almost 66% in this country.

According to statistics released by IRENA, the LCOE (Levelized Cost of Energy) range of onshore wind power worldwide was already significantly lower than that of fossil fuel options in 2017. The average cost of onshore wind power is gradually approaching that of hydropower, reaching six cents (USD 0.057) per kilowatt hour (kWh). With the advances of technology, LCOE of wind power projects will continue to decrease and wind power will eventually turn into one of the most cost-effective green energy options.

**The evolution of global wind power**

The development of global wind power can be divided into three distinct stages starting in 2001:

Stage 1 (2001-2009): This was a period of rapid growth of global wind power. CAGR of new wind power installations reached 22% and the offshore wind market emerged. The Netherlands, the UK, Germany, and Belgium successively developed their offshore wind power markets. Due to constraints caused by the insufficient availability of offshore wind power technologies and high energy costs, newly added offshore wind installations only accounted for around 1% of all new installations.

Stage 2 (2010-2013): This was a period of adjustment of the global wind power industry. Growth in new capacities slowed down and CAGR of new wind power installations dropped to -3%. European countries continued to develop offshore wind power. China entered the offshore wind power market and increased its newly added

offshore wind power share to around 2%.

Stage 3 (2014 to present): Global wind power has resumed its growth trajectory. This period is characterized by rapid advances in wind power technologies and pronounced competitive advantages in the field of energy costs. CAGR of newly added wind installations reached 7%. Offshore wind power technologies in Europe gradually matured. China, on the other hand, entered a period of rapid development in the field of offshore wind power and its newly added offshore wind power share rose to 4%-8%.

In 2021, the newly added global wind power capacity amounted to 93.6GW. Newly added onshore and offshore wind installations accounted for 72.5GW and 21.1GW, respectively. By the end of 2021, the cumulative global wind capacity had reached 837GW, which represents a YoY growth of 12%.

The global offshore installed capacity is increasing steadily. Wind power is one of the most important measures for achievement of the “Double Carbon” target. Wind power industry development is therefore characterized by a high level of certainty against the backdrop of the global trend of carbon emission reductions. By 2026, the global cumulative offshore capacity is expected to exceed 145GW. It is therefore evident that the outlook for wind power development is bright.

Figure 1: The newly added global wind power capacity from 2015 to 2022  
(Unit: GW)



It is expected that wind power installation will increase by 136GW each year for the upcoming 5 years. This is a realization of 15% compound growth rate.



**In 2023, the newly added global wind power capacity equaled 77 GW.**

The Global Wind Energy Council (GWEC) points out in its Global Wind Report 2023 that the impetus provided by wind power technology advances and innovative business models has brought about a period of rapid development in the wind power industry. According to this report, 77 GW of new wind capacity was installed in 2023 (newly added onshore and offshore wind installations accounting for 68.8GW and 9GW, respectively). Newly added capacities in the Asia-Pacific region constituted around 48% of the total capacity of new installations worldwide in 2023.

The Global Wind Report 2023 further reveals that new wind capacities in the Asia-Pacific region, Europe, North America, and Latin America accounted for 48%, 22%, 12%, and 7% of the global new wind capacity in 2023. Offshore installations in the Asia-Pacific, Europe, and North America made up 11%.

Data released by BNEF (Bloomberg New Energy Finance) reveals that Goldwind has garnered the top spot on the list of top 10 global wind turbine makers with a total installed capacity of 15.67GW in 2023, becoming the first Chinese wind turbine manufacturer to claim the top ranking worldwide. Envision Energy is ranked second, followed by GE and Vestas in third and fourth place. Siemens Garesa and Mingyang share fifth place with commissioned wind capacities of 6GW in 2023, closely followed by Windey in seventh place.

China-based enterprises nabbed six spots on the list of the top 10 global wind turbine makers. In 2023, offshore wind capacities saw a steep decline in China as a result of the ushering in of an era of low prices. Sany and CRRC, which are ranked ninth and tenth on the list, have therefore edged out Electric Wind Power and Dongfang Electric, which boasted relatively high percentages of offshore wind power installations in the past.

## (2) Injection molding machinery industry

The global injection molding machinery industry is mainly concentrated in Asia, and China in particular. The output volume of the Chinese injection molding machinery industry accounts for one-third of the global production amount. China is therefore a major manufacturer and exporter of injection molding machinery. Japan, Korea, Germany, and the US also play a pivotal role in this industry.

The development of the injection molding machinery industry is constrained by the demand of the plastics goods market and new technology applications. In an international climate characterized by rising environmental awareness and increasing emphasis on sustainable development, the industry spares no effort to explore new materials and technologies and promote green and smart development strategies. It is therefore expected that environmental protection, energy conservation, and smartification will emerge as top priorities in the development of the injection molding machinery industry. It must further be pointed out that the industry will face a situation of more intense market competition and technological challenges against the backdrop of global economic integration and intensifying international trade.

In recent years, the global injection molding machinery market has expanded steadily. This growth momentum is projected to persist in the future. Injection molding machinery is widely applied in the automotive, home appliance, consumer electronics, and packaging industries. The 2023-2028 Special-Purpose Injection Molding Machinery Market Demand and Investment Advice Report released in China points out that injection molding machinery accounts for over 70% of the Chinese plastic machinery market. In 2018, the size of the Chinese injection molding machinery market and the total domestic sales volume reached RMB\$ 36.59 billion and 68,000 units, respectively. In view of the accelerating progress in the field of lightweight automobile design coupled with a trend of expanding application areas for plastics products and increasing overseas demand, the size of the Chinese injection molding machinery market is expected to break through the threshold of RMB\$ 50 billion within the next five years.

In the wake of the extensive application of advanced automation and AI technologies in recent years, the production efficiency and quality of injection molding machinery have been significantly enhanced. Due to the fact that new-generation machinery features more advanced control systems and optimized injection molding techniques, it has found increasingly wide application in the automotive, electronics, and healthcare industries. The constantly rising demand of these industries for injection molding machinery has precipitated the expansion of the market for such machinery. Injection molding machinery markets of rapidly developing emerging market economies, in particular, exhibit a notable growth trend.

**Figure 6: The export volume of the five major categories of plastics machinery**  
(Unit: 10 million)

Product	November 2022	November 2023	YoY	QoQ	from January to November 2022	from January to November 2023	YoY
Blow	2.95	2.7	-8.44%	-14.08%	27.76	28.72	3.49%
Extrusion	6.57	8.06	22.74%	31.27%	70.38	70.58	0.28%
Other types of thermoforming and molding machinery	2.4	1.27	-47.36%	-20.12%	24.55	21.95	-10.60%
Injection	14.24	16.37	14.93%	17.50%	154.82	163.24	5.44%
Vacuum molding machinery	2.73	3.11	13.69%	5.28%	25.06	26.83	7.05%
Total	28.9	31.5	9.02%	13.53%	302.57	311.32	2.89%

In the period from January to November 2023, the export volume of the five major categories of plastics machinery reached US\$ 3.11 billion, marking a YoY increase of 2.89%.

In November 2023, the export volume of injection molding machinery exhibited a growth of 14.93% YoY.

In the period from January to November 2023, the export volume of such machinery rose by 5.44% YoY.

In addition, it cannot be denied that the adoption of environmental protection policies and the imposition of restrictions on plastic waste generation and plastic use has had a considerable impact on the injection molding machinery industry. In view of the fact that this fiercely competitive market is characterized by a wide range of brands and models, manufacturers face the pressing issue of how to improve their product quality and bolster their technological innovation capabilities. On top of that, raw material price fluctuations and rising labor costs also have an undeniable effect on the injection molding machinery market. Supportive government policies stimulate the development of this market. A large number of countries have therefore adopted a series of policies and standards for the injection molding machinery industry to motivate manufacturers to increase their R&D investments. Furthermore, governments have passed tax cuts and subsidy measures to offer financial support and build a solid foundation for the healthy development of the injection molding machinery market. In conclusion, this market has reached a remarkable size and continuing expansion is anticipated. Market development benefits from demand growth in emerging markets, promotion of technological innovation, and rising environmental awareness. However, the industry still faces a series of challenges and risks that require ongoing monitoring and efforts. It is further expected that the future development of the plastic industry will constantly generate new opportunities and challenges for the injection molding machinery market.

### **(3) Industrial machinery**

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

#### **Traditional automotive industry**

In October 2023, sales of automotive vehicles in China amounted to 2.853, which represents a 13.8% YoY increase. Cumulative sales in the period from January to October reached 23.967, which marks a YoY growth of 9.1%. The growth rate rose by 0.9 percentage points compared to the previous nine-month period.

An analysis conducted by the China Association of Automobile Manufacturers reveals a slight PoP drop by 2% in automobile production and sales in October which can mainly be attributed to market saturation and transformations in the traditional automotive and electric vehicle (EV) industry.

However, automobile production and sales still maintained their YoY growth momentum in October due to the enduring impact of price cuts in different automotive industries. This trend is



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especially prominent in the passenger vehicle market.

### NEV (new energy vehicle) industry

In October 2023, sales of new energy vehicles in China amounted to 906,000 units, which marks a 33.5% YoY increase. The NEV market share soared to 33.5%.

In 2023, market shares in the NEV sector were distributed as follows: China 60%, Europe 25%, USA 10%, other regions 5%.

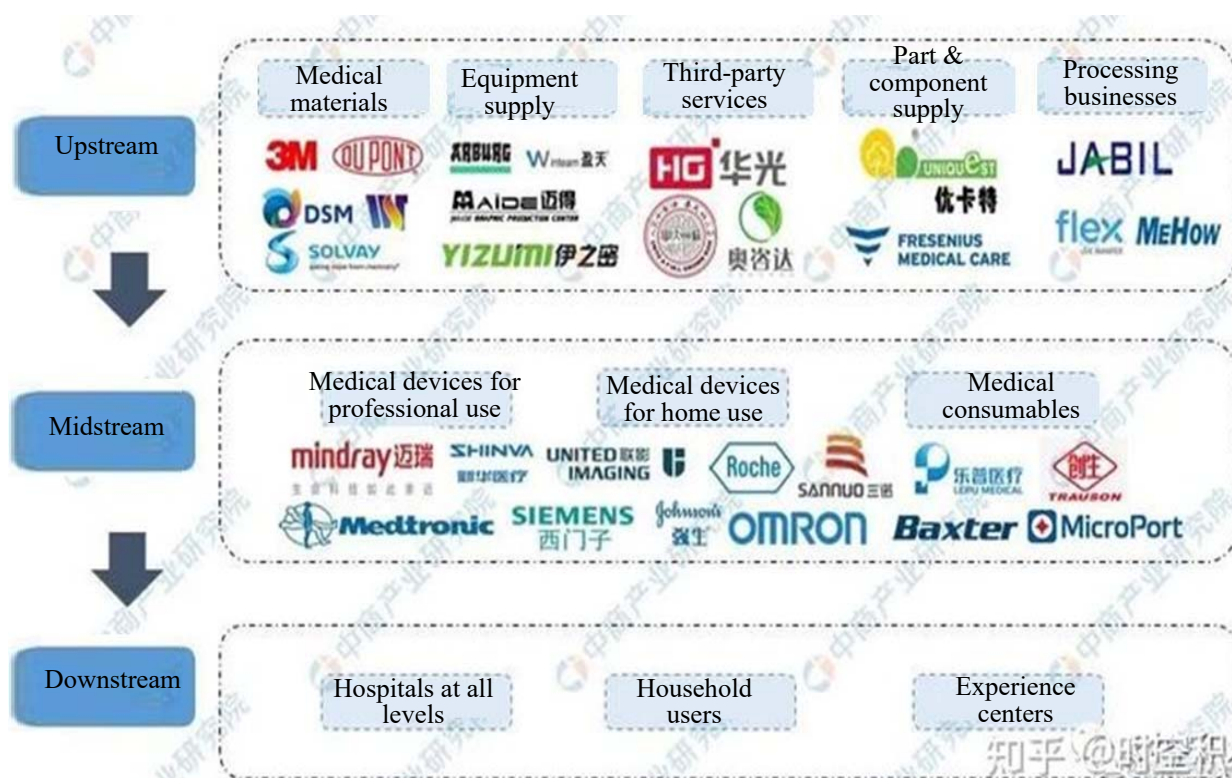
## (4) Medical Equipment

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

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

### Medical device industry chain

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



The modern healthcare industry is a complex system encompassing many different fields ranging from basic research to diagnosis, treatment, and even preventive medicine. The global healthcare industry currently faces the following challenges and opportunities:

1. Population aging: A significant number of developed countries worldwide are affected by



the phenomenon of population aging. This implies a rising demand for medical services. In order to satisfy this surging demand, the healthcare industry must harness more resources to raise its overall efficiency.

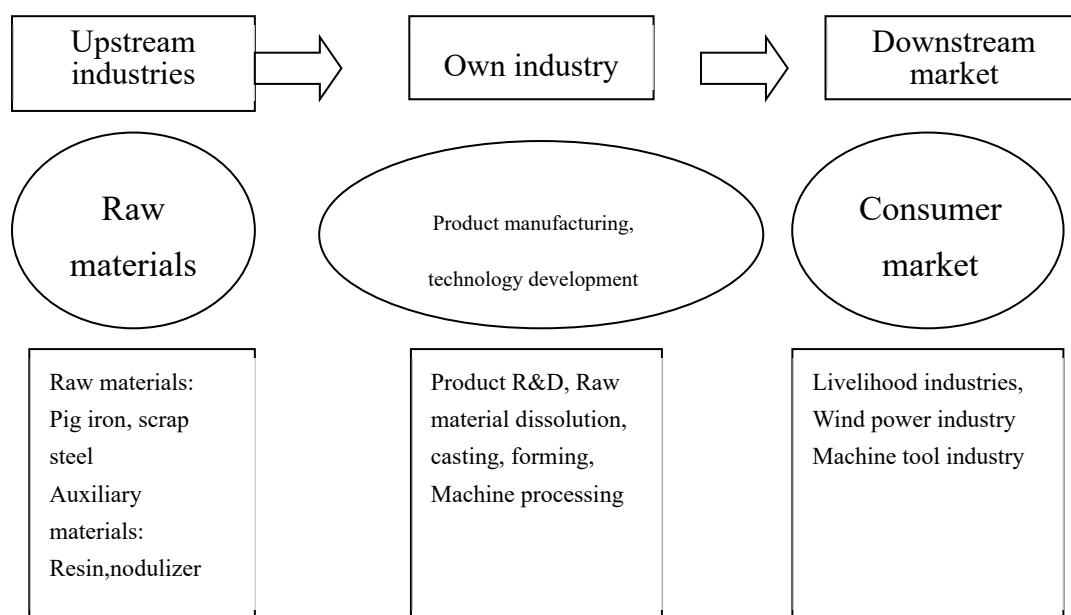
2. **Technology-driven change:** Against the backdrop of the rapid development of IT and biotechnologies, the healthcare industry has undergone profound changes. For instance, new technologies such as AI and 3D printing have found wide application in various fields of the industry, fostering improvements in diagnosis and treatment standards.
3. **Launch of healthcare reform policies:** Countries all over the world have successively launched policies to reform the healthcare sector to realize different objectives including the fair distribution of medical resources and improved standards of primary care with the ultimate goal of providing the public with better healthcare services.
4. **New types of operation and innovation:** In the wake of the rise of emerging operation patterns involving e-commerce, the Internet, and mobile health, the traditional healthcare industry is under pressure to accelerate transformation, upgrades, innovation, and development. New healthcare models exemplified by shared medical services ensure greater convenience for recipients of healthcare services.

In the future, this trend of rapid development of the healthcare industry is expected to continue as more and more new technologies find application in the healthcare sector. Smart healthcare, precision medicine, and life science are key areas of development. The rolling out of new technologies in these fields will greatly enhance the precision and efficiency of diagnosis and treatment and decrease medical costs.

Furthermore, electronic medical record systems, telemedicine, and AI-aided healthcare are projected to turn into major trends, which will help realize the true digitization and smartification of the healthcare sector and thereby greatly elevate the development standard of the whole industry. The number of beneficiaries is expected to rise, which will be conducive to the protection of public health.

In conclusion, the trend of ongoing changes and transformation toward more efficient, human-oriented, and smarter service models in the healthcare industry is expected to persist. These changes will bolster industry development and create more business opportunities and social values.

## 2. Relationship between up- mid- and downstream industries



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

## 3. Macroeconomic, industry development, and product competition trends

### (1) Wind power industry

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

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

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

Wind energy is considered the guardian angel of energy transformation. Relevant industries must therefore guarantee that wind energy is viewed as the epitome of social and

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

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

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

## **(2) Injection molding machinery industry**

This industry is characterized by a diverse and complex product array. In the Chinese market, imported machinery has mostly been replaced with locally manufactured products. The majority of imports are high-end machinery, while exports are mostly comprised of mid- and low-end machinery. In the future, competitive advantages of Chinese injection molding machinery are expected to gradually dominate the market. The injection molding machinery sector will catapult Chinese technologies onto a larger stage and the trend of substitution of imported machinery with locally manufactured products is irreversible. An analysis of competition in this industry is provided below:

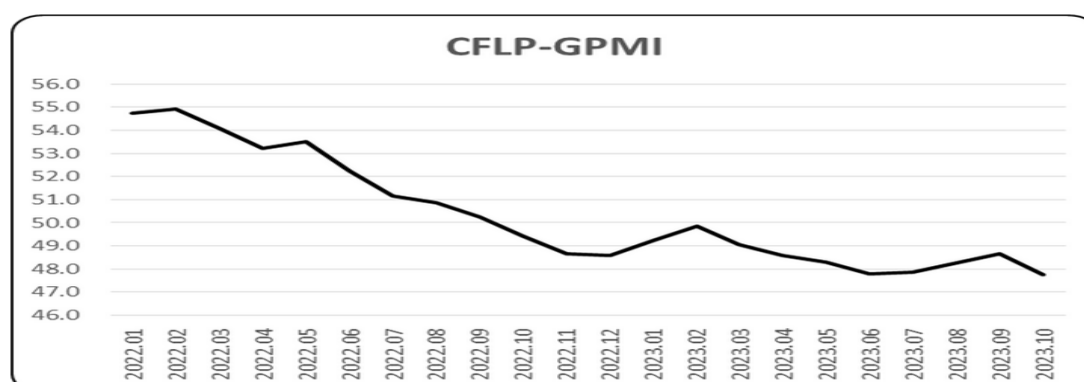
1. Challenges arising from international trade and structural changes  
Deep shifts in the international power balance and restructuring of the global economic layout are accompanied by unilateralism, protectionism, aggravating trade frictions, and intensifying market competition on the international stage. Similarities in plastics machinery industry characteristics in China, Europe, and North America coupled with the impact of exports on locally manufactured products have given risen to exacerbating trade frictions. The Chinese plastics machinery industry is facing a complex and volatile external environment characterized by fiercening global competition centered around markets, resources, talent, technologies, and standards coupled with various forms of protectionism.
2. Challenges associated with the shortage of professional talent  
Developed countries still occupy a prominent position in the global plastics machinery market due to their competitive advantages in the fields of technology and talent. High-precision, large-scale, and high-end plastics machinery products manufactured in Germany, the US, and Japan still maintain their leading market shares due to their competitive edge in the areas of technology content and added value. This puts significant pressure on the Chinese plastics machinery industry whose key core technologies are constrained by manpower issues. In addition, essential equipment, components, parts, and raw materials must be imported from abroad.
3. Challenges originating from lack of regulation of industry competition

Most manufacturers of auxiliary parts and equipment for plastics machinery are small-sized businesses with limited technology standards and production scales. They are characterized by weak delivery capabilities and irregular product quality. Homogeneous competition is prevalent among such small-sized enterprises which tend to lack effective competition methods and rely on price wars to seize market share. In addition, some SMEs place no emphasis on IPR protection which tends to result in non-regulated competition and unfavorable impacts on corporate development.

### (3) Industrial machinery

In October 2023, the Comprehensive PMI Output Index reached 47.8%, which represents a drop by 0.9 percentage points MoM. This marks the end of three consecutive months of PoP increases. The fact that PMI values have remained below 50% for 13 consecutive months is a clear indicator for volatility and a downturn in the global manufacturing sector. This drop can mainly be attributed to the following three factors:

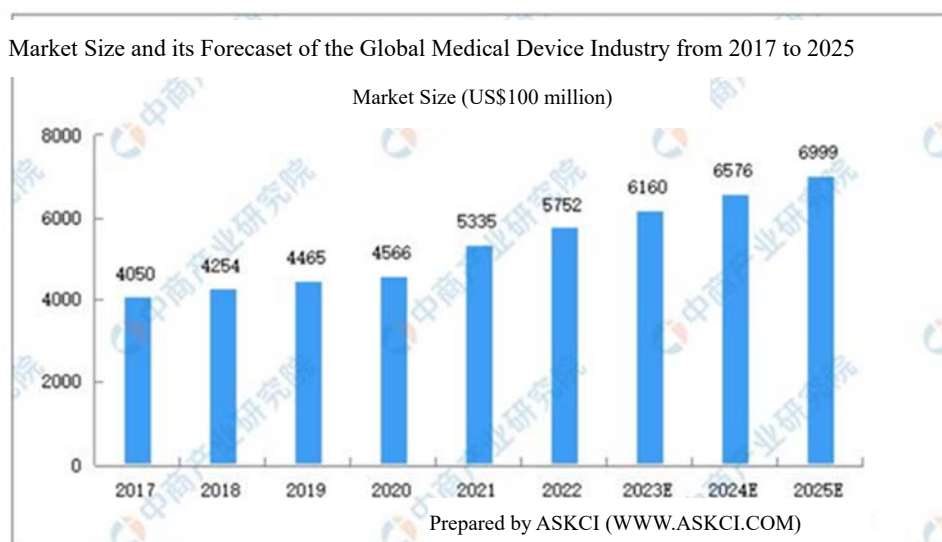
- A. Seasonal pattern: An analysis of historical data reveals that PMI values in October tend to be lower than in the preceding month.
- B. Wars flaring up in different regions all over the world in October causing economic disturbances in affected regions
- C. Lingering impact of frequent fluctuations in international commodity prices on the domestic economy



### (4) Medical equipment

#### Market size of the medical device industry

A. Anticipated maintenance of a stable growth pattern in the global market  
Askci Corporation website: The aggravating issue of population aging worldwide coupled with the ongoing increase of chronic patients serves as a catalyst for the sustained development of the global market for medical devices. In the period from 2017 to 2021, the size of the global medical device market increased from US\$ 405 billion to 533.5 billion, which constitutes a CAGR of 7.1%. The rising health awareness among all citizens is expected to perpetuate this growth momentum. It is anticipated that the market size will break through the threshold of US\$ 600 billion in 2023 and reach US\$ 699.9 billion in 2025.



Data source: Frost & Sullivan, Zhongshang Industrial Research Institute

### B. Enormous growth and development momentum of the Chinese market

Population aging is driving ongoing growth of the demand for healthcare services. The early 21<sup>st</sup> century will be a period of extremely rapid population aging in China. Against the backdrop of baby boomers born in the mid-20<sup>th</sup> century reaching old age, it is forecast that by 2040 seniors aged 65 and above will account for 22% of the total population. The trend of progressive aging of the elderly population is getting more and more pronounced, as borne out by the five percent annual increase of the population segment aged 65 and above. Accelerated population aging is associated with a significant increase in the incidence rates of chronic diseases including tumors, diabetes, cardiovascular disease, hypertension, cerebrovascular disease, neurological disorders, and orthopedic conditions.

China has turned into the second largest market for medical devices in the world accounting for around 25% of the global market, which is only second to the US (31%). According to data released by Frost & Sullivan, it is expected that the size of the medical device market will reach around US\$ 960 billion in 2022. In the period from 2015 to 2022, the compound growth rate is projected to lie at approximately 17.5%, which is significantly above the global growth rate. By 2025 and 2032, market size is anticipated to soar to US\$ 12.4 billion and US\$ 18.2 billion, respectively. This represents a compound growth rate of 10.2% and 5.6% for the period from 2021-2025 and 2025-2032, respectively, as shown in the chart below.

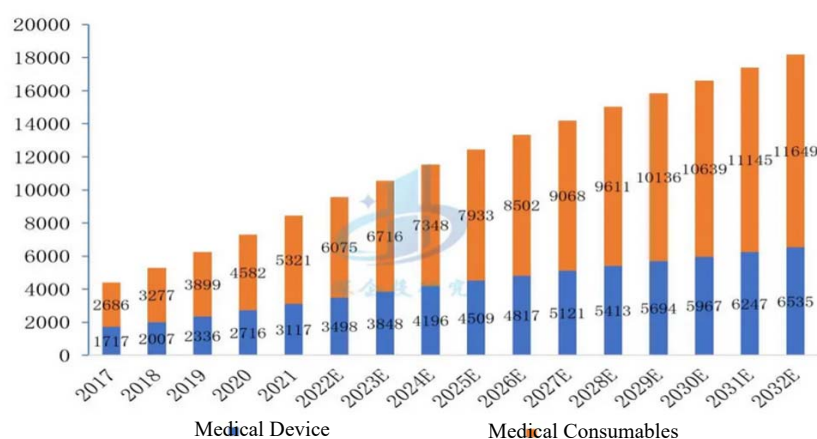


Chart 6: Market Size and its Forecast of China's Medical Device Industry from 2017 to 2032

Data source: Frost & Sullivan, Blue Book of the Medical Device Industry in China, Guotai Junan, and Shenzhen Enterprise Investment Institute

The following major development trends are discernible in the healthcare sector:

- 1) Personalized medicine: The development of gene sequencing technology enables doctors to design more precise therapies based on patient gene information.
- 2) Digitized medicine: This category which has evolved into the mainstream of healthcare practices and encompasses electronic medical records (EMR), telemedicine, and smart medical equipment is projected to greatly enhance the efficiency and quality of healthcare services.
- 3) Artificial Intelligence: AI plays a crucial role in the healthcare sector and is applied in various fields including AI-aided diagnosis, pharmaceutical R&D, and medical robots. AI applications are highly conducive to the realization of high-precision, smart medicine.
- 4) Internet-based medicine: This field is expected to turn into a vital component of healthcare services. Online consultations, pharmacies, and health management have the potential to transform traditional healthcare service models.
- 5) Biomedical engineering: This category is anticipated to evolve into an essential field involving the development and application of artificial organs, biomaterials, and bionic robots.
- 6) Personalized medication: Physicians design personalized medication regimens based on the patient's genetic information and condition
- 7) Big data: This trend is expected to revolutionize the healthcare sector. Big data analysis will enable physicians to forecast the incidence and course of diseases and design more precise therapies.
- 8) Centralization of healthcare resources: Against the backdrop of urbanization trends and population mobility, centralization of healthcare resources in big cities and other areas with high concentrations of resources is a viable option.
- 9) Stratified care: This is an inevitable trend that will facilitate the solution of problems associated with diseases requiring difficult or expensive treatment. It will contribute to the further enhancement and optimization of primary healthcare.
- 10) Interdepartmental collaboration: Hospitals will place more emphasis on cross-departmental cooperation and coordination to satisfy the demands of patients for comprehensive care.

### (c) Overview of Technologies and R&D

#### 1. Research and development expenses and R&D investments as share of revenue in recent years up to the first quarter of 2024

Unit: 1000 NTD; %

Item \ Year	2021	2022	2023
R&D expenses (Note)	351,541	319,550	313,236
Revenue	8,948,211	9,383,925	8,671,009
Share of revenue (%)	3.93%	3.41%	3.44%

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

#### 2. R&D Achievements

Technology or product type	Properties and functions
Molding flask	Based on the contour of the mold, these specially designed

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Technology or product type	Properties and functions
	flasks guarantee the use of suitable amounts of sand to reduce sand-iron ratios and cooling times and improve turnover rates of flasks.
Iron ball	This sphere-shaped object is hollow and is added during stages of molding and core making processes that consume large amounts of sand. These balls can be recycled and reused and help reduce sand costs.
Inoculants with Bi content	Improve the grade of nodulization and enhance the mechanical properties and quality of castings
EN-GJS-350-22U-LT	1.Utilized in wind power and gas turbine products to ensure high elongation rates, excellent low-temperature impact properties, and high fatigue resistance 2. High-intensity, high-tenacity spheroidal graphite iron casting for industrial use application
EN-GJS-400-18U-LT	
EN-GJS-500-7	
EN-GJS-500-14	
EN-GJS-600-3	
EN-GJS-600-10U-LT	
EN-GJS-700-2	
EN-GJS-1050-6 (ADI)	Heavy-duty gear used in high-speed trains and boats.
Anti-overflow gate riser	The effect of inertia when molten iron is poured into the mold cavity from the ladle during the casting process which leads to overflow at the gate riser and an expanding area of molten iron. This technical improvement prevents the overflow of molten iron at gate risers onto the surface of sand mold.
Core-wire injection nodulizing equipment	Enhances the molten iron nodulization effect and quality
Unpluggable pouring basin	Allows the pouring of molten iron of a weight equivalent or approximate to the casting into the basin above the mold cavity and ensures that impurities in the molten iron float to the surface. When the plug is removed and the molten iron flows into the cavity, the impurities are kept in the basin and out of the casting.
ASME U STAMP (Certified by American Society of Mechanical Engineers)	Permission certificate for export of pressure vessels to Europe and the US
PED(pressure equipment directive)	Permission certificate for export of pressure vessels to Europe
Ceramic tube runner	Decreases slag flowing into castings and enhances product quality
CNC wooden pattern processing	Machine tools are employed for 3D programming of processing patterns. This enhances the accuracy of the dimensions of the pattern and the surface flatness, increases the service life of the pattern, reduces the impact of human negligence and facilitates the production and measuring of complicated shapes which cannot be created manually.
PFMEA - Process failure mode and effect analysis	Increases the ability to control production processes and reduces process reject ratios.
Optimization of gating systems	Reduced use of ceramic tubes, decreased labor costs and intensity, and enhanced yield rate
Minimization of allowances for pouring weight	Enhances the usage rate of molten iron and reduces energy consumption
Promotion of the use of chips	The computerization of mold data enhances the consistency of

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Technology or product type	Properties and functions
in all plants	scheduling and production and reduces human error during production processes
Wind turbine hub rotary fixture	Implementation of simultaneous setup and machining of three flanges to effectively reduce processing times and enhance production efficiency.
Hollow core support technology for wind turbine hub castings	Reduced consumption of core sand, decreased sand-iron ratio, convenient core making operations and facilitate ventilation during casting.
Ventilated and anti-leakage flask	Guarantees sufficient ventilation during the casting process and facilitates mold closing and sand enclosing operations and prevents leakage
Standardization of the base plate of pattern	Reduce pattern costs and shorten pattern making times
Air-cooled iron core technologies	One end of the sand core is exposed to cold air and the other end releases hot air to accelerate the cooling of heavy castings and enhance the quality of castings
Ductile iron castings (energy-type gas turbines) MT, UT Special inspection code	Refined inspection process to guarantee product inspection quality
Universal assembly and welding device/tool	Reduces assembly and welding times, enhances production efficiency, and guarantees product quality
Styrofoam cylinder molding technology	Cylinder-shaped Styrofoam rapid molding tool for increased production efficiency
Special tapping clamping cutter	Enhanced efficiency and reduced costs
Converter	Face mill cutter head is converted and clamped to boring shank for reduced costs
C5 High-grade anti-corrosion coating technology	Improved and optimized coating techniques allow the highest C5 grade corrosion protection and provide enhanced coating quality
EN-GJS-600-10U-LT	Wind power and gas turbine products are characterized by excellent elongation characteristics and low-temperature impact resistance as well as high fatigue resistance and weight reduction
Casting dimension scanning technology	Enhances the accuracy and efficiency of casting dimension detection
Coating automation	Enhances the quality consistency and efficiency of spray coating for castings

#### (d) Long- and short-term development plans

##### i. Short-term development plans

- (1) Customer territory and after-sales service: In this post-pandemic era, the Company will target potential customers in China market and explore respective industries' needs in China's import market. The Company will continue to increase its exploration of sales opportunities in markets of Japan and North America in a bid to enhance balance of footprints in export markets and speed up capabilities in market exploration, infiltration and after-sales service.
- (2) Expansion into new product areas and vertical services: Provision of vertically integrated services for existing products such as precise processing services for



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

- (3) Horizontal expansion into new industries and product areas including promising emerging industries such as AI, automated machinery, robots, and new energy vehicles and industries with existing customers such as the shipping industry, agricultural machinery, castings for the automobile industry, and the health care industry as well as horizontal expansion through acquisition of new customers in the same industry or cross-industry cooperation with existing customers. Expansion of sales to same-industry businesses upon successful initiation of cooperation with top-ranked enterprises.
- (4) Energy sector: The Taichung Harbor plant has been constructed to satisfy the demand of wind power customers for offshore wind turbines. Official commissioning of the plant is planned in April 2024. Production processes will encompass casting, processing, spray coating, and assembly capabilities. The projected output volume in 2024 is 10,000 tons. Yeong Guan has already acquired orders from major customers for the development of offshore wind turbines. Deployment planning for future production capacities of the new manufacturing site is currently in progress.
- (5) Production strategies: Processes are improved, yield rates and production efficiency are increased, production costs are reduced, and current production flows are optimized to increase production capacities and satisfy rising customer demands. A continued focus on supplier management and development allows the maintenance of positive and stable interactions with suppliers. In addition, the company also actively seeks cooperation with large international suppliers of raw materials to ensure a stable source of raw materials under conditions of wide price fluctuations in countries of origin.

## ii. Medium-term

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

- (1) Taichung Harbor Plant:  
The main objective of this expansion project is to satisfy the stable global demand for offshore wind power and the demand for castings of heavy industries such as the injection molding machinery and industrial machinery sectors. The output volume is expected to reach 10,000, 50,000, and 75,000 tons in 2024, 2024, and 2025, respectively. The close proximity of the plant to major customers, the active support

by the local and central governments, and the location of the plant in the close vicinity of Taichung Harbor represent enormous competitive advantages (e.g., land transportation cost savings).

(2) Thailand plant:

Significant planning advantage: Construction started in 2022 and it will begin production in the second quarter of 2024. In addition, Thailand government offers investment incentive policies of 8-year investment tax-free and 5-year investment tax 50% percent reduction. Automated equipment will be added in the future, while investments in new production capacities through industrial machinery will be planned in stages in response to supply chain transfer trends in the future. Production capacity is planned to be 98,000 tons/year, the goal is to strengthen deployment in ASEAN region and thereby enhance the company's risk resistance capacity in the face of rapid industrial transformations.

iii. Long-term:

- (1) Pioneering investments and solid implementation of an EHS (Environment, health, and safety) system: All plant areas affiliated to the group have earned the approval and support of local governments. The establishment of an EHS system is a key review criterion of multinational corporate clients. Investments that will generate long-term environmental cost advantages are planned in stages and the Company will pioneer the adoption of environmental protection equipment that meets the highest standards.
- (2) Promotion of GSI (Green Supplier Initiative): The goal lies in achieving conformity to national and international standards and norms in the fields of environmental protection, energy conservation, and emission reduction at an early date
- (3) Promotion of integrated carbon management: Interpretation of Interim Regulations on the Administration of Carbon Emissions Trading, establishment of a basic institutional framework, investment in photovoltaic installations, implementation of paperless office operations and green factory management, acceleration and consolidation of progress on the path toward carbon peaking and carbon neutrality through market mechanism controls and GHG (e.g., CO<sub>2</sub>) emission reductions, realization of high-quality, green development and the "Double Carbon" target, and proactive commitment to carbon market trading.
- (4) Lean production: Transparency of manufacturing data and management and constant advances and optimization of lean production processes ensure the streamlining of operations, elimination of useless and redundant elements, and ongoing enhancement of production efficiency.
- (5) Continued implementation of training and inheritance programs of the Group from top management to the lowest ranks and building of the Group's core competitiveness including strengthening of professional technical competence, comprehensive user solutions, and continued skill development
- (6) Corporate social responsibility: The Company aims to contribute to environmental protection, society, and corporate governance (ESG) and fulfill its corporate social responsibility (CSR) through its development and planning efforts and its core competitiveness to achieve the goal of sustainable development and business operations.

## 2. Market and sales overview

### (a) Market analysis

#### 1. Main products and sales regions

Unit: 1000 NTD; %

Region \ Year	2022		2023	
	Amount	%	Amount	%
Europe	2,111,035	22.50%	1,506,945	17.38%
China	6,046,299	64.43%	5,732,877	66.12%
USA	126,385	1.35%	311,165	3.59%
Asia	1,100,206	11.72%	1,120,022	12.91%
Total	9,383,925	100.00%	8,671,009	100.00%

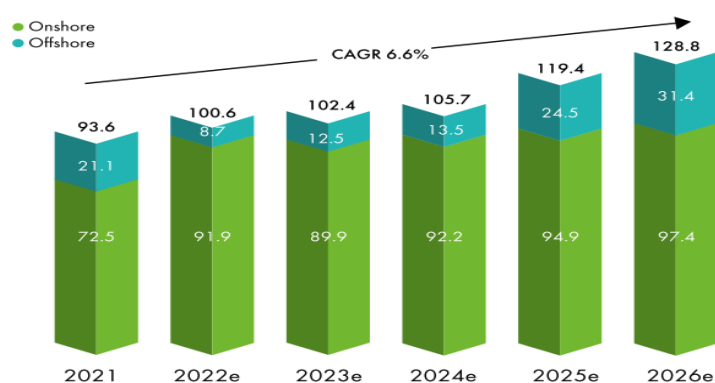
#### 2. Future supply and demand situation and growth prospects

##### Wind power generation industry

The Global Wind Energy Council (GWEC) has officially released its Global Wind Report 2023. Relevant data shows that newly added wind power installations amounted to 77.6 GW (grid-connected capacity) worldwide. The cumulative installed capacity has reached 914.6 GW.

Due to the spirit of global solidarity triggered by the net zero commitment paired with the newly perceived urgency of energy security, the market outlook of the global wind power industry is very positive.

New wind power installations outlook 2022-2026 (GW)



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

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

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

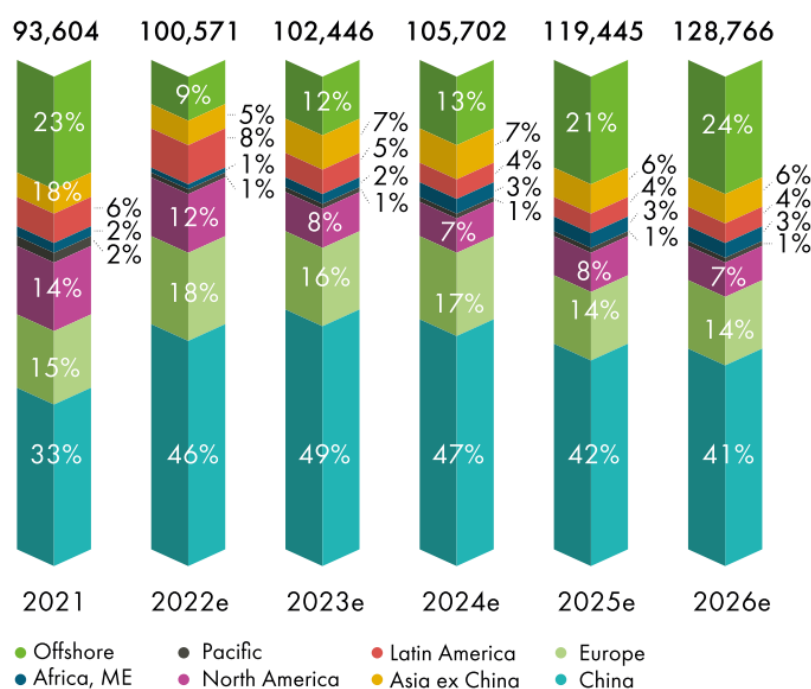
on the following support mechanisms starting in 2022:

- (1) Grid parity program (a price parity scheme for solar and wind power in China, allowing renewable energy to compete with benchmark prices for coal-based grid supplies without needing central government subsidies);
- (2) Positive guidance and support by national governments: Compared to other renewable energy forms, offshore wind power projects in particular are characterized by higher investment needs and longer life cycles. Reasonable support policies are therefore required to reduce investment risks and ensure stable revenues. In European and Asian markets such as Germany, the Netherlands, China, Japan, and Vietnam, offshore wind power policies are shifting from Feed-in-Tariffs to more competitive mechanisms. In the US, tax incentive policies are applied to the field of offshore wind power and include Investment Tax Credits (ITC) and Production Tax Credits (PTC) for wind power generation. In emerging markets, investments in offshore wind power projects often rely on international capital. Policy transparency and stability is therefore of vital importance.
- (3) Pure energy, hybrid propulsion, renewable energy, and technological neutrality auctions (Europe, Latin America, Africa, Middle East, Southeast Asia): Due to the high popularity of auction/bidding mechanisms in all markets other than China and the US, challenges associated with auctions in the past such as permits and market design must be tackled to sustain growth in the next five years.

The projected CAGR of onshore wind power and the average annual installed capacity are 6.1% and 93.3 GW for the next five years. In the period from 2023 to 2026, the capacity of new installations could reach 420 GW. CAGR of offshore and onshore wind power is expected to reach 8.3% in the next five years. In consideration of the fact that the offshore wind power capacity increased by over 21GW in 2021, this growth rate is very heartening. In view of the fact that the installed wind power capacity in China has decreased, new offshore wind power installations in 2024 could restore the capacity to the level in 2019/2020. However, market growth is expected to regain momentum in 2024 and is forecast to exceed 30GW in 2026.

It is projected that the global installed offshore wind capacity will exceed 90GW in the period from 2023 to 2026. The average annual power output of these offshore installations is expected to reach 18.1GW. It is further forecast that the Asian-Pacific market will be the main driving force for the global growth of onshore and offshore wind power in this five-year period.

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



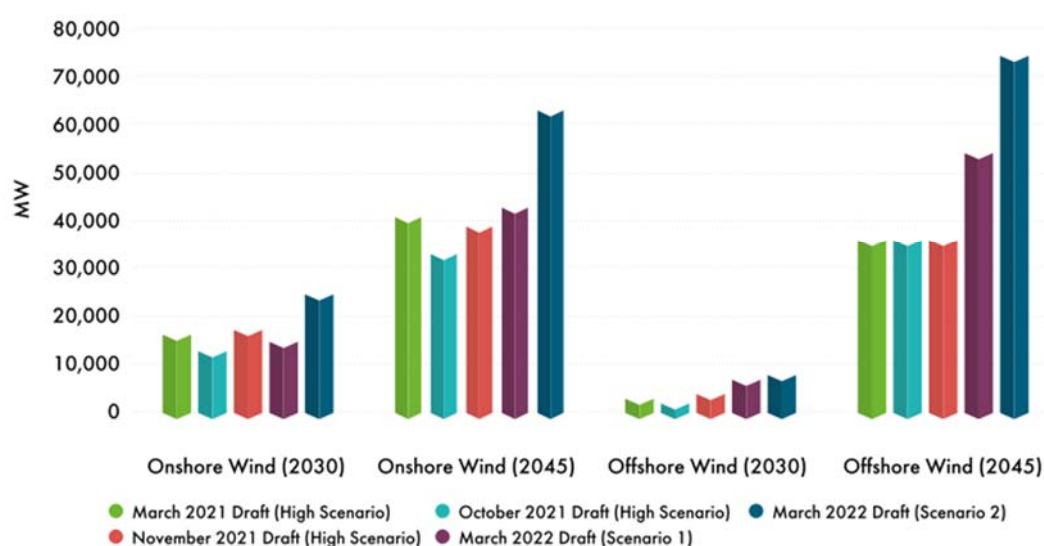
### Africa and the Middle East

The installed capacity in this region slowed down in 2023. However, due to the successive delay of the first and second round of the 5G spectrum auction plan in the context of the Renewable Independent Power Producer Programme (REIPPP) of the South African Government, growth speed for 2024 is expected to increase. Nevertheless, the pending official launch of the 5G spectrum auction of REIPPP Programme will result in a record high in South Africa. In the next five years (2022-2026) the newly added capacity is projected to reach 5.4 GW, 2.2 GW, 1.8 GW, 1.3 GW in South Africa, Egypt, Morocco, and Saudi Arabia, respectively.

### Asian regions except China

The momentum generated by the expired FiT policy has triggered a 57% increase in the field of onshore wind power capacity in Vietnam in 2023. The Asian Development Bank forecasts that the Vietnamese GDP will rise by 6.5% in 2024, which will be associated with an increase in electricity consumption by 11%. However, Vietnam cannot satisfy its energy demands by solely relying on domestic fossil fuel production. The country heavily depends on imported fuels. As for the net zero emissions target set at the COP26 summit, the pace of wind power development is expected to slow down in 2024. Following the finalization of the Power Development Plan VIII (PDP8) draft, the wind power sector is projected to rebound and gradually pick up steam.

### Vietnam’s wind energy targets in the draft PDP8



### Onshore/offshore wind power in China

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

### Onshore/offshore wind power in Europe

In view of the policies currently in place and the abating pandemic in Europe, it is projected that 2024 will be a year of record highs in the onshore wind power industry. Countries like Germany, Switzerland, Finland, France, Spain, and Turkey will see rapid development in this sector in 2024. After this peak, the sector is expected to return to a relatively stable level of 17.4 GW in the period from 2024 to 2026. It is further projected that the onshore wind power capacity in Europe will grow by 87.7 GW in the next five years. Germany, Spain, France, Switzerland, and Finland will account for 22% (19.7 GW), 11%, 10%, 9%, and 7% of this increase, respectively.

### Onshore/offshore wind power in the US

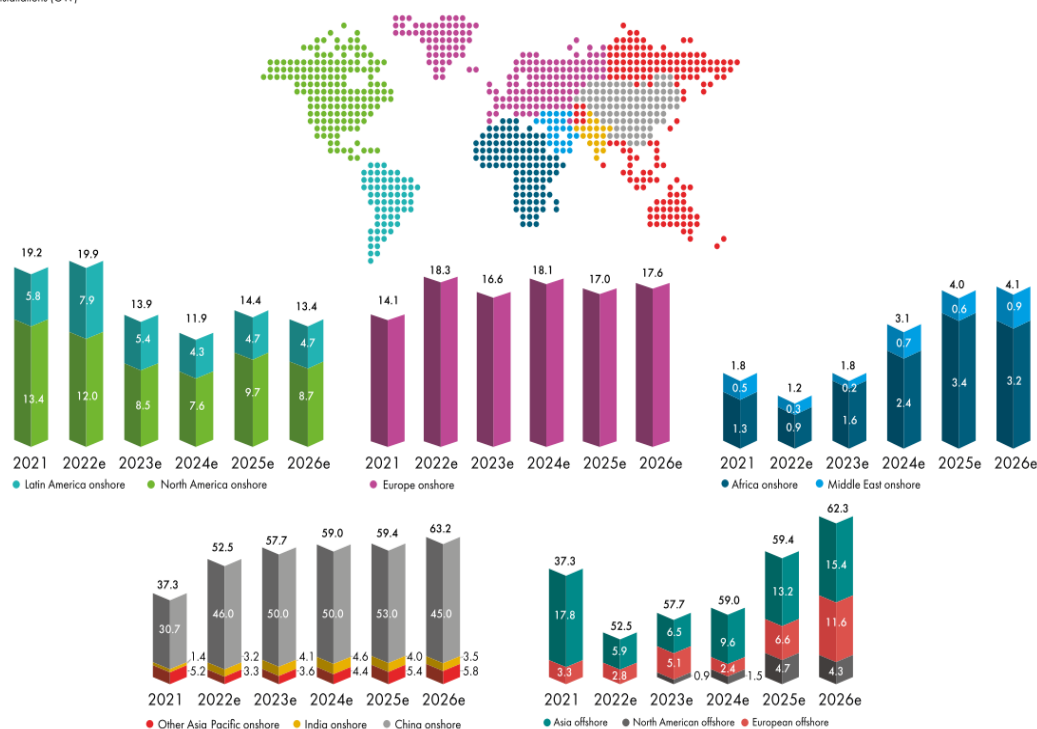
The ongoing enforcement of the renewable electricity Production Tax Credit (PTC) serves as the cornerstone of wind power development in the US and is expected to stimulate continued development in the period from 2022 to 2025.

2023 could be another year of robust growth in new installations since multi-GW onshore wind power projects span a two-year period from 2021 to 2023. Their onshore wind turbines which were assembled in 2016 still meet the COD requirements. In view of the fact

that a gradual decrease of Production Tax Credits (PTC) is planned for 2024 and 2025, onshore wind power could see a decline. However, based on estimates against the backdrop of a PTC extension announced for 2019 and 2020, a rebound is expected for 2025.

Market outlook 2022-2026

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

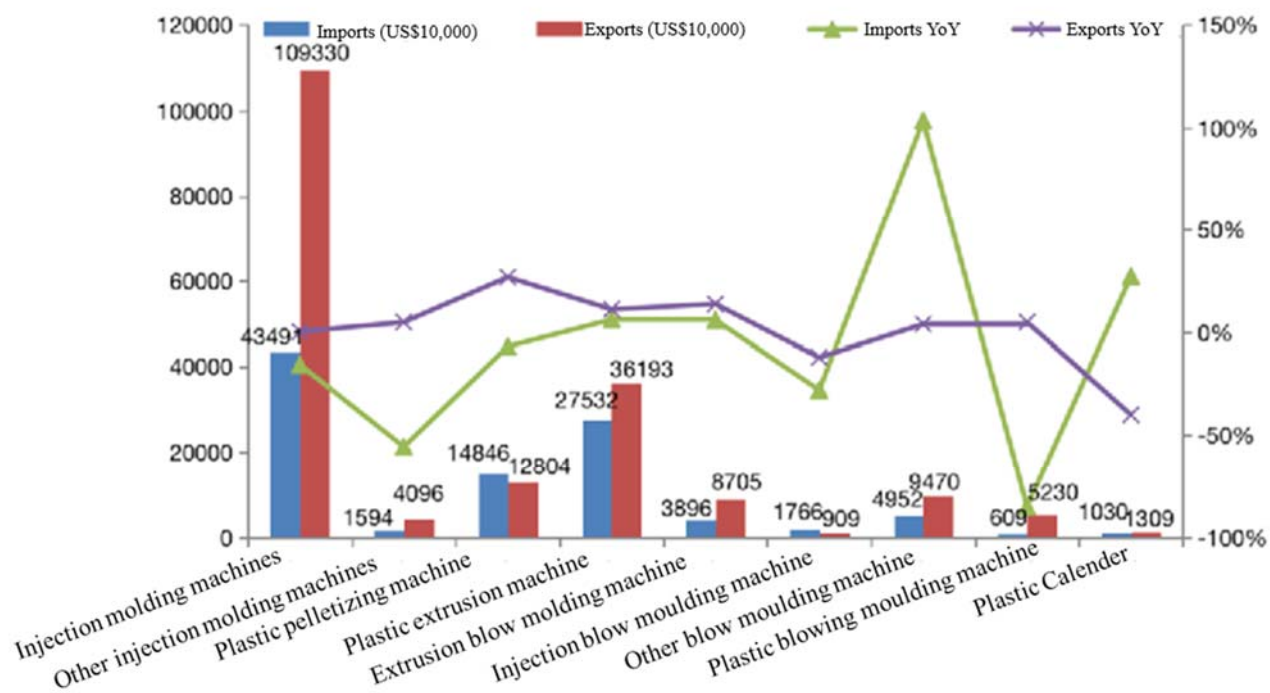


Injection molding machinery industry

The injection molding machinery market exhibits a stable growth pattern. The Chinese injection molding machinery industry chain, on the other hand, is characterized by a trend of accelerating integration. Competition in this industry is no longer confined to products but has been extended to comprehensive solutions. Companies that are capable of maintaining close proximity to customer demands and satisfying their needs more effectively are bound to dominate this market.

The 2022-2027 Analysis Report on Competition Patterns and Investment Risks in the Chinese Injection Molding Machinery Industry points out that in the period from January to August 2022, the import volume and amount amounted to 4842 units and US\$ 430 million, respectively, which represents a drop by 9% and 16% YoY. The export volume and amount, on the other hand, rose by 18% and 0.3% to 39,000 units and US\$ 1.09 billion, respectively, in the same period. The trade surplus in this sector reached US\$ 660 million, marking a YoY growth of 15%.

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



A rebound in investments in the manufacturing sector is anticipated to sustain the positive outlook of the injection molding machinery market. Injection molding machinery manufacturers have become actively engaged in the expansion of large and ultra-large die-casting machinery applications to open up new market space. Injection molding machinery substantially enhances productivity, significantly reduces production costs, stabilizes and improves the quality of plastics products, and facilitates the prevention of errors caused by human operation errors. Such machinery therefore plays an increasingly important role in injection molding processes. Investment trends in the injection molding machinery sector can be better understood through an in-depth analysis of three major market trends.

1. Due to the impact of the pandemic, the demand for injection molding machinery for the healthcare and home appliance sectors has been constantly exceptional and vibrant

Healthcare: Demand for epidemic prevention-related medical supplies (infrared thermometers and ventilators) has been exploding, which has generated vibrant demand for injection molding machinery in the healthcare sector. Home appliances: On the one hand, the trend of white-collar office workers bringing their own lunch boxes against the backdrop of epidemic prevention measures has resulted in booming demand for small home appliances. On the other hand, the hot weather coupled with stay-at-home practices during the pandemic has led to exponentially rising overseas demand for home appliances. Data released by the Chinese Customs Administration reveals that starting in February, the freezer and refrigerator trade volume began to rise, and inquiries increased by 327% in the most recent three months. Due to the successive closing of US meat processing plants, local residents engaged in panic buying of freezers and large-volume refrigerators to hoard meat. 70% of all freezers and refrigerators worldwide come from China which took the lead in resuming production. Export order books for domestically produced refrigerators are full until August.

The popularization of 5G smartphones has brought about a massive demand for injection molding machinery.

Demand for injection molding machinery in the 5G era is expected to surpass the vigorous



demand of the CNC machine tool sector. Low-end 5G devices mostly employ plastic, plastic + glass, and MIM technology, which is expected to spur demand for injection molding machinery. During the 5G promotion stage, the shipping volume of low-end custom-made devices offered by telecom operators is projected to be especially high. Domestic manufacturers will therefore benefit from the ensuing demand for injection molding machinery (Japanese high-end products are comparatively expensive).

The differentiation of injection molding machinery products is gradually being optimized and industry prospects are considered vast. This essential industrial equipment converts thermoplastic pellets into molded goods in four-stage cycles of melting, injection, packing/holding, and cooling. Rebounding investments in the manufacturing sector are anticipated to support the positive outlook of the injection molding machinery sector. In addition, injection molding machinery manufacturers have become actively engaged in the expansion of large and ultra-large die-casting machinery applications to create new market space.

Continuously elevated competition in the injection molding machinery market has raised entrance barriers to the industry which has seen a rapid bounce back in the post-pandemic era. Industry leaders have adopted product expansion plans to bring their production capacities in sync with demand growth and maximize benefits reaped from post-pandemic recovery. It is expected that domestic manufacturers of injection molding machinery will be able to further increase their market share by harnessing their highly competitive prices and ongoing optimization of the industry structure. Furthermore, the enormous demand of the overseas market is highly conducive to accelerated development of the Chinese injection molding machinery sector.

The largest demand market for the injection molding machinery industry is the automotive manufacturing industry. Modern carmakers have adopted vehicle body lightweighting as their main fuel efficiency strategy. The US has implemented Corporate Average Fuel Economy (CAFE) standards which prescribe a fuel economy of 3.7L/100KM and an 8% reduction of vehicle body weight by 2003. In the US and Europe, the total quantity of plastic materials per car currently amounts to 90-100 and 80-120 kg, respectively. These quantities account for 13% and 12% of the vehicle weight in these two regions.

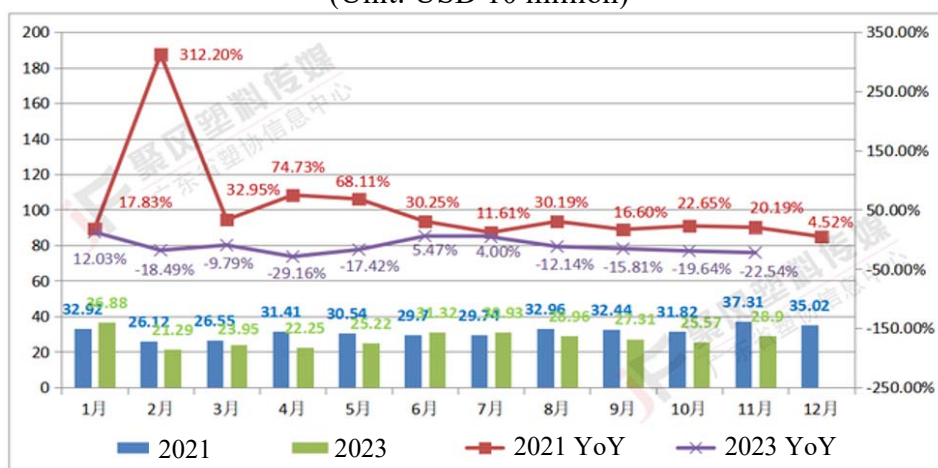
At present, Chinese injection molding machinery enterprises mostly command significant shares of the mid- and low-end markets. However, local industry leaders in the high-end market are gradually catching up with their international competitors. Against the backdrop of shrinking revenues of downstream businesses as a result of the COVID-19 epidemic, great value, domestically manufactured injection molding machinery has enjoyed a rising popularity among customers. In addition to price competitiveness, this phenomenon can mainly be attributed to ongoing enhancements in the fields of product technologies and quality enabling local manufacturers to compete with imported machinery.

As far as market layout is concerned, Chinese injection molding machinery manufacturers still focus on the mid- and low-level markets. Some highly competitive enterprises invest heavily in R&D with the goal of raising their technology standards. They gradually carve out market shares in the mid-end market and gain footholds in the high-end market. Statistics released by the China Plastics Machinery Industry Association reveal that the total revenues of the four major domestic players (Haitian International, Chen Hsong, Borche, and Yizumi) constitute a 60% share of the market, which bears clear testimony to their leadership position.

The trend of energy conservation, carbon reduction, and NVE has ushered in an era of new development opportunities in the injection molding machinery industry which currently has the highest output and demand volume in the plastics processing machinery sector. In 2025, the size of the global injection machinery market is expected to reach US\$ 22.323 billion with a projected CAGR of 4.7%. China and Germany account for US\$ 3.71 and US\$ 2.23 billion of this market volume, respectively. China’s market share amounts to 16.6%.

Over the course of a long period of rapid growth and development, China has evolved into the largest injection molding machinery market and manufacturing base in the world. The Chinese injection molding machinery sector has maintained a trade surplus over many consecutive years. According to data published by the National Bureau of Statistics of China, the plastics good output volume equaled 70.833 million tons in the period from January to November 2023, which represents a cumulative decline of 3.9% (based on the latest statistics in November). The output volume in November amounted to 6.978 million tons, a YoY decrease of 6.1%. The export volume of plastics machinery (injection, blow, extrusion, and vacuum molding machinery and other types of thermoforming and molding machinery) in the same period reached US\$ 3.0257 billion, marking a YoY decline of 11.40%. The export volume in November totaled US\$ 289 million, a decrease by 22.54%.

**Fig. 5 Comparison and YoY Growth Rate of the Monthly Export Volume of Chinese Injection Molding Machinery**  
(Unit: USD 10 million)



### Industrial machinery

#### **IMF (International Monetary Fund)**

In its World Economic Outlook Report released in October 2023, IMF forecasts global economic growth to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024.

In view of the negative impact generated by tightening policies, the growth rate in advanced economies is projected to drop from 2.6% in 2022 to 1.5 % in 2023 and 1.4% in 2024.

Economic growth in emerging markets and developing economies is expected to see a slight decrease from 4.1% in 2022 to 4.0% in 2023 and 2024.



As a result of tightening monetary policies and falling commodity prices, the global inflation rate is forecast to steadily decline from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024.

In conclusion, core inflation is predicted to decline slowly, which explains why most countries are not expected to reach the targeted level before 2025.

### Medical equipment

Radiotherapy technology represents an indispensable weapon in the fight of humanity against tumor diseases. During the 3<sup>rd</sup> China International Import Expo (below referred to as CIIE), the three world-leading radiotherapy equipment providers (Elekta, Varian, and Masep) unveiled their new-generation products in their booths located in the medical equipment & healthcare product area.

At present, roughly 70% of all tumor patients all over the world require different levels of radiotherapy. Official statistics released by WHO clearly indicate that 45% of all malignant tumors are curable (22% through surgery, 18% through radiotherapy, and a mere 5% through chemotherapy).

The more economically advanced a nation is, the more likely it is to adopt radiotherapy for tumor treatment. The adoption rate has reached 63% in the US and exceeds 40% in Canada, Sweden, the Netherlands, and Australia. It is below 20% in China, Russia, India, and Vietnam.

As for the availability of radiotherapy machines per million population around the globe, the WHO standard is 2-4 devices. The US, Japan, Eurozone, and China have 12, 7, 7~8, and 1.52 machines available per million population, which indicates ample room for improvement.

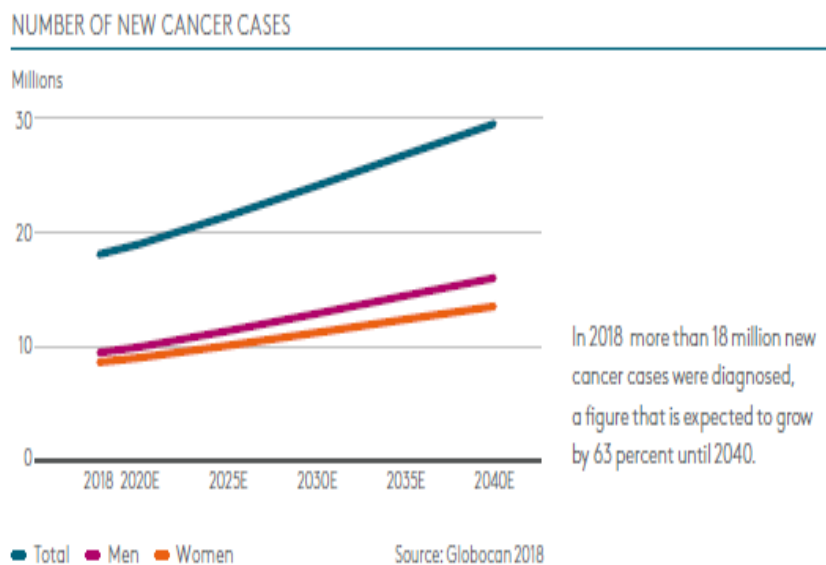
### Global Area:

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

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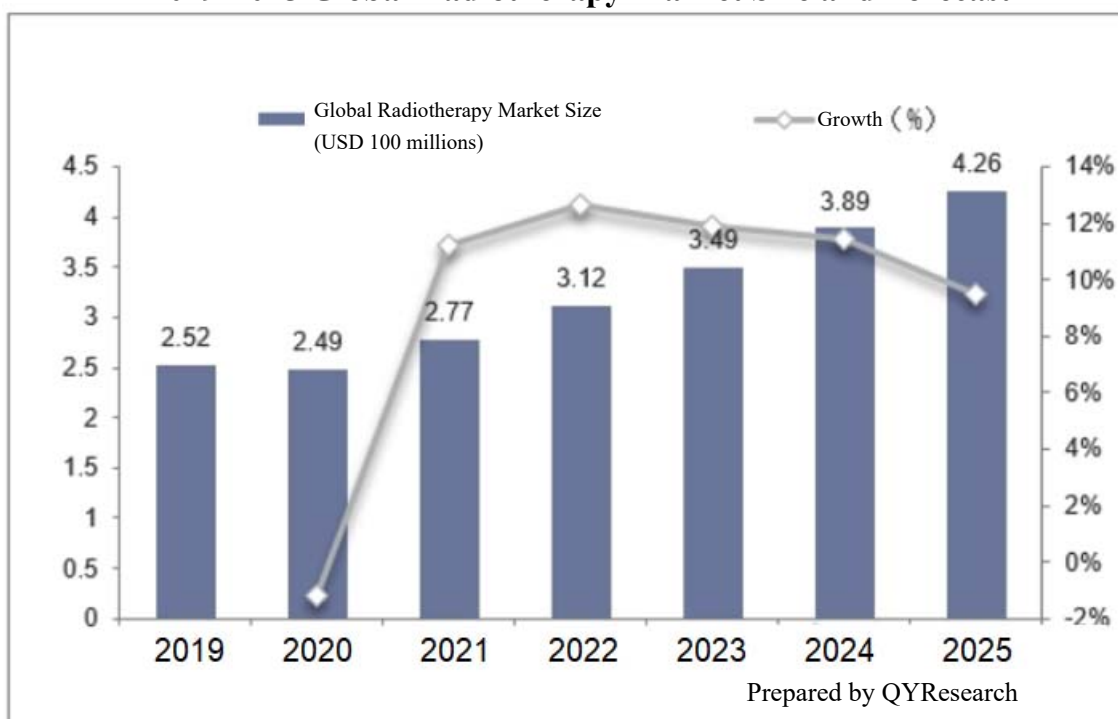
demand for continued treatment.

Estimated number of new cancer cases across the globe over the past 20 years



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

### 2019-2025 Global Radiotherapy Market Size and Forecast

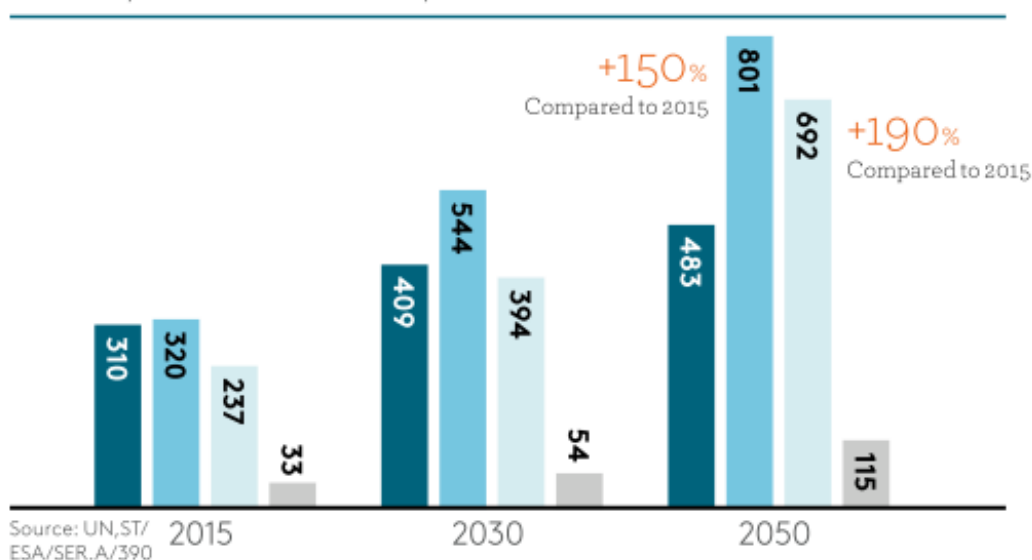


Source: QYResearch

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

Growth of the population aged 60 or above worldwide

#### AGE 60+, EXPECTED NUMBER, 100 MILLIONS

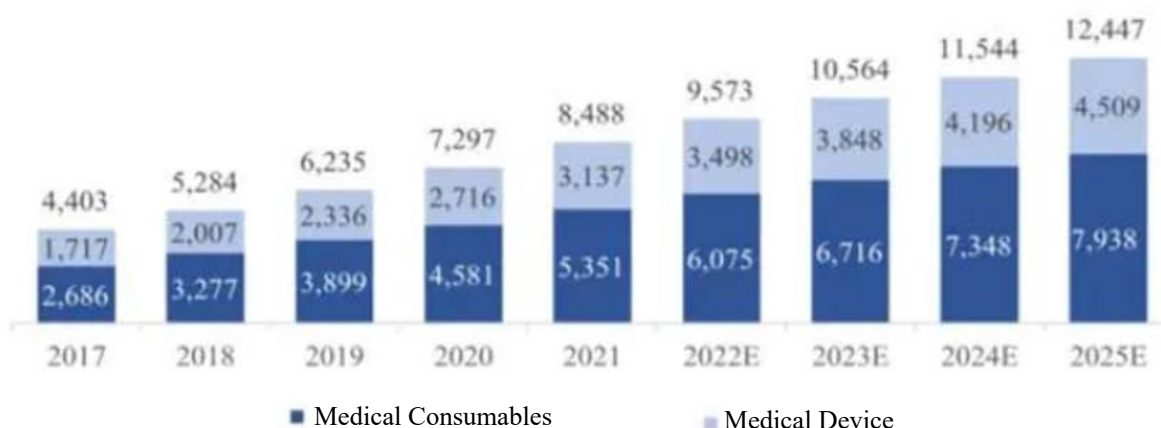


### China Region:

The Chinese medical device market grows at a much faster pace than the global market. Rapid development of the Chinese medical device market is driven by factors such as rising living standards and supportive national policies in the field of healthcare. In the period from 2017 to 2021, the size of the Chinese medical device market expanded from RMB\$ 440.3 billion to RMB\$ 848.8 billion, which constitutes a CAGR of 17.8%. This growth rate by far exceeds that of the global medical device market. It is anticipated that this rapid growth pattern of the Chinese market will be maintained under the influence of key factors the further expansion of market demand, the launch of stratified care policies, and industry upgrades driven by technological development. Against the backdrop of the intensification of efforts to localize production of high-end products, the size of the Chinese medical device market is projected to reach RMB\$ 1,244.7 billion by 2025.

### 2017-2025 China Medical Device Industry Market Size and Forecast

Market Size (USD 100 million)



Source: Frost & Sullivan and ASKCI Corporation

Source: China Medical Device Industry Market Size and Forecast

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

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

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

### 3. Competitive Niche

- (1) The Group has more than 50 years of experience in casting industry. Its unique metallurgy technology and stable quality has created a leading position in the industry. Currently, the Group has 6 foundries, 2 processing plants, 2 painting plants, 1 assembly factory and 1 welding plant around the world. Its lot-size purchase of raw materials comes with a certain degree of procurement scale. The 7<sup>th</sup> foundry is in Taichung Harbor of Taiwan and it is currently under construction. Production is expected to begin in the 3<sup>rd</sup> quarter of 2024 and output is expected to reach 25,000 tons in 2024, 50,000 tons in 2024 and 75,000 tons in 2025. Going forward, the Group will continue to plan and invest in Thailand factory for the purpose of responding to global wind power needs as well as needs from future ASEAN clients.
- (2) In the field of production the group possesses vertically integrated capabilities in the field of casting and processing which enable it to provide customers with higher added-value services and maintain strong partnerships with its customers.
- (3) The group continues to develop new products in close cooperation with its clients to maintain its market competitiveness.
- (4) The industry has a wide range of application fields. Production, buyers, and application fields can be flexibly adjusted. In addition to existing wind power customers, the Company actively develops new industrial machinery customers and closely monitors the needs of injection molding machinery customers in the fields of e-vehicles and 5G communication equipment.
- (5) Due to the fact that most of the group's customers are highly ranked large manufacturers in different fields and the group is cooperating with large-scale international raw material suppliers, the group is able to resist the impact of economic fluctuations in the areas of production and sales.
- (6) We have extensive experience in castings production and possess large-scale production equipment, which enables us to satisfy all customer needs in the field of large-sized castings. Through the adoption of SCHIESS GmbH large machine tools, we have gained the ability to meet all customer needs in the field of processing equipment.

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

(1) Favorable factors

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

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



Production technologies may be utilized for different product categories to give product technologies a more comprehensive character.

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

To achieve a breakthrough in the field of services, Yeong Guan Energy Technology Group not only focuses on casting operations but has also created a main niche through a successful integration of secondary processing of metal. The company has established 7 casting plants, 2 processing plants, one assembly plant, and one resource recycling plant (recycled scrap steel is used as a substitute raw material) in Dongguan in Guangdong province, Ningbo in Zhejiang province, Liyang in Jiangsu, and in Taiwan. The group currently provides casting, processing, welding, assembly, and spray coating services and imports advanced processing lathes of international standard from Europe, Japan, and the US. The company also actively seeks cooperation with downstream subcontractors to gain the ability to provide customers with comprehensive and high-quality services and gain a firm grasp of high-end casting technologies with the goal of providing customers with outstanding and highly effective solutions. This enables the company to reduce customer costs, shorten delivery times, and satisfy customer demands in the field of casting and processing and thereby further raise the threshold for industry competition. Continued growth enables the group to gradually widen the gap between the group and same industry competitors as far as business scope and production capacity are concerned. Customer reliance will also gradually increase.

- C. Independent sales capabilities and international competitiveness

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

- D. Emphasis on environmental protection and EHS requirements

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



In July 2022, the Group is recognized as one of the Top 100 Enterprises of the Chinese Foundry Industry (4th installment) and named one of the Vanguard Enterprises of the Chinese Foundry Industry.

Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. is honored with the 2021 Suzhou City Quality Award in February 2022.

In order to realize “Made in China 2025” to promote related requirements from green manufacturing, Jiangsu Bright Steel Fine Machinery Co., Ltd. aggressively echoes the call, and insists on following purposes of “Green Smart Manufacturing and Sustainable Operations” in its continuous enhancement of the Company’s product R&D, optimization of manufacturing skills, reduction of raw material consumption, dramatic increase of product added-value, speed up the Company’s energy saving revamp, enhancement of environmental protection technology steps and realization of energy saving and green development. The Company shall also strengthen corporate internal management and encourage employees to save energy and reduce consumption. In the meantime, it will also speed up establishment of a joint community between employees and corporate green development of work benefits. Jiangsu Bright Steel Fine Machinery Co., Ltd. was successfully nominated into the list of 2020 Jiangsu Province Green Factory (the first batch) on December 2, 2020 and recognized again as a Green Foundry Enterprise in China in September 2022.

## (2) Unfavorable factors and response strategies

### A. Exchange rate fluctuations

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

Response strategies:

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

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

#### B. Raw material price fluctuations

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

Response strategy:

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

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

#### C. Corrosion at sea affects product quality

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

Response strategy:

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

Corrosion protection certification allowing it to provide the highest C5 grade corrosion protection for offshore wind turbines. The company has constructed new factory buildings at Jiangsu Bright Steel Fine Machinery Co., Ltd. and Ningbo Yeong Shang Casting Iron Co., Ltd. that provide anti-corrosion coating capabilities including sand blasting, spray painting, and zinc spraying. These facilities specialize in the coating of offshore wind power products to maximize the benefits of vertical integration of casting and spray coating processing and enable the company to further expand its offshore wind power business.

D. Impact of the Red Sea crisis on the global shipping industry and supply chain:

In response to the Red Sea crisis which broke out in November 2024, all major shipping companies announced shipping suspensions in the Red Sea area and rerouting around the Cape of Good Hope, which resulted in shipping delays, soaring shipping charges, contracting shipping capacities, and congested ports, which has had a spillover effect on the shipping cycles and transportation costs of our exports to Europe.

Countermeasures:

Relevant measures include the timely provision of European customers with up-to-date information to give them a clear understanding of relevant circumstances as quickly as possible, negotiation with customers on sharing of additional shipping costs and coordination of production and shipping ahead of schedule, ongoing communication with customers on express delivery, air freight, and railroad transportation, adoption of different transportation plans in advance, and making of choices in line with the latest developments. The top priority lies in the rapid provision of solutions in a complex environment and maintenance of flexibility and reliability.

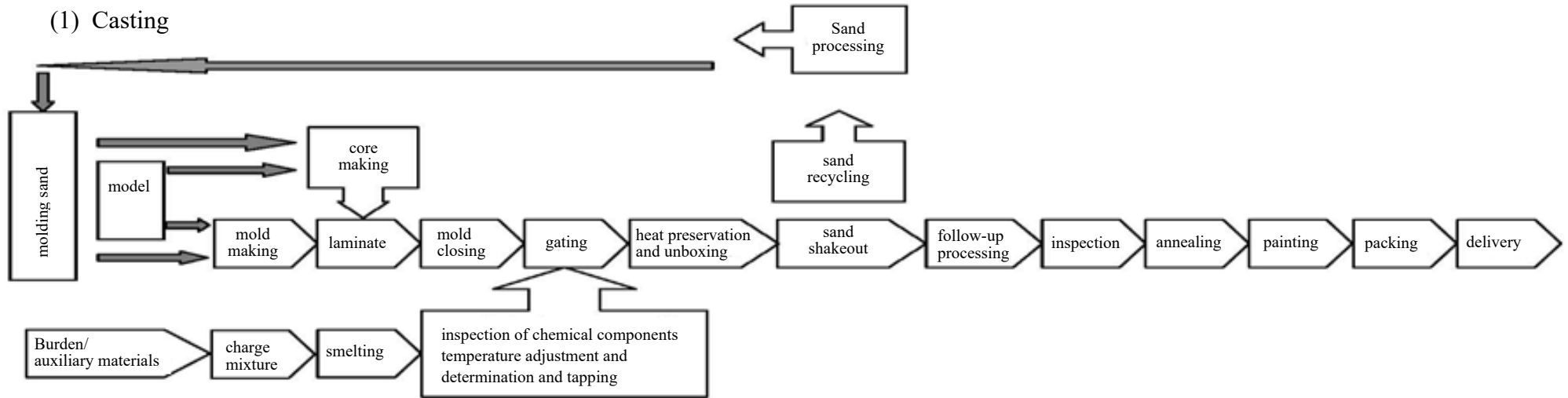
This is the English translation. In case of discrepancies between the Chinese Text and the English translation, the Chinese text shall prevail.

(b) Main uses and production procedures of major products

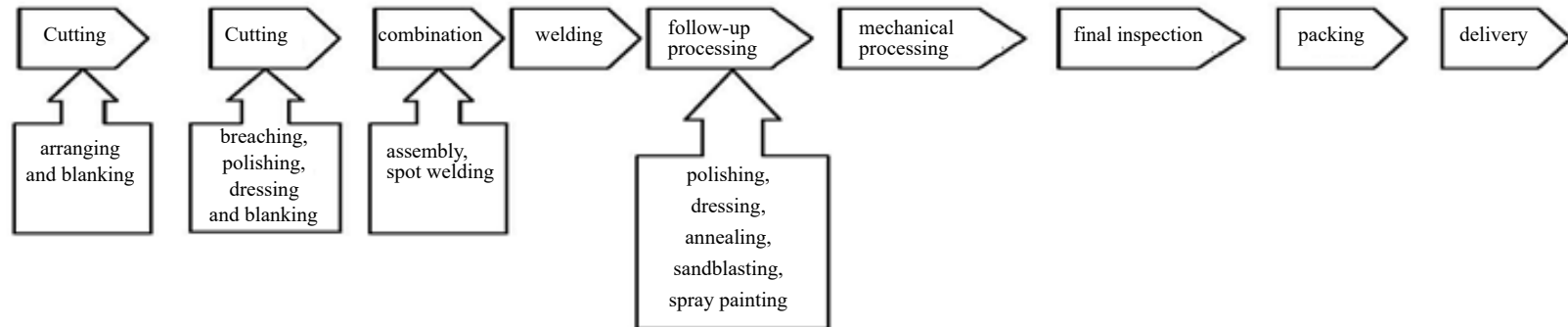
1. Main uses of major products: Provision of key components for industrial machinery equipment of different industrial fields including wind energy and injection molding machinery.

2. Production procedures:

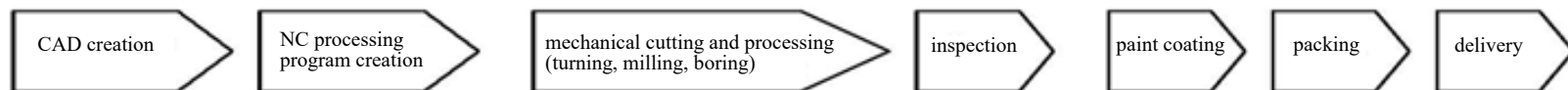
(1) Casting



(2) Welding



(3) Mechanical processing



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(c) Supply status of main materials

Main raw materials	Main suppliers	Supply status
Pig iron	Benxi Shentie Iron Co., Ltd., Ningbo Yijung Trade Company, Ningbo Qi Chang Trading Co., Guangdong Hungde Foundry Materials Company, Fushun Han Wang Company	Good
Scrap steel	Ningbo Zhonglie Renewable Resources, Ningbo Yinzhou Jinhao Renewable Resources, Anhui Win-Win Renewable Resources, Shenzhen Xinlan Renewable Resources, Jiangsu Giant Renewable Resources, Ningbo Chenhui Metal Materials, Ningbo Ruiyang Renewable Resources, Ningbo Hefa Renewable Resources, Wenling City Huatai Waste Materials, Yuhuan Xinduo Waste Metals, Jiangsu Paper Union Renewable Resources, Zhejiang New Century Renewable Resources Development Co., Ltd. Zhuji Branch, Zhejiang Wanggang Renewable Resources Co., Ltd., China Regeneration (Suzhou) Resource Development Co., Ltd., Magang Lihua Metal Resources Co., Ltd., Cixi Huixin Renewable Resources Co., Ltd., Ningbo Qichang Trading Co., Ltd., Ningbo Yinzhou Jinhao Renewable Resources, Ningbo Huli Auto Parts Manufacturing Co., Ltd.	Good
Resin	Kao Chemical Corporation Shanghai (hereinafter referred to as Kao Shanghai), Jinan Shengquan Group Co., Ltd., Suzhou Xingyeh Materials Company	Good
Nodulizer	Sanxiang Advanced Materials Co., Ltd., Metal Industry (Baotou) Co., Ltd., Sanxiang Advanced Materials (Ningxia) Co., Ltd.	Good

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

(d) Major suppliers and clients

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

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Unit: 1000 NTD; %

Item	2021				2022				2023			
	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer
1	Jiangnan Renewable Resources	513,025	10.4%	None	Ningbo Yijung Trade Company	668,544	11.1%	None	Ningbo Yijung Trade Company	601,137	11.0 %	None
2	Benxi Shentie (Group)	496,015	9.7%	None	Benxi Shentie (Group)	431,492	7.2%	None	China Regeneration Resource Development Co., Ltd.	538,997	9.9%	None
3	Fushun Han Wang Company	334,681	7.6%	None	China Regeneration Resource Development Co., Ltd.	283,495	4.7%	None	Fushun Han Wang Company	474,808	8.7%	None
4	other	4,170,095	72.3%	None	other	4,636,696	77%	None	other	3,825,457	70.4%	None
	Net purchases	5,513,816	100%		Net purchases	6,020,227	100%		Net purchases	5,440,399	100%	

Explanation on Reasons for Changes on Increase/Decrease:

- (1) Ningbo Yijung is one of the main suppliers of pig iron. Shentie's price remains high because its output decreased from furnace repair from the 2nd half of 2022 to February of 2023. Hanking's output was unstable. Accordingly, purchases of pig iron from these two companies had decreased while purchases from Ningbo Yijung had increased and, therefore, purchase amount is higher than those of the other two companies.'
- (2) Benxi Shentie is one of the pig iron suppliers. Its prices are higher because of reduced production from furnace maintenance in the previous phase. With this, purchase from this company is lower than the one from Ningbo Yi Ron and it ranks in the 2nd place.
- (3) China Regeneration is one the major suppliers for scrape steel. However, the Group stockpiled huge amount of pig iron due to low pig iron prices in 2023, With this, the Group's purchase of scrap steel is lower than the purchase for pig iron. Therefore, it now ranks in the 4th place.
- (4) Fushun Han Wang is one of the major suppliers for pig iron. Purchase percentage has gradually returned to normal due to furnace resumption in the 2nd quarter of 2023. With this, it now ranks in the 3rd place.

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

Unit: 1000 NTD; %

Item	2021				2022				2023			
	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer	Company name	Amount	Percentage of annual net purchases (%)	Relation with issuer
1	E	1,053,098	11.77%	None	E	1,562,987	16.66%	None	E	1,835,484	21.17%	None
2	IO	999,338	11.17%	None					SE			None
4	Other	6,895,775	77.06%	None	Other	7,820,938	83.34%	None	Other	6,835,523	78.83%	None
	Net purchases	8,948,211	100.00%		Net purchases	9,383,925	100.00%		Net purchases	8,671,007	100.00%	

Explanation on Changes of Increase/Decrease:

- (1) E Company: Compared with 2022, there is an increase in 2023 with main increase lies in: increase of gear box business developed by E Company, which represents an increase by 259% YoY. Therefore, there is a trend of increase in sales.
- (2) IO Company: Main reason is because demand from the company's industry decreased compared with the one for 2021. Orders received by our Company has therefore decreased from 22,000 tons to 10,000 tons. In the meantime, unit price for sales has also decreased by about 3% compared with the one for 2021 in order to receive more orders.

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

Unit: tons; 1000 NTD

Year Production volume/value Production categories	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Casting products	211,300	206,820	6,813,165	211,300	183,146	5,956,899
Precisely processed products (Note1)	462,768 (hour)	317,045 (hour)	627,592	441,008 (hour)	316,198 (hour)	736,721
Pressed scrap steel blocks	42,000	34,758	501,487	42,000	28,930	363,610
Other	Note 2	Note 2	281,656	Note 2	Note 2	431,288

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

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

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

Explanation of Reason for Changes in Increase/Decrease:

- (1) Output quantity and value for casting products had both decreased by about 11% in 2023. It is mainly because of dramatic decrease in wind power customer demand and overall delay in product delivery starting from the 2nd quarter of 2023. For injection and molding industry, overall business in 2023 has dropped by about 30% as compared with the one for 2022 because of the sluggish global economy. In terms of industry category, it slightly dropped by roughly 5%.
- (2) For processed products, output value has increased slightly while output quantity (work hours) has decreased in 2023. This is mainly because of respective factories' continued optimization in cost reduction and efficiency enhancement. With these, work skills have improved while work hours have decreased.
- (3) For bundled scrap steel, both output quantity and output value have decreased accordingly because output quantity from the Group's subsidiaries have decreased.

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

Unit: tons; 1000 NTD

Year Sales volume/value Main products	2022				2023			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Energy product castings	66,493	3,148,886	24,707	1,194,657	69,236	3,309,061	36,407	1,389,261
Injection molding machine castings	32,246	1,343,857	25,821	1,091,128	24,707	945,353	15,122	648,268
Other castings	32,213	1,958,135	10,601	647,262	31,330	1,847,479	8,241	531,587
Total	130,952	6,450,878	61,129	2,933,047	125,273	6,101,893	49,770	2,569,116



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

Year		2022	2023	as of February 29, 2024
Number	Executives	104	98	98
	Production line staff	1,691	1841	1,788
	General staff	391	406	408
	R&D personnel	97	105	105
	Total	2,283	2450	2399
Average age			40.93	41.51
Average years of service			9.43	9.94
Distribution of level of education (%)	PhD/MA	0.44%	0.37%	0.38%
	BA	6.26%	8.49%	8.8%
	Junior college or below	93.30%	91.14%	90.83%

### 4.Environmental protection expenses

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

Ningbo Municipal Bureau of Ecology and Environment imposed a fine on Ningbo Lu Lin Machine Tool Foundry Co., Ltd. on February 17, 2023 under disposition number of Yong-Zheng-Huan-Fa-Tze (2023) No. 7 Document for violation of “Discharge Control Standards for Volatile Organic Compound of Nil by Organization” Requirement 7.2.1 due to failure to conduct production and service activities- which generate volatile organic waste gas- in closed space or equipment as well as failure to install or unitize pollution control facilities as required. The fine was RMB70,000.

Rectification Measures: After occurrence of this incident, Lu Lin Company implemented modification and proposed rectification measures which require that shutter doors be closed in the paint workshop during operation and post-painting drying process, and that VOC equipment shall be utilized in accordance with painting SOP manual, and that records shall be kept for reference purpose. There are no subsequent improvement expenses incurred.

### 5. Labor-Management Relationship

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

#### 1. Employee welfare measures

The company allocates statutory contributions in accordance with Chinese law including social security contributions (old-age insurance, medical insurance, occupational injury

insurance, unemployment insurance, and childbirth insurance) as well as contributions to the housing provident fund. In addition, new-year bonuses, marriage and childbirth cash gifts are also granted and regular contributions are made to welfare funds. Staff trips, dinner parties, and recreation activities are organized on a non-scheduled basis to enhance the mental and physical health of the staff and promote staff engagement and emotional attachment.

## 2. Advanced education and training

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

## 3. Retirement system and implementation status

### Retirement system and implementation conditions

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

Companies within the territory of China make monthly contributions to pension insurance fund as prescribed in local laws and regulations to care for retired employees. In accordance with local social insurance operation modes, pension insurance is included in social insurance (including medical care, childbirth, pension, occupational injury, unemployment). After implementation of social insurance registration procedures, the company has started to fulfill its obligations in the field of pension contributions.

## 4. Labor-Management Agreements

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

## 5. Measures to safeguard employee rights and interests

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

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

On July 19, 2023, Ningbo Lu Lin Machine Tool Foundry Co., Ltd. received a rectification order under reference number of Yon-Zhen-Ren-She-Ze-Gai-Lin-Tze No. 6 of [2023] from the Bureau of Human Resources and Social Security of Zhenhai District. According to this order, the Company violated Clause 1, Article 6 of "Insurance Law of People's Republic of China" and Clause 1, Article 11 of "Ningbo City Interim Regulation on Collection and Payment for Social Insurance Premium." According to Article 28 of "Administrative

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Punishment Law of People’s Republic of China” and Article 23 of “Interim Regulation on Collection and Payment for Social Insurance Premium,” the Company is requested to rectify the followings prior to July 26, 2023: the Company shall pay full amount of worker’s basic pension insurance premium, unemployment insurance premium and work injury insurance premium for the period from January of 2010 to May of 2023 for Zhao, Neng-Bin (male with ID No.: 341126198110010010).

## 6. Cyber Security Management

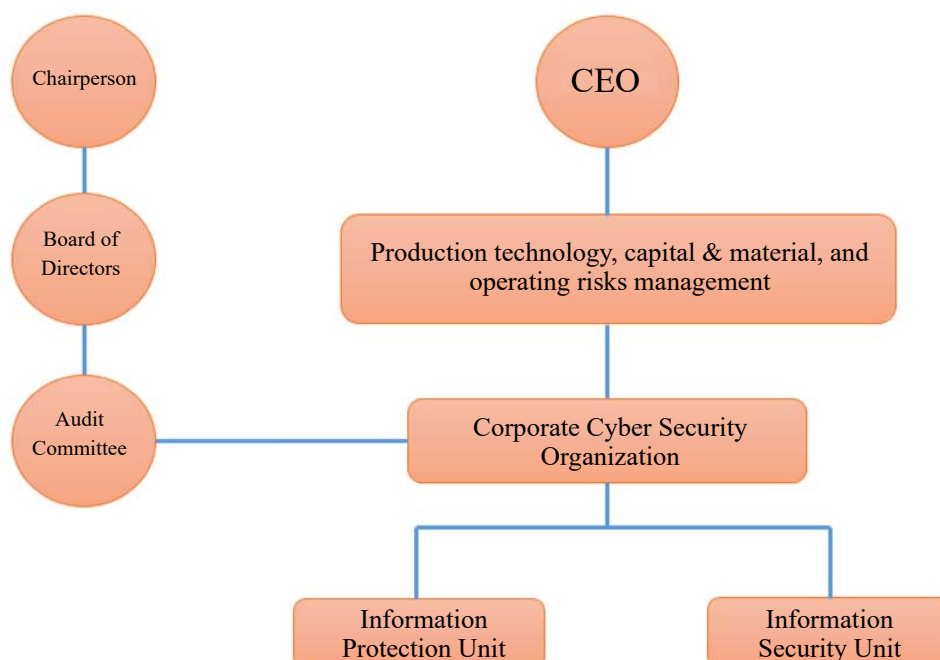
### A. Cyber security management strategy and framework:

#### 1. Cyber security governance organization

Yeong Guan Energy Technology Group established a Corporate Information Security Organization in 2022 with subordinate information security and protection units. This organization is responsible for the overall planning, formulation, and execution of information security and protection policies as well as risk management and compliance audits. The top executive of the Corporate Information Security Organization delivers semiannual reports on information security issues and directions and achievements in the field of information security management to the Board of Directors and Audit Committee.

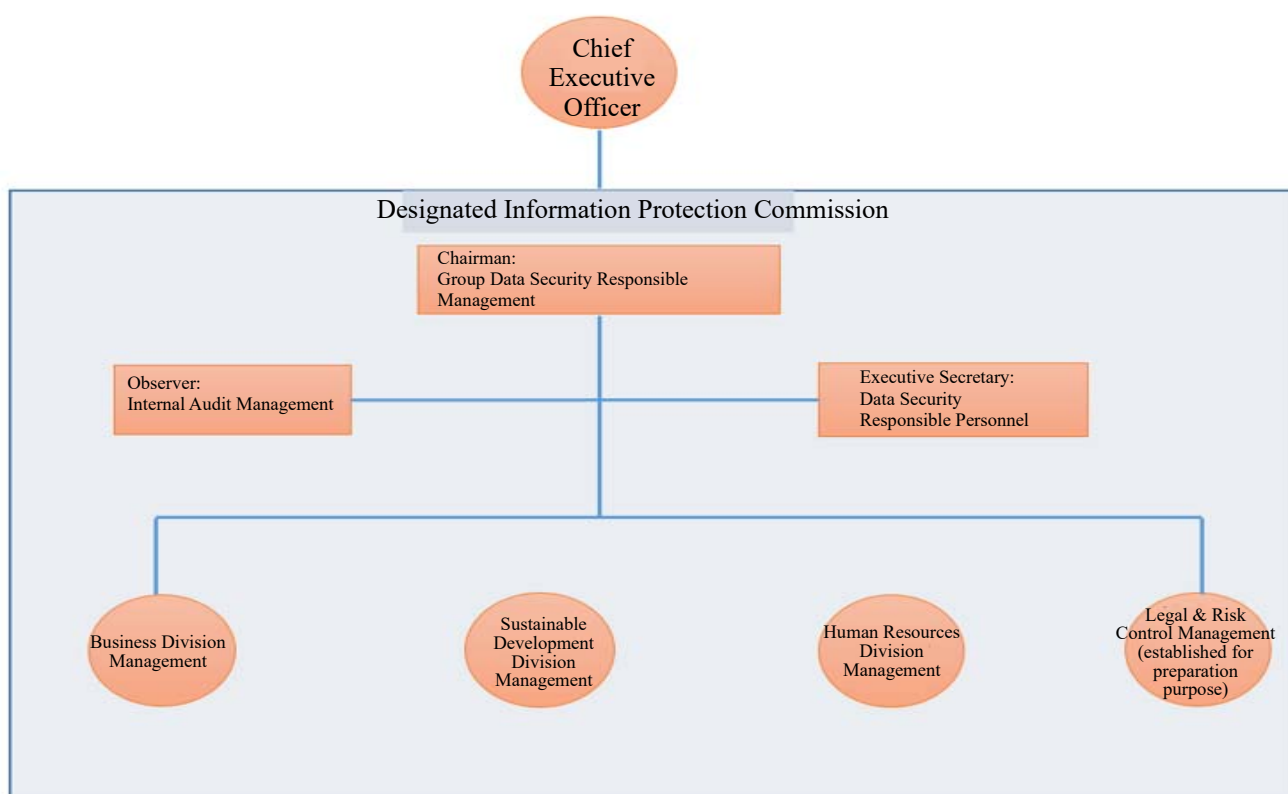
With a view to ensuring proper execution of information security strategies formulated by the Corporate Information Security Organization and internal compliance with information security standards, programs, and laws, Yeong Guan Energy Technology Group has formed a Dedicated Information Protection Committee. This committee is composed of top executives of the HR, Sustainable Development, and Sales Division with the top executives of the IT Division, Corporate Information Security Organization, and Audit Committee serving as the Chairperson, Executive Secretary, and Observer, respectively. The committee convenes every quarter to review and reach decisions on information security and protection guidelines and policies with the ultimate goal of ensuring the effectiveness of information security management measures.

#### 2. Organizational framework of the Corporate Information Security Organization



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### 3. Structure of Designated Information Protection Commission for the Group's Companies



#### II. Information security risks and countermeasures:

We have comprehensive network- and computer-related information security and protection measures in place but are unable to guarantee full protection against paralyzing cyberattacks that originate from subcontractors and pose a serious threat to computer systems that are crucial for the maintenance of core corporate functions such as manufacturing, operations, and accounting. These cyberattacks intrude into our internal network systems through illegal means with the goal of obstructing our operations and damaging our business reputation. We review and assess our information security rules, regulations, and programs on an ongoing basis to ensure their adequacy and effectiveness. It can, however, not be guaranteed that the company remains unaffected by constantly emerging new risks and cyber-attack modes in the context of ever-changing information security threats. Cyberattacks could also aim to steal the company's trade secrets and other confidential information such as proprietary information of customers or stakeholders and personal information of employees.

Malicious hackers may attempt to infect our network systems with computer viruses, malware, or ransomware to obstruct our operations, engage in blackmailing or extortion, gain control over our computer systems, or pry into confidential information. These attacks can cause losses resulting from compensation of customers for delayed or disrupted orders or incurrence of enormous expenses for remedial or corrective measures to strengthen network security. Such attacks can also lead to lawsuits, regulatory investigations, or serious legal liability arising from the breach of confidentiality obligations due to leakage of employee, customer, or subcontractor information.

The Corporate Information Security Organization relies on an Information Protection Task Force composed of relevant units of Taiwan plant areas and overseas subsidiaries to effectively implement information security management. Routine task force meetings are convened on a regular basis to review the adequacy of information security policies and protective measures in accordance with the PDCA (Plan-Do-Check-Act) management cycle mechanism.

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Implementation results are reported to the Dedicated Information Protection Committee on a regular basis.

1. The “Plan” stage lies prioritizes information security risk management, establishment of a sound Information Security Management System (ISMS), and continued implementation of international information security management system (ISO/IEC 27001, ISO/IEC 15408) certification audits in all plant areas. The ultimate goal lies in the mitigation of information security threats by harnessing the system, technology, program, and internal management dimensions paired with the provision of top-notch confidential information protection services in line with customer demands.
2. The “Do” stage aims to build a multi-layered information security mechanism through the ongoing adoption of innovative information security technologies. Information security control mechanisms are integrated and internalized in daily operation processes such as hard- and software maintenance and supplier information security management. Systematic monitoring of information security aims to assure the confidentiality, integrity, and availability of key assets of the Group.
3. The “Check” stage focuses on proactive monitoring of information security management results, information security indicator measurement and quantitative analysis based on audit results, and evaluation of information security maturity through regular cyberattack simulation drills.
4. The “Act” stage strives to ensure the continued effectiveness of information security norms and regulations through ongoing reviews, improvements, monitoring, and audits. Leakage of key confidential information of the Group is effectively prevented through regular reviews and ongoing improvements through implementation of information security measures, training, and propagation of relevant policies.

### III. Major cyber security incidents:

Please list losses, potential impacts, and adopted countermeasures during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report. Where reasonable estimates are impossible, an explanation of relevant facts should be provided: No major cyber security incidents have occurred as of the publication date of the annual report.

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## 7. Critical Contracts

Nature of Contract	Parties of Contract	Term of Contract	Major Contents	Limitation Clause
Insurance	Insured: Ningbo Yeong Shang Insurance company: China Pacific Insurance	2023.6.29~2024.6.28	Employer Liability Insurance	Nil
Property Insurance	Insured: Ningbo Yeong Shang Insurance company: PICC P&C	2023.7.8~2024.7.7	Property Insurance	Nil
Insurance	Insured: Ningbo Yeong Shang Insurance company: China Pacific Insurance	2023.11.9~2024.11.8	Liability Insurance of Safe Production	Nil
Insurance	Insured: Ningbo Lu Lin Insurance company: China Pacific Insurance	2023.6.29~2024.6.28	Employer Liability Insurance	Nil
Property Insurance	Insured: Ningbo Lu Lin Insurance company: PICC P&C	2023.7.8~2024.7.7	Property Insurance	Nil
Insurance	Insured: Ningbo Lu Lin Insurance company: China Pacific Insurance	2024.2.9~2025.2.8	Liability Insurance of Safe Production	Nil
Property Insurance	Insured: Jiangsu Bright Insurance company: PICC P&C	2023.7.8~2024.7.7	Property Insurance	Nil
Insurance	Insured: Jiangsu Bright Insurance company: Ping An Property & Casualty Insurance	2024.1.10~2025.1.9	Liability Insurance of Safe Production	Nil
Insurance	Insured: Jiangsu Bright Insurance company: Ping An Property & Casualty Insurance	2024.1.10~2025.1.9	Employer Liability Insurance	Nil
Insurance	Insured: Dongguan Yeong Guan Insurance company: PICC P&C	2023.6.29~2024.6.28	Employer Liability Insurance	Nil
Property Insurance	Insured: Dongguan Yeong Guan Insurance company: PICC P&C	2023.7.8~2024.7.7	Property Insurance	Nil
Insurance	Insured: Dongguan Yeong Guan Insurance company: PICC P&C	2023.6.29~2024.6.28	Liability Insurance of Safe Production	Nil
Property Insurance	Insured: Shanghai No.1 Machine Tool Foundry Insurance company: PICC P&C	2023.7.8~2024.7.7	Property Insurance	Nil
Insurance	Insured: Jiangsu Bright Insurance company: PING AN INSURANCE (GROUP) COMPANY OF CHINA	2023.1.10~2024.1.9	Liability Insurance of Safe Production	Nil
Insurance	Insured: Jiangsu Bright Insurance company: PING AN INSURANCE (GROUP) COMPANY OF CHINA	2023.1.10~2024.1.9	Employer Liability Insurance	Nil
Insurance	Insured: Shanghai No.1 Machine Tool Foundry Insurance company: Cathay Property Insurance	2023.6.30~2024.6.29	Liability Insurance of Safe Production	Nil
Insurance	Insured: Shanghai No.1 Machine Tool Foundry Insurance company: Cathay Property Insurance	2023.7.1~2024.6.30	Employer Liability Insurance	Nil
Insurance	Insured: Ningbo Yeong Chia Mei Insurance company: China Pacific Insurance	2023.6.29~2024.6.28	Employer Liability Insurance	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Shanghai No.1 Machine Tool Foundry	2022.11.17	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Yeong Shang	2022.11.17	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Jiangsu Bright	2022.11.17	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Yeong Shang	2022.11.30	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Lu Lin	2022.11.30	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Ningbo Yeong Shang	2022.12.07	Pig iron	Nil

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Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Shanghai No.1 Machine Tool Foundry	2022.12.07	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Ningbo Lu Lin	2022.12.07	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Jiangsu Bright	2022.12.07	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Lu Lin	2022.12.07	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Yeong Shang	2022.12.07	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Jiangsu Bright	2022.12.07	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Shanghai No.1 Machine Tool Foundry	2022.12.07	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Jiangsu Bright	2022.12.07	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Yeong Shang	2023.01.09	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Lu Lin	2023.01.09	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Jiangsu Bright	2023.01.09	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Shanghai No.1 Machine Tool Foundry	2023.01.09	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Shanghai No.1 Machine Tool Foundry	2023.01.09	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Jiangsu Bright	2023.01.09	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Shanghai No.1 Machine Tool Foundry	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Ningbo Lu Lin	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Jiangsu Bright	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Shanghai No.1 Machine Tool Foundry	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Benxi Shentie Purchaser: Ningbo Yeong Shang	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Shanghai No.1 Machine Tool Foundry	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Shanghai No.1 Machine Tool Foundry	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Fushun Han Wang Purchaser: Jiangsu Bright	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Lu Lin	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Ningbo Yeong Shang	2023.02.13	Pig iron	Nil
Sales & Purchase Contract	Supplier: Ningbo Yijung Purchaser: Jiangsu Bright	2023.02.13	Pig iron	Nil

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Sales & Purchase Contract	Supplier: Ningbo Chenhui Purchaser: Shanghai No.1 Machine Tool Foundry	2020.5.29 long term	Scrap steel supply, acceptance, technology, quality agreement	Nil
Sales & Purchase Contract	Supplier: Ningbo Chenhui Purchaser: Ningbo Yeong Shang	2020.5.29 long term	Scrap steel supply, acceptance, technology, quality agreement	Nil
Sales & Purchase Contract	Supplier: Jiangsu Paper Union Purchaser: Jiangsu Bright	2020.5.29 long term	Scrap steel supply, acceptance, technology, quality agreement	Nil
Sales & Purchase Contract	Supplier: China Regeneration Resource Purchaser: Jiangsu Bright	2022.5.17 long term	Scrap steel supply, acceptance, technology, quality agreement	Nil
Sales & Purchase Contract	Supplier: Jiangsu Ke Neng Purchaser: Jiangsu Bright	2022.5.17 long term	Scrap steel supply, acceptance, technology, quality agreement	Nil
Sales & Purchase Contract	Supplier: Changzhou Chun Sheng Purchaser: Jiangsu Bright	2022.5.17 long term	Scrap steel supply, acceptance, technology, quality agreement	Nil
Sales & Purchase Contract	Supplier: China Regeneration Resource Purchaser: Shanghai No.1 Machine Tool Foundry	2022.5.17 long term	Scrap steel supply, acceptance, technology, quality agreement	Nil
Sales & Purchase Contract	Supplier: Wenlin Huatai Purchaser: Ningbo Lu Lin	2015.01.02 long term	Scrap Steel Purchase and Sale Contract	Nil
Sales & Purchase Contract	Supplier: Yu Huan Xin Duo Purchaser: Ningbo Lu Lin	2017.10.09 long term	Scrap Steel Purchase and Sale Contract	Nil
Sales & Purchase Contract	Supplier: Ningpo Ho Fa Purchaser: Ningbo Lu Lin	2019.05.05 long term	Scrap Steel Purchase and Sale Contract	Nil
Sales & Purchase Contract	Supplier: Ningbo Rui Yang Purchaser: Ningbo Lu Lin	2018.04.02 long term	Scrap Steel Purchase and Sale Contract	Nil
Sales & Purchase Contract	Supplier: Ma Kang Li Metal Purchaser: Ningbo Lu Lin	2022.9.20 long term	Scrap Steel Purchase and Sale Contract	Nil
Sales & Purchase Contract	Supplier: Tzu Xi Hui Xin Purchaser: Ningbo Lu Lin	2022.11.21 long term	Scrap Steel Purchase and Sale Contract	Nil
Collateral contract	Debtor: Ningbo Yeong Shang Creditor: Bank of China	2019.12.06~ 2029.12.05	Debtor provided 110,933 square meters of land and 93,072 square meters of factory as collateral for the guarantee, and principal of creditor's rights under this guarantee shall not exceed RMB220,000,000.	Nil
Collateral contract	Debtor: Jiangsu Bright Creditor: Bank of China	2019.1.16~ 2025.1.15	Debtor provided 144,714.3 square meters of land and 90,432.53 square meters of factory as collaterals for the guarantee, and the highest principal balance amount under this guarantee is RMB120,000,000.	Nil
Collateral contract	Debtor: Shanghai No.1 Machine Tool Foundry Creditor: Bank of China	2022.06.22~ 2025.06.22	Debtor provided 66,909 square meters of land and 40,725 square meters of factory as collaterals for the guarantee, and the highest principal balance amount under this guarantee is RMB60,000,000.	Nil
Collateral contract	Debtor: Dongguan Yeong Guan Creditor: ICBC	2022.07.28~ 2032.07.28	Debtor provided 26,589 square meters of land and 15,015 square meters of factory as collaterals for the guarantee, and the highest principal balance amount under this guarantee is RMB52,510,000.	Nil
Collateral contract	Debtor: Yeong Guan Heavy Industries (Thailand) Co., Ltd. Creditor: Mega Bank	2023.02.22~ 2031.01.21	Debtor provided 976,000 square meters of land as collaterals for the guarantee, and the highest principal balance amount under this guarantee is THB1,250,000,000 and USD22,000,000	Nil
Loan Agreement	Debtor: Jiangsu Bright Lender: Shanghai branch of Land Bank of Taiwan	2023.12.11~ 2024.12.11	Land Bank of Taiwan's Shanghai Branch provided a revolving working capital loan of USD15,000,000 or equivalent RMB to Jiangsu Bright. Credit line is effective from December 11th, 2023 to December 11th, 2024 with disbursement period from December 11th, 2023 to December 11th, 2024.	Nil
Loan Agreement	Debtor: Jiangsu Bright Lender: Mega Bank, Kuanshan Branch	2023.12.15~ 2024.12.14	Mega International Commercial Bank's Kunshan Branch provided Jiangsu Bright with a working capital loan of credit line not exceeding RMB30,000,000. Disbursement period starts from December 15, 2023 to December 14th, 2024.	Nil
Loan Agreement	Debtor: Jiangsu Bright Lender: Jiangsu Jiangnan Rural Commercial Bank	2023.6.16~ 2024.6.16	Jiangsu Jiangnan Rural Commercial Bank provided Jiangsu Bright with a loan of credit line not exceeding RMB45,000,000. Disbursement period starts from June 12, 2023 to June 12, 2025.	Nil



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Loan Agreement	Borrower: Jiangsu Bright Lender: Industrial Bank, Ningbo Branch	2023.9.7~ 2024.3.6	Industrial Bank Ningbo Branch provided Jiangsu Bright with a loan of RMB30,000,000. The loan period from September 7, 2023 to March 6, 2024.	Nil
Loan Agreement	Borrower: Jiangsu Bright Lender: Bank of China, Piaoyang Branch	2023.9.12~ 2024.9.3	Bank of China Piaoyang Branch provided Jiangsu Bright with a loan of RMB20,000,000. Loan period: from September 12, 2023 to September 3, 2024.	Nil
Loan Agreement	Borrower: Jiangsu Bright Lender: Bank of Nanjing Co., Ltd., Changzhou Branch	2023.12.12~ 2024.12.10	Bank of Nanjing Co., Ltd. (Changzhou Branch) provided Jiangsu Bright with a loan of RMB35,000,000. Loan period: from December 11, 2023 to December 10, 2024.	Nil
Loan Agreement	Borrower: Jiangsu Bright Lender: Bank of China, Piaoyang Branch	2024.1.8~ 2024.11.28	Bank of China, Piaoyang Branch provided Jiangsu Bright with a loan of RMB20,000,000. Loan period: 11 months, starting from the actual withdrawal date.	Nil
Loan Agreement	Borrower: Jiangsu Bright Lender: CITIC Bank, Changzhou Branch	2024.1.16~ 2025.1.16	CITIC Bank (Changzhou Branch) provided Jiangsu Bright with a loan of RMB10,000,000. Loan period: from January 16, 2024 to January 16, 2025	Nil
Loan Agreement	Borrower: Jiangsu Bright Lender: Industrial Bank, Ningbo Branch	2024.1.31~ 2025.1.30	Industrial Bank (Ningbo Branch) provided Jiangsu Bright with a loan of RMB25,000,000. Loan period: from January 31, 2024 to January 30, 2025	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: Bank of Hanzhou (Ningbo Beilun Branch)	2023.11.9~ 2024.11.8	Bank of Hanzhou (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB10,000,000. Interest payment is made once each month.	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: Bank of Hanzhou (Ningbo Beilun Branch)	2024.1.1~ 2024.12.11	Bank of Hanzhou's Ningbo Beilun Branch provided Ningbo Yeong Shang with a working capital loan of RMB10,000,000. Interest payment is made once each month.	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.4.10~ 2024.4.9	China Everbright Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB9,950,000. Interest payment is made once each month.	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.5.9~ 2024.5.8	China Everbright Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB9,900,000. Interest payment is made once each month.	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.5.15~ 2024.5.14	China Everbright Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB5,100,000. Interest payment is made once each month.	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.6.9~ 2024.6.8	China Everbright Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB9,950,000. Interest payment is made once each month	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.8.9~ 2024.8.8	China Everbright Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB9,500,000. Interest payment is made once each month	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.8.14~ 2024.8.13	China Everbright Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB5,500,000. Interest payment is made once each month	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2024.2.20~ 2024.9.19	China Everbright Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB9,900,000. Interest payment is made once each month	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.6.21~ 2024.7.20	Bank of Ningbo (Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB9,950,000. Interest payment is made once every three months	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.6.27~ 2024.7.26	Bank of Ningbo (Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB9,950,000. Interest payment is made once every three months	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2023.12.08~ 2025.1.8	Bank of Ningbo (Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB10,000,000. Interest payment is made once every three months	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2024.3.8~ 2025.3.7	Industrial Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB5,500,000. Interest payment is made once each month	Nil
Loan Agreement	Borrower: Ningbo Yeong Shang Lender: China Everbright Bank (Ningbo Beilun Branch)	2024.3.11~ 2025.3.10	China Everbright Bank (Ningbo Beilun Branch) provided Ningbo Yeong Shang with a working capital loan of RMB9,900,000. Interest payment is made once each month	Nil
Syndicated loans	Borrower: Yeong Guan Holdings Co., Limited Taiwan Branch	Credit Extension Period for Mid-Term Loan:	The Company serves as a guarantor for Yeong Guan Holding Co., Ltd. Taiwan Branch's loan of	Nil

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agreement	Lender: Land Bank of Taiwan Joint guarantor: Yeong Guan Energy Technology Group Company Limited Guarantor: Yeong Chen Asia Pacific Co., Ltd.	2021.5.14~ 2024.5.14  Credit Extension Period for Long-Term Loan: 2021.5.14~ 2041.5.14	NTD2,120,000,000 granted by Land Bank of Taiwan.	
Syndicated loans agreement	Borrower: Yeong Guan Energy Technology Group Company Limited, Yeong Guan Holdings Co., Limited Taiwan Branch Lender: Total 6 banks, including Land Bank of Taiwan Joint guarantor: Yeong Guan Energy Technology Group Company Limited	2022.1.4~ 2027.1.3	Credit extension for Item A is USD130,000,000 while credit extension for Item B is NTD2,145,000,000 or equivalent Euro dollar. Credit extension period starts from the next day after disbursement until the expiration day of 5 years.	Nil
Syndicated loans agreement	Borrower: Yeong Guan Holdings Co., Limited Taiwan Branch Lender: Total 7 banks, including Land Bank of Taiwan Joint guarantor: Yeong Guan Energy Technology Group Company Limited	2022.10.25~ 2029.10.24	Credit extension amounts for Item A and Item B are NTD3,660,000,000 each with credit extension period starts from the next day after disbursement until the expiration day of 5 years. However, the longest period shall not exceed 7 years starting from the day of first disbursement of this credit extension project.	Nil
Facility Agreement	Borrower: Yeong Chen Asia Pacific Co., Ltd. Lender: Land Bank of Taiwan	2023.11.10~ 2024.11.10	Land Bank of Taiwan provided a combined credit extension amount of NTD500,000,000 or equivalent foreign currencies to Yeong Chen Asia Pacific Co., Ltd.	Nil
General Agreement for Banking Transactions	Borrower: Yeong Chen Asia Pacific Co., Ltd. Lender: Land Bank of Taiwan	2022.11.12~ 2023.11.12	Land Bank of Taiwan provided foreign currency derivative product transaction amount of USD400,000 to Yeong Chen Asia Pacific Co., Ltd.	Nil
Facility Agreement	Borrower: Yeong Guan Energy Technology Group Company Limited, Yeong Guan Holdings Co., Limited Taiwan Branch, Yeong Chen Asia Pacific Co., Ltd. Lender: Total 10 banks, including Land Bank of Taiwan Joint guarantor: Yeong Guan Energy	2018.7.10~ 2023.7.10	Credit line with the total amount of NTD4.2 billion or foreign currency of equivalent value with credit extension period starting from the date of first appropriation until 5-year expiration date.	Nil
Facility Agreement	Borrower: Yeong Guan Holdings Co., Limited Taiwan Branch Lender: Land Bank of Taiwan Joint guarantor: Yeong Guan Energy Technology Group Company Limited Guarantor: Yeong Chen Asia Pacific Co., Ltd.	Credit Extension Period for Mid-Term Loan: 2021.5.14~ 2024.5.14  Credit Extension Period for Long-Term Loan: 2021.5.14~ 2041.5.14	To provide guarantee for Yeong Guan Holding Co., Ltd. Taiwan Branch's loan of NTD2,120,000,000 from Land Bank of Taiwan, Yeong Chen Asia Pacific Co., Ltd. established a maximum mortgage rights (NTD85,430,000) with the bank and rendered its land of land number 0093-0000 and building of building number 04243-0000, both of which are located in Jiu-Zong Section, Neihu District of Taipei, as collaterals.	Nil
Share Purchase Agreement	Buyer: Stonepeak Formosa 4-3 Holdings Company Limited Seller: Yeong Chen Asia Pacific Co., Ltd.	2023.5.3	Buyer purchased 2,850,000 common shares issued by Formosa 4 International Investment Co., Ltd. (hereinafter referred to as "Formosa 4 Investment Company"), which account for 4.75% of common shares issued by Formosa 4 International Investment Co., Ltd., under the price of NTD99,750,000.	Nil
Equity Buy-Back Option Termination Agreement	Option Grantor: J&V Energy Technology Co., Ltd. and Yeong Chen Asia Pacific Co., Ltd. Option Owner: Stonepeak Formosa 4-3 Upper Holdings Company	2023.5.3	The Parties hereby acknowledge and agree that equity buy-back option agreement and supplementary agreement established on September 19, 2022 and September 23rd, 2022 respectively between the Parties shall be terminated at the time when option grantor no longer owns shares issued by Formosa 4 Investment Company.	Nil

## VI. Financial Summary

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

#### (1) Summarized Balance Sheet & Income Statement

##### 1-1 Summarized Consolidated Balance Sheet

Unit: NTD 1,000

Item		Year	Financial data for the last five years (Note 1)				
			2019	2020	2021	2022	2023
Current Asset			6,783,485	9,413,781	9,305,056	9,666,572	10,079,701
Property, Plant and Equipment			5,734,533	5,755,961	7,239,302	9,650,666	11,751,198
Intangible Asset			137,409	137,522	137,958	138,841	137,888
Other Asset			865,578	1,087,122	1,787,540	2,434,840	3,107,719
Total Asset			13,521,005	16,394,386	18,469,856	21,890,919	25,076,506
Current Liability	Before Allocation		3,097,188	3,619,765	5,443,845	8,118,110	7,361,008
	After Allocation		3,044,380	3,785,691	5,510,216	8,118,110	7,361,008
Non-current Liability			2,601,750	4,010,679	4,191,396	5,280,797	8,988,130
Total Liability	Before Allocation		5,698,938	7,630,444	9,635,241	13,398,907	16,349,138
	After Allocation		5,646,130	7,796,370	9,701,612	13,398,907	16,349,138
Owner's Equities Attributed to Parent Company			7,661,102	8,607,458	8,709,270	8,363,951	8,560,051
Share Capital			1,056,175	1,106,175	1,106,175	1,106,175	1,181,359
Additional Paid-in Capital			5,553,059	5,980,154	5,980,154	5,980,154	6,490,466
Retained Earnings	Before Allocation		2,455,384	2,915,719	2,972,313	2,470,407	2,271,917
	After Allocation		2,402,576	2,749,793	2,905,942	2,470,407	2,271,917
Other Equities			(1,403,516)	(1,394,590)	(1,349,372)	(1,192,785)	(1,383,691)
Treasury Share			0	0	0	0	0
Non-controlling Equities			160,965	156,484	125,345	128,061	167,317
Total Equities	Before Allocation		7,822,067	8,763,942	8,834,615	8,492,012	8,727,368
	After Allocation		7,769,259	8,598,016	8,768,244	8,492,012	8,727,368

Note 1: Financial data for last 5 years have all been audited or reviewed by certified accountants.

Note 2: As of April 3, 2024, 2023 earnings distribution has yet to be approved by shareholder meeting resolution.

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## 2-1 Summarized Consolidated Income Statement

Unit: NTD 1,000 except for EPS

Item \ Year	Financial data for the last five years (Note 1)				
	2019	2020	2021	2022	2023
Operation Revenue	7,899,986	8,184,273	8,948,211	9,383,925	8,671,009
Operation Profit Margin	1,371,353	1,789,787	1,769,821	1,343,779	1,197,638
Operation Income	212,460	544,700	316,057	97,529	(172,654)
Non-operation Revenue & Expenses	8,868	79,038	4,563	(411,710)	(90,550)
Pre-tax Net Profit	221,328	623,738	320,620	(314,181)	(263,204)
Current Net Profit for Continuing Operations	163,526	516,530	213,973	(444,375)	(276,341)
Discontinued Operations Loss	0	0	0	0	0
Current Net Profit	163,526	516,530	213,973	(444,375)	(276,341)
Current Other Consolidated Income (after tax net amount)	(376,790)	1,058	38,731	168,143	(118,434)
Current Consolidated Income Total Amount	(213,264)	517,588	252,704	(276,232)	(394,775)
Net Profit Attributed to Parent Company Owner	162,976	513,143	216,102	(438,462)	(269,740)
Net Profit Attributed to Non-controlling Equities	550	3,387	(2,129)	(5,913)	(6,601)
Consolidated Income Total Attributed to Parent Company Owner	(218,911)	522,069	267,738	(278,948)	(389,396)
Consolidated Income Total Attributed to Non-controlling Equities	5,647	(4,481)	(15,034)	2,716	(5,379)
Earnings Per Share	1.54	4.81	1.95	(3.96)	(2.35)

Note 1: Financial data for last 5 yearshave already been audited by accountants.

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

Year	Name of Accounting Firm	Certified Accountants	Audit Comments
2019	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Chang, Ching-Ren	No Reservation
2020	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Chang, Ching-Ren	No Reservation
2021	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Huang, Yao-Lin	No Reservation
2022	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Huang, Yao-Lin	No Reservation
2023	Deloitte Touche Tohmatsu Limited., Taiwan	Chen, Chih-Yuan Huang, Yao-Lin	No Reservation

## 2. Financial analysis for the last five years

### (1) Financial Analysis

Items Analyzed (note4)		Year	Financial analysis for the last five years				
		2018	2019	2020	2021	2023	
Finance Structure	Debt Ratio (%)	42.15	46.54	52.17	61.21	65.20	
	Long Term Fund to Fixed Asset Ratio (%)	178.97	219.22	178.20	141.39	149.33	
Repayment Capability	Current Ratio (%)	219.02	260.07	170.93	119.03	136.93	
	Quick Ratios (%)	171.71	218.55	134.19	91.02	99.20	
	Times Interest Earned	2.37	7.67	5.72	(1.11)	(0.08)	
Operating Performance	Account Receivables Turnover Rate (Times)	3.11	2.52	2.63	2.66	2.40	
	Average Collection Days	117	145	139	137	152	
	Inventory Turnover Rate (Times)	4.65	4.79	4.71	4.50	3.38	
	Account Payable Turnover Rate (Times)	6.40	4.85	3.53	3.41	3.44	
	Average Inventory Turnover Days	78	75	77	82	108	
	Fixed Asset Turnover Rate (Times)	1.36	1.42	1.38	1.11	0.81	
	Total Asset Turnover Rate (Times)	0.56	0.55	0.51	0.47	0.37	
Profitability	Return on Asset (%)	2.21	3.97	1.49	(1.16)	(0.09)	
	Return on Equity (%)	2.06	6.31	2.50	(5.14)	(3.27)	
	Pre-tax Net Profit to Paid-in Capital (%)	3.35	8.80	4.52	(4.43)	(3.43)	
	Net Margin Rate (%)	2.07	6.31	2.39	(4.74)	(3.19)	
	Earnings Per Share (NTD)	1.54	4.81	1.95	(3.96)	(2.35)	
Cash Flow	Cash Flow Ratio (%)	(10.50)	16.51	18.29	(3.69)	(6.73)	
	Cash Flow Adequacy Ratio (%)	44.90	39.98	28.40	9.25	3.83	
	Cash Re-investment Ratio (%)	(2.35)	3.33	5.02	(2.15)	(2.41)	
Leverage	Operating Leverage	3.63	1.99	2.70	6.44	(1.93)	
	Financial Leverage	4.18	1.21	1.27	(1.91)	0.41	

Reasons for changes in various financial ratios within the last two years (no analysis will be made if changes in decrease/increase are less than 20%):

1. Current Ratio: Current ratio for 2023 is higher than the one for 2022. This is mainly because of current liabilities from current portion of payable corporate bonds.
2. Times Interest Earned: Times Interest Earned for 2023 increases slightly as compared with the one for 2022. This is mainly because of improvement of loss reduction from disposition of real property, factory building and equipment and subsidiaries.
3. Average Collection Days: This is mainly because of China's insufficient domestic demand, inflation in US/Europe markets, unsatisfactory economy recovery and decrease in operating revenue for 2023. In addition, most clients in China use 180-day acceptance bills for payments. This also leads to increase in Average Collection Days.
4. Inventory Turnover Rate and Average Inventory Turnover Days: This is mainly because of decrease in costs from China's insufficient domestic demand, inflation in US/Europe markets, unsatisfactory economy recovery and decrease in sales revenue. Meanwhile, the Company strategically increased inventory for the prevention of drastic fluctuation in pig iron prices. Finally, end customers slow down their push for shipment delivery because China's economy

- recovery in 2023 is not as vigorous as expected. All these had led to an increase of 31.27% in 2023 ending inventory as compared with the one for 2022.
5. Both Fixed Asset Turnover Rate and Total Asset Turnover Rate had decreased as compared with the ones for last year: This is mainly because work-in-process increase from the continuous building of Taichung new factory has led to increase in average fixed asset net values.
  6. Return on Asset, Return on Equity, Pre-tax Net Profit to Paid-in Capital, Net Margin Rate, Earnings Per Share, Operating Leverage and Financial Leverage: This is mainly because of improvement in pre-tax net loss from the reduction of losses during disposition of fixed assets and subsidiaries.
  7. Cash Flow Adequacy Ratio decreases as compared with the one for last year. This is mainly because increase in capital expenditure from the Company's continuous factory expansion.

#### 1. Financial Structure

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

#### 2. Liquidity

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities
- (3) Times Interest Earned = Net Income before Income Tax and Interest Expense / Current Interest Expense

#### 3. Operating Performance

- (1) Account Receivable (including Account Receivable and Operating Notes Receivables) Turnover Rate = Net Sales / Average Account Receivable (including Account Receivable and Operating Notes Receivables) Balance
- (2) Average Collection Days = 365 / Account Receivable Turnover Rate
- (3) Inventory Turnover Rate = Cost of Sales / Average Inventory
- (4) Account Payable (including Account Payable and Operating Notes Payables) Turnover Rate = Cost of Sales / Average Account Payable (including Account Payable and Operating Notes Payables) Balance
- (5) Average Days of Sales = 365 / Inventory Turnover Rate
- (6) Fixed Asset Turnover Rate = Net Sales / Net Average Fixed Asset
- (7) Total Asset Turnover Rate = Net Sales / Average Total Asset

#### 4. Profitability

- (1) Return on Asset = [ Income After Tax + Interest Expense × (1 – Tax Rate) ] / Average Total Asset
- (2) Return on Equity = Income After Tax / Average Total Equity
- (3) Net Margin Rate = Income After Tax / Net Sales
- (4) Earnings Per Share = (Income Attributed to Parent Company Owner – Preferred Share Dividend) / Weighted Average Number of Outstanding Shares

#### 5. Cash Flow

- (1) Cash Flow Ratio = Operating Activity Net Cash Flow / Current Liability
- (2) Net Cash Flow Adequacy Ratio = Operating Net Cash Flow for the Last Five Years / (Capital Expenditure + Increased Inventory + Cash Dividend) for the Last Five Years
- (3) Cash Re-Investment Ratio = (Operating Activity Net Cash Flow – Cash Dividend) / (Gross Fixed Asset + Long Term Investment + Other Non-Current Asset + Working Capital)

#### 6. Leverage:

- (1) Operating Leverage = (Net Sales – Variable Operating Cost & Expense) / Operating Income
- (2) Financial Leverage = Operating Income / (Operating Income – Interest Expense)

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

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

To: Shareholders' Annual General Meeting for Year 2024

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of the company the 2023 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 12, 2024

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- 4. The Latest Year Financial Statement: Please refer to Appendix 1.**
- 5. Latest individual financial statements audited and attested by CPAs but without detailed lists of the main accounting items: NA**
- 6. In the latest year and as of the date when annual report was published, occurrence of financial difficulty which poses influences over the Company's financial situation: None.**



## VII. Financial Status and Financial Performance Analysis and Risk Issues

### 1. Financial Status

Unit: NTD 1,000

Item \ Year	2022	2023	Difference	
			Amount	%
Current Asset	9,666,572	10,079,701	413,129	4.27
Property, Plant and Equipment	9,650,666	11,751,198	2,100,532	21.77
Intangible Asset	138,841	137,888	(953)	(0.69)
Other Asset	2,434,840	3,107,719	672,879	27.64
<b>Total Asset</b>	<b>21,890,919</b>	<b>25,076,506</b>	<b>3,185,587</b>	<b>14.55</b>
Current Liabilities	8,118,110	7,361,008	(757,102)	(9.33)
Non-current Liabilities	5,280,797	8,988,130	3,707,333	70.20
<b>Total Liabilities</b>	<b>13,398,907</b>	<b>16,349,138</b>	<b>2,950,231</b>	<b>22.02</b>
Share Capital	1,106,175	1,181,359	75,184	6.80
Paid-in Capital	5,980,154	6,490,466	510,312	8.53
Retained Earnings	2,470,407	2,271,917	(198,490)	(8.03)
Other Equity Interest	(1,192,785)	(1,383,691)	(190,906)	16.01
Non-controlling Interest	128,061	167,317	39,256	30.65
<b>Total Equity</b>	<b>8,492,012</b>	<b>8,727,368</b>	<b>235,356</b>	<b>2.77</b>

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

1. “Current Liabilities”, “Property, Plant and Equipment”, “Other Asset” and “Total Asset”: This is mainly due to the Company’s issuance of convertible bond and continued production expansion in this year. That leads to increases in pre-paid equipment and fixed assets.
2. Current Liability, Non-Current Liability and Total Liability: This is mainly due to bank loans received for the purpose of responding to Taichung Harbor’s expansion of capacity and the issuance of convertible bond.

## 2. Financial Performance

### (1) Operating Performance Analysis Table

Unit: NTD 1,000

Item \ Year	2022	2023	Difference	
			Amount	%
Operating Income	9,383,925	8,671,009	(712,916)	(7.60)
Operating Cost	8,040,146	7,473,371	(566,775)	(7.05)
Operating Gross Margin	1,343,779	1,197,638	(146,141)	(10.88)
Operating Expense	1,246,250	1,370,292	124,042	9.95
Operating Net Income	97,529	(172,654)	(270,183)	(277.03)
Non-Business Income & Expense	(411,710)	(90,550)	321,160	78.01
Pre-Tax Net Income	(314,181)	(263,204)	50,977	(16.23)
Income Tax Expense	130,194	13,137	(130,181)	(99.99)
Current Net Income	(444,375)	(276,341)	168,034	(37.81)
Explanations on items with significant changes (items with changes exceeding 10% and with change amount reaching 1% of current year total asset amount)				
1. Operating Income, Operating Cost, Operating Gross Margin: This is mainly because of decreased net profits from the Company's lowering of prices to respond to increased competition in China's wind power market.				
2. Non-Business Income & Expense: This is mainly because of increase in interest payment from the Company's receiving of bank loan(s) to pay for expenses from Taichung factory expansion.				

### (2) Expected Sales and Reasons

Under considerations of changes in macro-economic environment, industry outlook and the Company's future development direction as well as references of operation goals which are established based on the Company's operation situation, the Company expects that China market will continue to be competitive in 2023. However, Taichung factory is expected to start mass production in 2024. This is expected to mitigate China market impact in 2024.

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

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

### 3. Cash Flow

#### (1) Analysis of Cash Flow Changes in Recent Years

Unit: NTD 1,000

Item \ Year	2022	2023	Increased (Decreased) Amount %	Increased (Decreased) Percentage %
Operating Activity	(299,508)	(495,754)	(196,246)	65.52
Investment Activity	(2,964,896)	3,314,487	(349,591)	11.79
Financing Activity	3,349,419	3,944,930	(595,511)	17.78
Analysis of Changes:				
1. Operating Activity: Reason for net cash outflow in 2023 operating activity is mainly because of operating loss in this year.				
2. Investment Activity: Reason for increase in net cash outflow for 2023 investment activity is mainly because of purchase of Property, Plant and Equipment for this year.				
3. Financing Activity: Reason for increase in net cash inflow for 2023 financing activity is mainly because of the Company's issuance of convertible bond.				

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

The Company's assessment indicates that current capital conditions and bank credit extension amount are sufficient in funding capital needed. The Company is not expected to have insufficient liquidity for 2024.

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

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

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

### **(1) The Company's Investment Strategy**

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

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

(2) Main reasons for gain or loss on investments for the latest year (2023)

Unit: NTD 1,000

Invested Enterprises	Recognized Investment Gain/Loss Amount	Reason for Gain or Loss	Improvement Plan
Yeong Guan Holdings Co., Ltd.	(114,788)	This is mainly because investment income is assessed using equity method.	—
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	(4,354)	This is mainly because invested enterprise is still in its opening phase and business has not yet started.	Nil
Yeong Guan International Co., Ltd.	238,958	This is mainly because investment income is assessed using equity method.	—
Yeong Chen Asia Pacific Co., Ltd.	(49,275)	This is mainly because of fierce market competition and decrease in client's orders.	Note
Ningbo Yeong Shang Casting Iron Co., Ltd.	(41,782)	This is mainly because of decreased profit margin from the company's lowering of prices to respond to increased competition in China market.	—
Dongguan Yeong Guan Mould Factory Co., Ltd.	246,624	This is mainly because of insufficient China domestic demand, inflation in US/Europe markets, unsatisfactory economy recovery and weak end-user demands.	Note
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	10,007	Profit for main business remains steady.	—
Jiangsu Bright Steel Fine Machinery Co., Ltd.	64,651	Profit for main business remains steady.	—
Ningbo Yong Jia Mei Trade Co., Ltd.	4,368	Profit for main business remains steady.	—
Shanghai No.1 Machine Tool Foundry (Su Zhou) Co., Ltd.	(128,467)	This is mainly because of decreased profit margin from the company's lowering of prices to respond to increased competition in China wind power market.	Note

(3) Investment plan for the upcoming year

In view of the rising global awareness of climate change issues, “Green Home” and “Investment in Green Energy” have replaced traditional energy policies centered around coal, natural gas, and nuclear energy. These new concepts gradually turn into the mainstream of economic strategies and public administration all over the world. In line with the global trend of energy conservation and carbon reduction, development and application of new energy technologies, a constantly rising demand for green energy worldwide, and promotion of vigorous development of relevant industries, the Company continues its commitment to serve as a driving force for the development of green energy industries. It also constructs new and expands existing up- and downstream casting, processing, and spray coating plants to extend and expand industry standards.

**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 2022 and 2023 are NTD168,749 thousands and NTD340,180 thousands with percentages of 1.80% and 3.92% to respective current year operating income. These percentages are extremely small and therefore change of interest rate does not have a significant influence over the Company. Although currency market interest rates for the latest year decrease slowly, they're still relatively low. Therefore the Company's borrowing interest rates did not change a lot. However, in the event of larger fluctuation for interest rates going forward and the Company still has needs for loan, the Company will then raise capital through other fund raising instruments in capital market. Additionally, the Company will observe interest rate trends and select fixed or floating interest rate loan to avoid interest rate fluctuation risk.

## II. Exchange Rate

Given the fact that sixty percent (60%) of the Company's sales territories are in China with sales are denominated in RMB, and forty percent (40%) are in Europe and U.S. with sales denominated in EUR and USD, while goods purchased are mainly denominated in RMB, offset incurred accordingly between purchase in RMB and sales in RMB. Meanwhile, exchange rate changes among different currencies still come with offset effect. As a result, in addition to natural hedging on exchange rate differences, the Company is also engaged in selling forward exchange to evade risks on foreign currency positions held. The Company's net exchange gains (losses) for 2022 and 2023 are NTD(145,399) thousands and 62,240 thousands respectively accounting for (1.55)% and 0.72% of respective current operating net income. Influences are extremely small and therefore there are no significant exchange risks as a whole.

The Company is committed to foreign exchange risk control. Our responding measures are as follows after careful assessments:

- (1) The Company shall continue to enhance its financial staff's foreign exchange hedging expertise and study changes in international politics and economics in order to predict foreign exchange trend and enhance the Company's foreign exchange hedging strategies.
- (2) Payments for purchase and related expenses shall be made from revenue of same currencies to enhance effectiveness of natural hedging.

## III. Inflation

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

- (2) Policy for conducting high risk/high leveraged investment, lending capital to others, endorsement/guarantee and derivative transactions; Major reasons for gain or loss and future responding measures

The Company has already drafted guidelines of "Handling Process for Asset Acquisition and Disposition," "Operation Procedure for Capital Lending to Others," "Operation Procedure for Endorsement/Guarantee," and "Handling Process for Derivative Product Transactions" which

shall serve as compliance basis for the Company and subsidiary when engaged in related behavior.

As of the date when this annual report was published, the Company is not engaged in Endorsement/Guarantee or lending of capital to other companies except for the ones between the Company and its subsidiaries, or the ones between its subsidiaries. Aforementioned endorsement/Guarantee or lending of capital are all conducted in accordance with related operation process regulations and, in general, they do not have significant influence over consolidated income. Furthermore, the Company is always focused on the operating of its main businesses and has never stepped into other high risk industries. The Company's finance policy is based on the principle of being stable and conservative and never engages itself in high risk/high leveraged investment or transaction. As such, related risks should be limited.

(3) Future R&D plan and expected R&D expenditure

1. Future R&D plan

- (a) The Company's future R&D plan utilizes new auxiliary materials to enhance casting product quality, reduce defected product, enhance casting product material conversion rate and develop high power wind power products.
- (b) Development and improvement of new techniques and production technologies to reduce defect rates and thereby enhance product competitiveness and quality consistency.
- (c) Development of new industry materials and alloys to achieve a breakthrough in existing casting technologies; provision of more professional services to meet future customer demands through upgrades of welding capabilities and acquisition of professional system certifications

2. Projected R&D expenses

Projected R&D expenses account for a fixed ratio of 1-3% of the operating revenue in 2024. Future R&D expenses will be determined by optimizations and improvements of new products, production processes, and molds developed by customers as well as yield rate enhancement, energy conservation, and waste reduction.

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

The Company is registered in British Cayman Islands while its important subsidiaries are registered in Taiwan, British Virgin Islands, Hong Kong and China. The Company does not operate in British Cayman Islands. Fluctuation for China's internal exchange rate is stable. Political relationship between Taiwan and China is stable. The Company and its important subsidiaries conduct all their businesses in accordance with regulations of their respective territories. The Company's major products include large wind power generator (wheel hub and base) and steam turbine for large power plant. Therefore, this industry should not be a franchising or a restricted industry. Therefore in the latest year and as of the date when this annual report was published, critical policy changes or regulation changes in British Cayman Islands, British Virgin Islands, Taiwan, Hong Kong and China are not expected to pose significant influence on the Company's finance business.

Most of the Company's major customers and suppliers are located in Asia. Given special political situations in some Asian countries, the Company and its customers' finance business may be affected by politics, economy and laws. Therefore, in the event of changes in respective government's policy, economy, tax or interest rate, or in the event of incidents involving politics, diplomacy or society, business of the Company's client or the Company

might be affected accordingly. The Company complies with domestic policies in related regions and aggressively responds to and combines related market environments and legal requirements for the purpose of integrating echoes from multiple parties as well as risk controls on the Company's respective subsidiary factories.

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

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

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

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

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

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

Marine equipment installation quantity around the world is increasing steadily. Compound growth rate for global offshore wind-power market equipment installation is higher than expected. This indicates a bright future for offshore wind-power demand. Taiwan plans to become an offshore wind-power hub in Asia. Offshore wind-power industry has entered localization phase. Casting, processing and painting product lines installed near Taichung Harbor of Taiwan and Laem Chabang Harbor of Thailand, both of which possess location advantages, shall assist the Company to obtain future syndicated benefits of international competitiveness, power for sustainable operation and long-term growth. The Company's vendors are all leading vendors in respective industries. In addition to working with Taiwan government's renewable policy, Taichung plant shall not only be committed in establishing excellent supply capability but also be engaged in continuous introduction of innovative technologies and advance operation concepts, Environment, Health and Safety (EHS), quality enhancement and energy consumption saving. The Company shall enhance collaboration relationship with major international vendors in order to fight for business opportunities from next generation green power product needs. The Company's factory expansion process has



gone through careful assessment. Investment return benefits and potential risk have all been fully considered.

(9) Risks and responding measures for concentrated purchase of goods or sales of goods

1. Purchase of Goods

The main raw materials used by this company are pig iron, scrap steel, nodulants, inoculants, carburants, ferro-silicon, ferro-manganese, ferro-chromium, ferro-molybdenum, ferro-phosphorous, and ferro-sulphur. Auxiliary casting materials include furan resin, curing agents, deslagging agents, steel shot, bonding agents, dross filters, quartz sand, and magnesium oxide coating. Among them, pig iron and scrap steel account for the biggest portions. Source of Product Supply & Purchase Proportion: The Company is located in China which is a country rich in mineral resources. Due to pandemic impact and property policy influence in mid-2022, demands from downstream markets continued to be weak and prices went down. However, prices in the 4th quarter remained stable under strong market expectation of government's control and adjustment over macro-economic policies. In 2023, with the push from continuous launching of various incentive policies, market possessed relatively higher expectation. However, the truth may not be so satisfactory. Domestic raw material market for steel had changed from the post-fluctuation upward trend to downward trend. However, prices went up again near year-end. For that year, the market was under pro/con impacts of stymied external demand, sluggish domestic demand and increased infrastructure investment as well as under factors of high costs for mineral ores and cokes, dramatic fluctuation in domestic raw material market for steel, difficulties in going up or down and steel product quantity still remained in high level. Currently, supply and demand in the market have entered into an adjustment trend of fragile balance. With this, purchase amount in 2023 is a bit smaller than the one for 2022. There are more than one supplier for respective raw materials. Therefore, there is no significant difficulties in procurement. For the last two years, proportions of net purchase amounts from the Company's top ten suppliers account for 43.8% and 50.8% respectively. Proportions from each supplier are all below 20%. With the exception of pig iron suppliers, purchase proportions for other suppliers in 2023 were all below 10%. Consequently, there is no risk of concentrated significant purchases.

2. Sales of Goods

To respond to changes in international macro-environment markets, the Group conducts diversification of sales channel and exploration of high value-added markets under basis of existing energy, injection machine and machinery industries. With respect to long term development planning, parallel stable development is the Group's biggest indicator. In terms of current market demand forecast, demands for energy industry, injection machine and machinery industry are evenly distributed. Indicators established for current direction are to increase demands from high value-added clients as well as demands for key components increased production. During sustainable development, focus on excellent target industries and new material application shall be enhanced. New industry development from corresponding strategies over the years has gradually and steadily entered development trend. Efforts are exerted over demands from industries of injection machine, agricultural machine, mining machine, ships and machinery, equipment and accessories for fuel/e-car and so on. The Company also enhances high value-added markets, explores demands for world-class large casting products and has successfully developed ultra-large valve body components, ultra-large

spare parts for e-car related pressing equipment and large cold-forging machine parts. The Company continues to explore deep into market demands for the purpose of understanding rapid changes in respective industries. In the meantime, the Company will also attend domestic and offshore international large exhibitions, enhance collaboration with commercial leagues, optimize group organization structure and talent teams on a continuous basis and strengthen risk management and analysis of geographical conditions for the purpose of lowering potential risks.

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

- (10) Influence, risks to the Company from large amount equity transfer or change by director, supervisor or major shareholder with ownership exceeding 10% and responding measures to such influence and risks.

No aforementioned cases in the latest year and as of the date when annual report was published.

- (11) Influence and risks to the Company as well as responding measures from changes of management rights

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

- (12) The Company and the Company's director, supervisor, general manager, actual responsible person and major shareholders holding more than 10% of shares shall prescribed litigation or non-litigation incidents. With respect to subsidiary's finalized or pending major litigation, non-litigation and administrative dispute incidents, the disputed facts, target amount, litigation commencement date, major parties involved and processing status as of annual report publish date shall all be disclosed if results for aforementioned incidents may have significant influence over shareholder's equity or securities price.

During last two years and as of the day when annual report was printed, there are a total of one litigation case and one arbitration case for the Company and subsidiaries. All of these cases are closed and there are no significant impacts to the Company's shareholders or share prices from the results.

- (13) Other critical risks and responding measures

- (a) The Company's critical operating risks and responding measures:  
With respect to possible negative factors incurred from the Company's operation as well as their responding strategies, please refer to positive, negative factors for the Company's future development and responding strategies prescribed in this annual report. Even with the existence of such responding strategies, it is still possible that

complete implementation is unfeasible because of force majeure factors encountered during implementation. This will further affect the Company's operation, business and finance.

- (b) Negative influence on the Group's business, operating performance and financial condition from the Company's potential insufficient insurance over operation: Currently, the Company has already followed Chinese enterprise's common practice and proposed comprehensive Insurance company: which covers the Company's properties of plant and machine equipment with a total insurance amount of RMB2,258,005 thousands. However, the Company did not propose any insurance over operation disruptions in China factory or any compensation liability from damage to environmental protection. Reason for not proposing is that such insurance in China is not mature enough and causes for compensation are not clearly stipulated. The Company may suffer losses or assume compensation liability from occurrence of such risks because of its failure to propose such insurance accordingly. Additionally, among items which are already insured, it is possible that the scope of insurance may not provide sufficient protection against possible losses. This could have negative impact on the Company's business, financial condition and operating performance.
- (c) Risk of Intellectual Property Infringement: As of now, the Company holds 32 trade mark rights and 236 patents. Intellectual property of these trademarks and patents is critical to the Company's operation. Therefore, the Company is dedicated to protecting these intellectual properties. In the event of any infringement to the Company's intellectual property in the future which damages the Company's product market value and brand reputation and affects the Company's business, financial status and operating performance, the Company will file litigations to protect such rights. However, when faced with different levels of litigation costs, the Company will take necessary measures and actions under considerations of overall cost efficiency.
- (d) Risk of Patent Rights Violation: In the face of more and more fierce competition in emerging energy industry, competitor may use patent infringement litigation to disrupt the Company's business development. The Company's risk of being sued for compensation from intellectual property rights infringement is also increasing. Therefore, as the Company's operating scale continues to grow, it is expected that the possibility to face with other competing company's patent infringement litigation will also increase. Accordingly, the Company strictly complies with patent related regulations, avoids using other's patented technology by mistake, continues to enhance R&D and emphasizes on developing the Company's own technology. As of now, there is no legitimation raised from the Company's violation of patent rights.

## **7. Other Critical Matters: None.**

## VIII. Special Matters Documented

### 1. Subsidiary Related Information

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

(2) Subsidiary Basic Information

March 31, 2024, Unit: in thousands

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Major Business or Production Items
Yeong Guan Holding Co., Ltd.	2007.11	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 194,000	Investment in share holding
Yeong Guan International Co., Limited	2007.11	Centre, 151 Gloucester Road, Wan Chai, Hong Kong	HKD 805,000	Investment in share holding
Yeong Chen Asia Pacific Co., Ltd.	2008.06	No. 502, Sec. 1, Cheng Gon Rd., Guan Yin Township, Taoyuang County	NTD 95,000	Trading business, manufacturing and selling of cast iron
Dongguan Yeong Guan Mould Factory Co., Ltd.	1995.06	Yin Quan Industrial Zone, Chin Xi Town, Dong Guan City, Guandong Province, China	HKD 31,000	Manufacturing and selling of cast iron
Ningbo Yeong Shang Casting Iron Co., Ltd.	2000.12	No. 95, Huang Hai Rd., Bei Lun District, Ningbo City, Zhejiang Province, China	USD 43,100	Manufacturing and selling of cast iron; processing of precision machinery
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	2000.08	No. 28, Ding Hai Rd., Economic Technology Development Zone, Zhen Hai District, Ningbo City, Zhejiang Province, China	USD 13,705	Manufacturing and selling of cast iron; recycling of scrap steel
Jiangsu Bright Steel Fine Machinery Co., Ltd.	2006.11	No. 9, Yue Pen Rd., Tien Mu Hu Industrial Park, Li Yang City, Jiangsu Province, China	USD 114,851	Manufacturing and selling of cast iron
Ningbo Yong Jia Mei Trading Co., Ltd.	2009.11	No. 95, Huang Hai Rd., Bei Lun District, Ningbo City, Zhejiang Province, China	USD 1,000	Trading business
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	2014.07	No.622/15, Rama2 Road, Samae Dam Sub-District, BangkhunTien District, Bangkok Metropolis.	THB 800,000	Manufacturing and selling of cast iron
Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	2009.08	No.999 Laixiu Road, Fen Lake Economic Development Zone, Wujiang	USD 33,680	Manufacturing and selling of cast iron
Jiangsu Yeong Ming Heavy Industry Co., Ltd.	2019.12	North side of Wei 2nd Road, east side of Jinhai Avenue, Lingang Industrial Area, Sheyang County, Yancheng City, Jiangsu Province, China.	USD 0 (Note)	Manufacturing and selling of cast iron

Note: Jiangsu Yongming has been canceled on March 22, 2024.

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

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

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

Name of Enterprise	Job Title	Name
Yeong Guan Holding Co., Ltd.	Director	Chang, Hsien-Ming
Yeong Guan Heavy Industries (Thailand) Co., Ltd.	Director	Chang, Hsien-Ming; Sutep Jatupornpukdi; Niyom Jatuponpakdi; Jitpranee Chang; Hsu, Ching-Hsiung
Yeong Guan International Co., Limited	Director	Chang, Hsien-Ming
Yeong Chen Asia Pacific Co., Ltd.	Director	Chang, Hsien-Ming
	President	Chang, Hsien-Ming
Dongguan Yeong Guan Mould Factory Co., Ltd.	Director	Hsu, Ching-Hsiung Tsai, Chang-Hung Fang, Chen-Chiang
	Supervisor	Tsai, Ching-Wu
Ningbo Yeong Shang Casting Iron Co., Ltd.	Director	Hsu, Ching-Hsiung Tsai, Chang-Hung Fang, Chen-Chiang
	Supervisor	Tsai, Ching-Wu
	President	Huang, Ching-Chung
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	Director	Hsu, Ching-Hsiung Tsai, Chang-Hung Fang, Chen-Chiang
	Supervisor	Tsai, Ching-Wu
Jiangsu Bright Steel Fine Machinery Co., Ltd.	Director	Hsu, Ching-Hsiung Tsai, Chang-Hung Fang, Chen-Chiang
	Supervisor	Tsai, Ching-Wu
	President	Liang, Li-Shang
Ningbo Yong Jia Mei Trading Co., Ltd.	Director	Hsu, Ching-Hsiung
	Supervisor	Tsai, Chang-Hung
Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	Director	Hsu, Ching-Hsiung Tsai, Chang-Hung Fang, Chen-Chiang
	Supervisor	Tsai, Ching-Wu
	President	Chang, Tsan-Yu

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

### (5) Operating Summary for Respective Subsidiaries

Unit: NTD 1,000 except earnings per share

Name of Enterprise	Paid-in Capital	Total Asset	Total Liability	Net Value	Operating Income	Operating Benefit	Current Income (Loss)	Earnings Per Share (NTD)
Yeong Guan Holding Co., Ltd.	5,957,740	19,877,043	7,703,186	12,173,857	121,723	(289,877)	(114,788)	(0.59)
Yeong Guan Heavy Industry (Thailand) Co., Ltd.	717,200	1,116,323	434,740	681,583	0	(5,943)	(4,354)	(0.03)
Yeong Guan International Co., Limited	3,163,650	9,155,330	7,638	9,147,692	0	(291)	238,958	0.30
Yeong Chen Asia Pacific Co., Ltd.	95,000	1,637,757	995,549	642,208	2,215,726	(78,441)	(49,275)	Note 1
Dongguan Yeong Guan Mould Factory Co., Ltd.	121,808	448,696	171,312	277,384	529,885	32,947	(41,782)	Note 1
Ningbo Yeong Shang Casting Iron Co., Ltd.	1,323,601	4,570,560	1,317,108	3,253,452	2,833,999	211,626	246,624	Note 1
Ningbo Lu Lin Machine Tool Foundry Co., Ltd.	420,881	1,774,448	315,129	1,459,319	1,196,985	(3,193)	10,007	Note 1
Jiangsu Bright Steel Fine Machinery Co., Ltd.	3,992,300	7,020,637	1,845,048	5,175,589	4,075,279	19,325	64,651	Note 1
Ningbo Yong Jia Mei Trading Co., Ltd.	30,710	138,269	98,366	39,903	613,349	4,223	4,368	Note 1
Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd.	1,034,313	2,003,675	1,988,490	15,185	1,473,468	(78,589)	(128,467)	Note 1

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

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

(7) Affiliation Report: None.

(8) Industries Covered by Businesses Operated by Whole Affiliates:

Operation businesses for affiliates as a whole are manufacturing, precision processing, painting and sales of high-end casting products of spherical graphite cast iron and grey cast iron. Product categories include the followings:

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

(9) Division of labor among respective affiliates with inter-connected operation businesses shall be explained:

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

In addition to Jiangsu Bright Steel Fine Machinery Company Limited and Ningbo Yeong Shang Casting Iron Company Limited's engagement in casting iron product's precision processing and painting businesses, the two companies and remaining affiliates are all engaged in manufacturing and sales business for high-end casting iron products.

- 2. In the latest year and as of the date when this annual report was published, any cases of securities private placement: None.**
- 3. In the latest year and as of the date when this annual report was published, cases of subsidiary holding or disposing the Company's shares: None.**
- 4. Other necessary supplementary explanation: None.**

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

Shareholder Equity Protection Critical Matters	Contents of The Company's Articles of Incorporation	Reasons of Differences
<p>1. Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the company over six months may request in writing the supervisors of the company to institute, for the company, an action against a director of the company, and may designate Taiwan Taipei District Court as the first instance court.</p> <p>2. In the event that supervisor(s) fail(s) to institute a litigation within 30 days after shareholder's submitting of request, shareholder(s) may therefore institute a litigation for the Company and may designate Taiwan Taipei District Court as the first instance court.</p>	<p>Under permission from Cayman Islands law and requirements of applicable laws as well as within the scope of the Company's instituting an action against related director(s), shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares may:</p> <p>(a) request, in writing, Board of Directors' Meeting to authorize independent director(s) of Audit Committee to institute a litigation, and may designate Taiwan Taipei District Court as the first instance court; or</p> <p>(b) request, in writing, independent director(s) of Audit Committee to institute a litigation against director(s) for the Company after Board of Directors' Meeting passes a resolution accordingly, and may designate Taiwan Taipei District Court as the first instance court;</p> <p>Within 30 days after a request is submitted in accordance with aforementioned clause (a) or clause (b), in the event that: (i). the requested Board of Directors' Meeting fails to authorize independent director(s) of Audit Committee in accordance with clause (a) or that independent director(s) of Audit Committee fail(s) to institute an litigation in accordance with clause (a) under Board of Directors' Meeting resolution; or (ii). the requested independent director(s) of Audit Committee fail(s) to institute a litigation in accordance with clause (b) or that Board of Directors' Meeting fails to pass a</p>	<p>In Cayman Islands' laws, there are no specific regulations which allow minority shareholders to institute derivative litigation against director in Cayman Islands court.</p> <p>A company's articles of incorporation is not a contract between shareholders and directors. Rather, it is an agreement between shareholders and the Company. Accordingly, even with articles of incorporation which allow minority shareholders to institute a derivative litigation against director, Cayman Islands lawyers still consider that contents hereto do not have a binding power on directors. However, under Common Laws, all shareholders (including minority shareholders) are all entitled to institute a derivative litigation (including litigation against director) regardless of their share ownership percentage or period of share ownership. Once a shareholder institutes a litigation, it will be under Cayman Islands court's full discretion to determine if a shareholder may or may not continue the litigation.</p> <p>Furthermore, even though a company's articles of incorporation prescribes that minority shareholders (or shareholders with certain ownership percentage or ownership period) may represent the company to institute a litigation against director, it will still be up to Cayman Islands court's decision if such litigation may proceed. According to related judgements made by Cayman Islands Grand Court, in cases of Cayman Island court's determination if a derivative litigation is allowed to proceed, guidelines applied in such cases will be that if Cayman Islands courts are convinced and accept the fact that there are substantiality in a plaintiff's representing a company to institute a plead, and if such</p>



<b>Shareholder Equity Protection Critical Matters</b>	<b>Contents of The Company's Articles of Incorporation</b>	<b>Reasons of Differences</b>
	<p>resolution to institute a litigation, under permission from Cayman Islands law and requirements of applicable laws which stipulate that the Company may institute an action against related director(s), shareholder(s) may institute a litigation against director(s) for the Company and may designate Taiwan Taipei District Court as the first instance court.</p>	<p>illegitimate behavior is conducted by individuals who are able to control the company at issue, and if such controllers are capable of making the company not to institute a litigation against them. Cayman Islands courts will make judgement based on facts of individual cases (courts may take references from requirements of company articles of incorporation although this is not a decisive factor). According to Cayman Islands laws, Board of Directors Meeting shall make expression of intention based on the whole company's, instead of individual director's, interest when representing a company. Therefore, directors shall comply with articles of incorporation and authorize any director, through Board of Directors Meeting resolution, to represent the company in instituting a litigation against other director(s). Cayman Islands Company Act does not specifically prescribe that shareholders are entitled to request directors to convene Board of Directors Meeting for resolutions on specific matters. However, Cayman Islands Company Act also does not prohibit a company from prescribing related requirements in articles of incorporation with respect to agenda matters for Board of Directors Meeting (including requirements on convening Board of Directors Meeting).</p>

**IX. Any of the situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None**