



Stock Code: 8444

Green River Holding Co. Ltd.

2019

Annual Report

This annual report is available at the following websites:

1. Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>
2. Green River Holding Co. Ltd.: <http://www.greenriverholding.com>

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The 2019 Annual Report is the English translation of the Chinese version prepared and used in the Taiwan (R.O.C.). If there is any conflict between, or any difference in the interpretation of the English and Chinese language handbook, the Chinese version shall prevail.

I. Spokesman and Deputy Spokesman:

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IV. Name of Independent Auditor, Accounting Firm's Name, Address, Website, and Telephone for the Most Recent Year Financial Report

Name of Auditor	:	Chao, Min-Ju, Chang, Chun-I
Name of Firm	:	KPMG
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V. Name of Any Exchanges Where the Company's Securities are Traded Offshore, and the Method By Which to Access Information on Said Offshore Securities

Name of Offshore Exchange	:	Singapore Exchange
Offshore Information Inquiry Method	:	http://www.sgx.com

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VII. Domestic Appointed Agent's Name, Job Title, Contact Telephone, and E-mail Address

Name of Domestic Appointed Agent	:	Du, King-Ling
Job Title	:	Director
Contact Telephone	:	(02)2396-6066
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VIII. Board of Directors' Roster

Job Title	Name	Nationality	Profile
Chairman	Green Source Investments Ltd Representative: Hsieh, Jung-Hui	R.O.C.	Standard Pallet International Co., Ltd./ Factory Manager/Responsible Person
Director	Chin Tai Holding Inc. Representative: Li, Mu-Wen	R.O.C.	Continental Engineering Corp./Valuation Manager/Coordination Manager
Director	Forward Thinking Limited Representative: Huang, Teng-Shih	R.O.C.	Evergreen Construction Corporation Ltd./Senior Engineer Procar Co., Ltd., Sales Engineer
Director	Park Island Enterprises Limited Representative: Du, King-Ling	R.O.C.	China Steel Corporation, Executive Vice President China Ecotek Corporation, Chairman Sheh Fung Screws Co., Ltd., Director Brighton-Best International (Taiwan) Inc., Corporate Director Representative
Independent Director	Chang, Jun-En	R.O.C.	College of Engineering, National Cheng Kung University/ Deputy Dean Environmental Protection Administration, Executive Yuan, R.O.C.(Taiwan)/ Minister Formosa Association of Resource Recycling/ Chairman Sustainable Environment Research Laboratories, National Cheng Kung University/ Director Department of Environmental Engineering, National Cheng Kung University/ Professor
Independent Director	Pai, Pei-Lin	R.O.C.	Nanya Technology Corporation/ Vice President and Spokesman Alpha & Omega Semiconductor Co., Ltd., Vice President FocalTech Systems Co., Ltd., Vice President HiTi Digital Inc., Director Winbond Electronics Corp, Vice President

Job Title	Name	Nationality	Profile
Independent Director	Lin, Wang-Ling	R.O.C.	<p>Tong Yang Group/ Financial Section Manager</p> <p>Yuanta Core Pacific Securities Co., Ltd., Underwriting Department</p> <p>Capital Securities Co., Ltd., Manager of Underwriting Department/Manager</p> <p>Hua Nan Securities Co., Ltd., Manager of Underwriting Department/ Manager</p> <p>Junzhe Biomedical Co., Ltd., Chairman</p> <p>Anji Technology Co., Ltd./ Spokesman and Special Assistant to President.</p>

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I. Letter to Shareholders

Dear Shareholders,

Looking back on 2019, the global economic growth slowed down due to various political and economic conflicts and relevant matters, the management team and all employees of Green River continued to contribute great efforts in the adjustment of the Group's physique and enhancement of resource utilization in order to increase operational energy and to strengthen the relationship with customers. Nevertheless, since more than 96% of the revenue of the Group relies on export sales and due to the impact of the sales price in the single Southeast Asia region, the increase in the cost of raw materials in the market and the relatively greater fluctuation in the exchange rate along with the factor of the suspension of operation caused by a fire accident at the energy factory of GP I that took place in January, the operating revenue in 2019 was lower than the revenue in 2018. The results of our operating performance in 2019 and the business outlook report are illustrated as follows:

1. 2019 Business Report

A. Operating Performance

The Group's 2019 consolidated operating revenue is NT\$ 2,806,854 thousand, and the annual net loss attributed to shareholders of the parent company is NT\$ 306,643 thousand. The basic deficits per share is NT\$ 4.18. Compared to 2018, the operating revenue of 2019 is reduced by 12.39%, net income is reduced by 232.13%, and the gross profit margin decreased to 6.29%.

B. Operating Income/Expense Budget Implementation: Since the Group is not required to prepare the financial forecast, this is not applicable.

C. Financial Income/Expense Analysis

Income Statement

Unit: In Thousands of New Taiwan Dollars

Item	2019	2018	Increase (Decrease) Percentage %
Operating Revenue	2,806,854	3,203,850	(12.39)%
Operating Costs	2,630,240	2,799,498	(6.05)%
Gross Profit	176,614	404,352	(56.32)%
Operating Expenses	444,468	518,865	(14.34)%
Net Operating Income (Loss)	(267,854)	(114,513)	133.91%
Income (Loss) Before Income Tax	(332,794)	(78,505)	323.91%
Net Income (Loss) After Tax	(319,339)	(96,148)	232.13%
Net Income (Loss) Attributed to the Parent Company	(306,643)	(100,939)	203.79%

Source of Information: Financial statements audited by an independent auditor.

D. Profitability Analysis

Important Financial Ratio Analysis

Item		2019	2018
Return on Assets (%)		(3.43)	(0.77)
Return on Shareholders' Equity (%)		(12.13)	(3.40)
Paid-in Capital Ratio (%)	Operating Profit	(36.31)	(15.32)
	Net Profit Before Tax	(45.11)	(10.50)
Net Profit Margin (%)		(11.38)	(3.00)
Earnings (deficits) per Share (NT\$)		(4.18)	(1.35)

Source of Information: Financial statements audited by an independent auditor.

E. Research and Development Status

The Group continues to improve the particle board manufacturing process, and precisely control the formaldehyde content. Low-formaldehyde-content particle boards comply with European environmental protection standards, and U.S. CARB and Japan JIS certifications have been obtained, such that the Group's products have achieved world class environmental protection standards. In the future, the Group will actively improve the bonding agent technologies and recipe, and research and develop ultra-low-formaldehyde-content boards and formaldehyde-free boards, thereby developing various products equipped with special application characteristics and improving production line efficiency, in light of increasing the product competitiveness.

The Group will continue to improve the management of the solid wood board business with a commitment to reducing the loss of raw lumber, stabilizing the trimming width and maintaining the board color. To achieve the goal of producing boards with excellent color and quality.

2. 2020 Business Plan Overview

A. Operational Directives

- (a) Product Research and Development: Collaboration between software control and hardware equipment, and continue to optimize processes, increase product added value, and strengthen system integration advantages.
- (b) Human Resources: Cope with operation of the new particle board factory and cooperate with the construction plan of own gel factory, periodically assess the human resource needs in order to appropriately adjust and recruit talents, and continue to provide on-job training.
- (c) Marketing Management: Continue to strengthen customer relationships, understand market demands, and pay attention to product trends. maintain qualitative and quantitative services in existing markets, and actively develop the sales market for high-end particle boards and environmental friendly products.
- (d) Financial Performance: Predict future fund movement status, and use direct and indirect financial tools to strengthen the Company's responsive abilities to the external environment fluctuation.

- | | |
|---------------------------|---|
| (e) Operation Management: | Accumulate network connections through industry collaboration and understand the future trend of the industry in order to adjust the operation planning of the Company. |
|---------------------------|---|

B. Important Production and Sales Policies

- | | |
|--|---|
| (a) Research and Development Technologies: | Cooperate with the bonding agent technology upgrade and adjustment of production recipe, develop particle boards with special functions and formaldehyde-free particle board products, continue to seek formulas and technologies that are of excellent performance and environmentally friendly, in light of complying with greater international product certification standards. |
| (b) Production and Manufacturing: | With the new particle board plant engaged in mass production, enhance the quality inspection to maintain high quality boards, and arrange production schedule properly to reduce production cost. |
| (c) Sales Market: | Utilize the strategic location at the center of the region of Southeast Asia, continue to maintain the Southeast Asian sales network, strategically develop markets in China, Northeast Asia, and other potential markets in order to expand the business scope. |
| (d) Operation Performance: | Utilize information system to collect and monitor operational management and continue to improve processes in order to increase operation performance. |

3. Company's Future Development Strategy

- | | |
|----------------------------------|---|
| A. Product Strategy: | Establish own gel factory and seek greater raw material suppliers in order to stabilize the source of raw material and strengthen the price negotiation capability, commitment in the improvement of product quality, and reduction of procurement costs, as well as actively improve production capacity to create an economy of scale. |
| B. Marketing and Sales Strategy: | Develop differential products according to customer demands, cope with the future trends to improve product quality and safety, and cooperatively provide excellent after-sale service; in addition, through complete sales mechanism and network, active participation in international tradeshow, increase the brand exposure in order to achieve brand advantages for Green River. In view of the shortage of board supply in China and the increasing demand for high-end particle boards in Vietnam, continue to strength the business development in the markets of China and Vietnam.. |
| C. Financial Strategy: | Periodically review the transaction criterion of the transaction counterparties, maintain excellent cooperative relationships with the transaction banks, and readily review the adequacy of foreign reserve in order to reduce the impact of the risk of the market exchange rate on the Company, thereby achieving a sound financial structure of the entire Group. |

4. 2020 Business Outlook

Looking into the future, under the multiple impacts of worldwide chaotic situation and global recession, the Group will focus on stabilizing the internal development and actively improving the Group's external market competitiveness. The Group's business outlook for the year of 2020: 1. Industry vertical integration and horizontal expansion, 2. Continue to optimize the information system, 3. Enhance cost control and operating energy. The Group will continue to uphold the business principle of sustainable development and to seek growth and effort in environmental protection continuously in order to become a leading green resource particle board manufacturer in Asia. We wish all shareholders all the best,

Good Health and Prosperity

Chairman:	Hsieh, Jung-Hui
Managerial Officer:	Huang, Teng-Shih
Accounting Supervisor:	Wang, Sheng-Feng

II. Company Profile

1. Company and Group Introduction

Green River Holding Co. Ltd. (hereinafter referred to as “GRH”)) was established in the Cayman Island on January 14, 2011. GRH became the final holding company of the Group through a group restructuring under which GRH acquired equity interests in Green River Panels (Thailand) Co., Ltd. (hereinafter referred to as “GP”) in December 2011 and the equity interests in Green River Wood & Lumber Manufacturing (Thailand) Co., Ltd. (hereinafter referred to as “GRW”) in February 2012 by way of share swap. On January 4, 2017 and February 20, 2017, the Company set up the subsidiaries named Happy Magic International Limited (hereinafter referred to as “HM”) and Green River Trang (Thailand) Co., Ltd. (hereinafter referred to as “GPT”), respectively. On October 16, 2017, the Company acquired 85% shares of TDIC South Co., Ltd. (hereinafter referred to as “TDIC”) through HM. in order to further expand the business scope of the Group.

The Company and subsidiaries (hereinafter collectively referred to as the “Company”) originated from GRW established in January 2000, for the business of manufacturing and sales of rubber solid wood boards. Subsequently, in July 2004, GP was established for the manufacturing, processing, and sales of particle boards, and it was the first foreign-owned enterprise of a company integrated with the manufacturing of particle boards and solid wood boards in Thailand. The main business entity of the Company is located in the border area of Songkhla Province in southern Thailand, and the sales regions include Malaysia, Indonesia, China, Korea, Thailand, and other Southeast Asian regions. In addition, the Company is also developing business in potential markets in other areas. Since the Company locates in the area with the highest density of rubber wood resources in Thailand, the Company has the strength in obtaining raw materials, such that the Company is able to utilize excellent corporate management and technical advantages to implement differential competition and industry integration tactics, in order to gradually develop into a company equipped with a complete industry chain, reasonable product structure, innovative research and development, and manufacturing and assets management comprehensive capabilities.

2. Date of Establishment : January 14, 2011

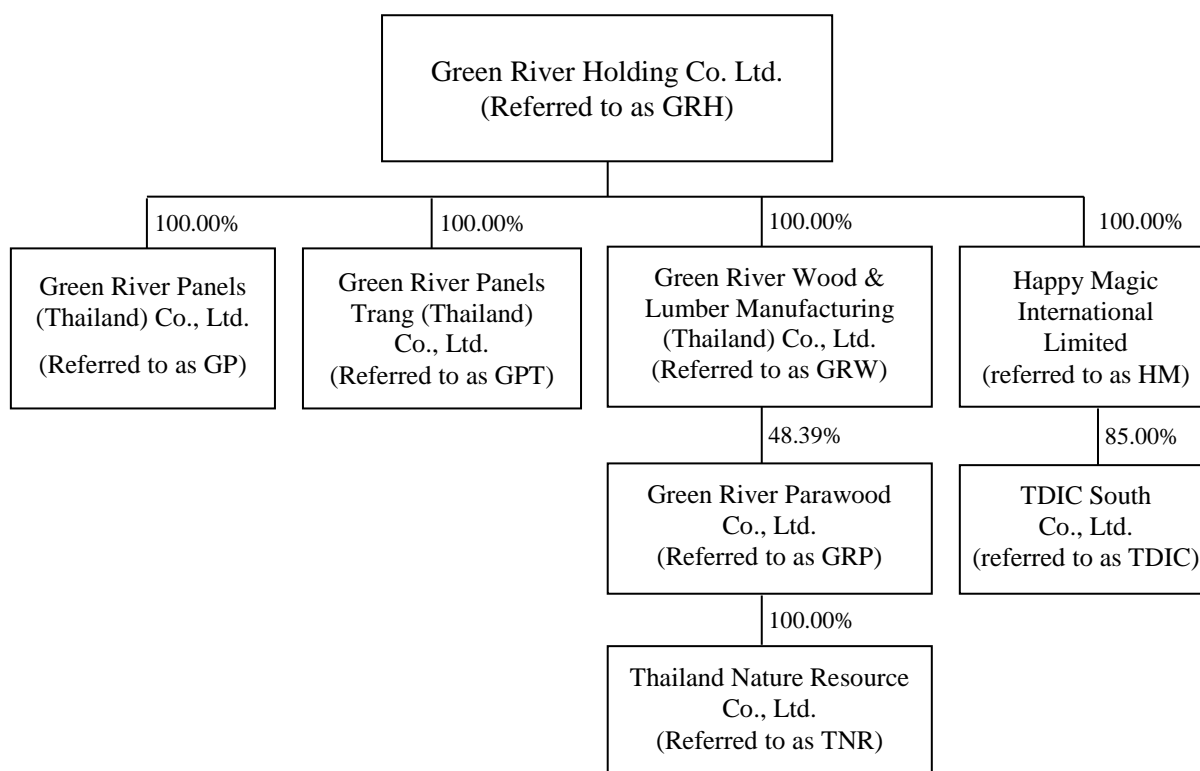
3. Company History

Year/ Month	Milestones
2000/01	GRW solid wood board business established in Thailand, and mass production started in May of the same year.
2002/07	Established Green River Parawood Co., Ltd. (hereinafter referred to as “GRP”) and expanded the solid wood board business entity, and established Satun branch in November of the same year in order to construct a rubber raw wood collection network.
2003/04	GRP established Trang branch, and also established Khaochaison branch in August of the same year in order to expand solid wood boards production quantity and raw material collection sites.
2004/07	Planned the particle board business, and established GP.

Year/ Month	Milestones
2005/03	Initially completed the rubber wood collection sites in various aspects, and successfully integrated the rubber wood sources in southern Thailand.
2006/05	GP signed a collaboration agreement with suppliers officially, and started the construction of plant in October of the same year.
2007/12	GP equipment installed completely and initial commissioning performed.
2008/09	GP started its official operation and mass production.
2008/10	GP passed the EU SGS quality certifications of E1 and E2 level.
2009/01	GP obtained USA CARB Phase 1 quality certification.
2010/01	<ul style="list-style-type: none"> • GP qualified SGS (ISO9001:2008) quality certification. • GP obtained USA CARB Phase 2 quality certification.
2010/03	The Company started to develop a social responsibility relationship, and actively participated in public welfare activities of schools and government agencies.
2010/06	Started the establishment of the Thailand Nature Resource Co., Ltd. (hereafter referred to as “TNR”) in order to expand the solid wood board business scale. In December of the same year, GRP invested in TNR to establish its main plant in Thung Yai.
2011/01	Established Green River Holding Co. Ltd. (GRH).
2011/06	TNR Thung Yai main plant started mass production.
2011/08	GP received First-Class award for outstanding environmental factory from Ministry of Industry in Thailand.
2011/11	<ul style="list-style-type: none"> • GP invested in automatic trimming, grinding, and sanding production lines, in order to significantly increase production capacity. • TNR invested and established the Ban Na San branch.
2011/12	GRH officially held 93.14% of GP’s equity through equity swap.
2012/01	<ul style="list-style-type: none"> • GRH obtained 6.86% of GP’s equity from GRW. • GRP established the Prik branch. • GRP established the Thunglong branch.
2012/02	<ul style="list-style-type: none"> • GRH officially held 100% of GRW’s equity through equity swap. • TNR merged the sawmill of the Fancy Wood company in Phang Nga, Thailand.
2013/01	The GRH public offering registration became effective.
2013/07	GRH registered at the Taipei Exchange, R.O.C., as registered the company on the emerging stock market.
2013/12	GRH increased its capital by cash at NT\$ 66,000,000.
2014/10	GP constructed GP II plant and planned the melamine faced chipboard plant.
2015/10	GRH officially listed at OTC.
2016/01	GP’s melamine faced chipboard plant started mass production.
2016/07	GP II plant started mass production.
2017/01	<ul style="list-style-type: none"> • Established HM to perform investment business and to increase the flexibility of the Group’s fund utilization. • Issued 2017 first overseas unsecured convertible corporate bonds on the Singapore Exchange.
2017/02	Established GPT to expand the particle board business scale.

Year/ Month	Milestones
2017/05	Issued 2017 first domestic secured corporate bonds in the region of the R.O.C.
2017/07	SAP information system was officially put online to increase the information integration ability of the Group.
2017/10	Acquired 85% of TDIC's equity and planned the resin plant.
2019/02	GP obtained Japan JIS A5908 F-3star and F-2 star quality certification.
2020/03	GP obtained USA CARB and EPA NAF(No Added Formaldehyde-based-resin) quality certification.

4. Group Structure



- (1) GRH was established in the Cayman Islands on January 14, 2011, with paid-in capital of NT\$ 737,703 thousand. GRH is a holding company that does not perform substantial economic activities.
- (2) GP is a subsidiary 100% owned by the Company, established in July 2004 in Thailand, with paid-in capital of THB 1,040,000 thousand, and it mainly operates the business of manufacturing, processing, and sales of particle boards and melamine faced chipboards.
- (3) GPT is a subsidiary 100% owned by the Company, established in February 2017 in Thailand, with paid-in capital of THB 500,000 thousand, and it mainly operates the business of manufacturing and sales of particle boards.
- (4) HM is a subsidiary 100% owned by the Company, established in January 2017 in Samoa, with paid-in capital of USD 135,934 thousand, and it mainly operates investment business and the Group's fund allocation.

- (5) TDIC is a subsidiary 85% owned by HM, established in January 2017 in Thailand, with paid-in capital of THB 180,000 thousand, and it mainly operates the business of manufacturing and sales of resin.
- (6) GRW is a subsidiary 100% owned by the Company, established in January 2000 in Thailand, with paid-in capital of THB 100,000 thousand, and it mainly operates the business of manufacturing and sales of rubber solid wood boards.
- (7) GRP is a subsidiary 48.39% invested by GRW, established in July 2002 in Thailand, with paid-in capital of THB 100,000 thousand, and it mainly operates the business of purchase and trimming of rubber wood raw materials.
- (8) TNR is a subsidiary 100% invested by GRP, established in June 2010 in Thailand, with paid-in capital of THB 60,000 thousand, and it mainly operates the business of manufacturing and sales of rubber solid wood boards.

5. Risk Matters

Please refer to Section VII. Item 6 of this Annual Report.

III. Corporate Governance Report

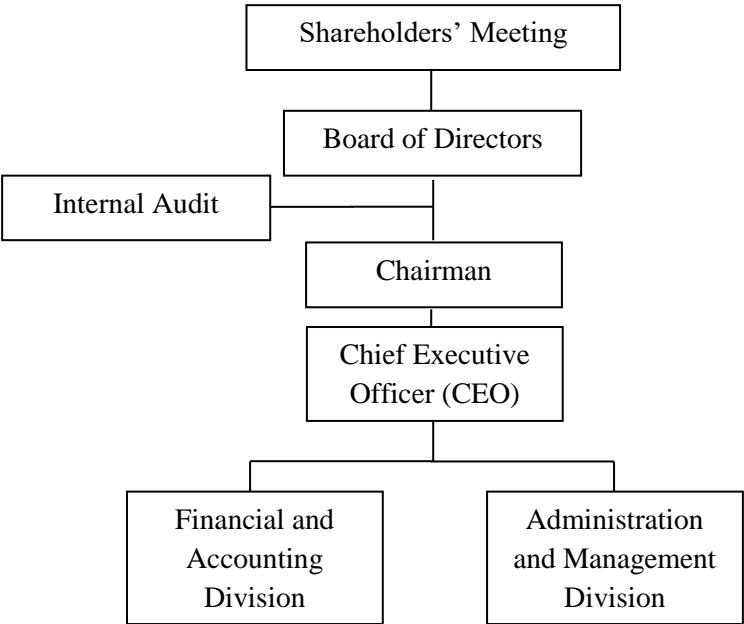
1. Organization System

(1) Organizational Structure

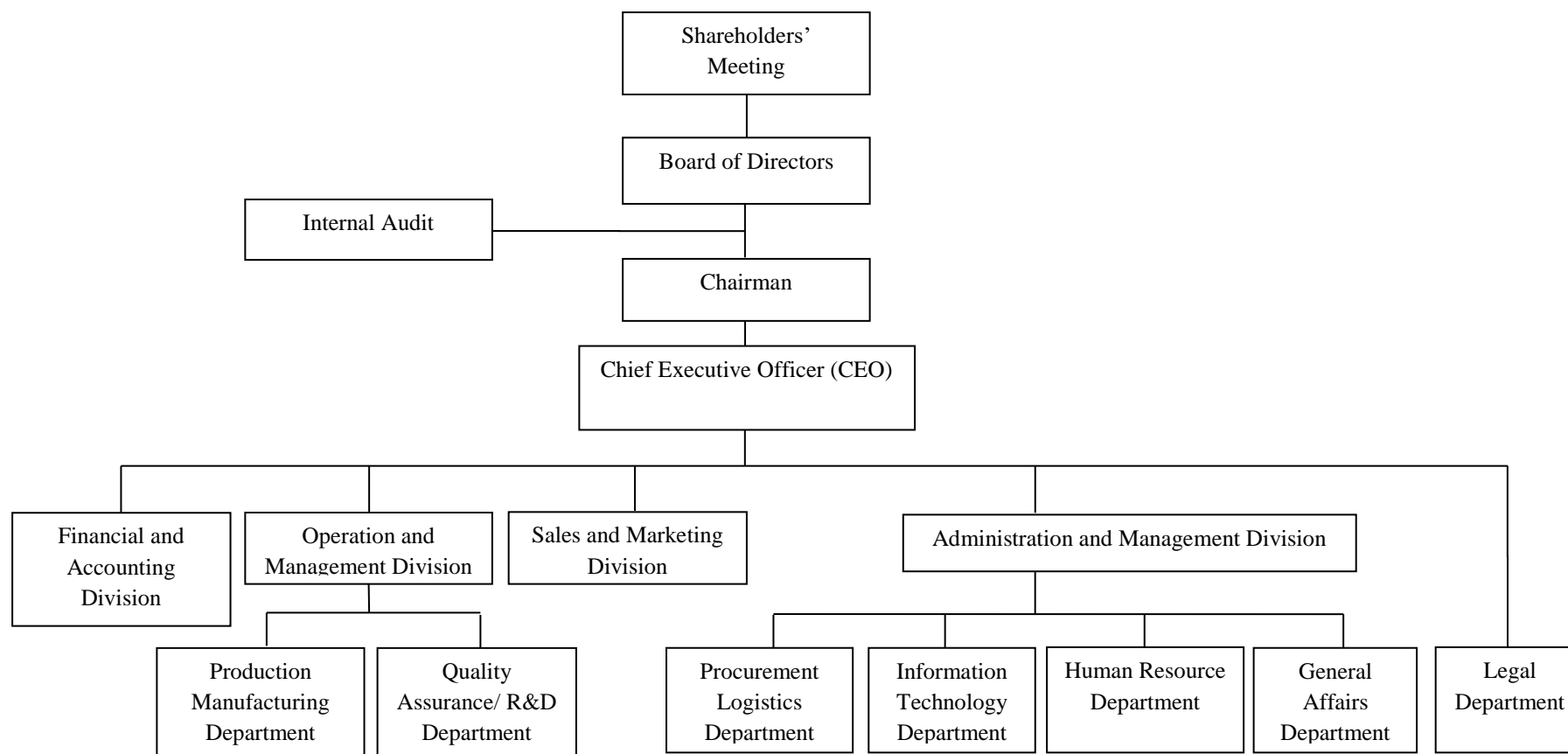
A.GRH



B. Subsidiaries HM/TDIC



C. Subsidiaries GP/GPT/GRW/GRP/TNR



(2) Responsibilities of Main Departments

A. GRH

Department	Responsibilities
Internal Audit	<ol style="list-style-type: none"> 1.Establishment of internal control operation cycle system. 2.Audit of internal control cycle. 3.Periodically prepare audit reports for submission to the Board of Directors and Audit Committee as well as provide recommendations and improvement solutions.
Chief Executive Officer (CEO)	<ol style="list-style-type: none"> 1.Establish the direction and goal for the Company business operation, and responsible for supervision to achieve the goal. 2.Responsible for the Company operation, management, etc. in order to achieve the business management goal and development objectives. 3.Responsible for the Company's medium and long-term strategy planning and project service execution. 4.Integrate comments from all units for reporting to the Board of Directors.
Financial and Accounting Division	<ol style="list-style-type: none"> 1.Financial and accounting system establishment and operation. 2.Preparation of financial statements, daily accounting operations, tax declaration, and withholding operations. 3.Bank interaction and fund transfer, long and short-term fund planning and fundraising, budget establishment, and financial risk control.
Administration and Management Division	<ol style="list-style-type: none"> 1.Manage administrative management affairs including human resources, procurement, and information, etc. of the Company. 2.Logistics management operation planning and execution in order to cooperate with the promotion of the Company's management strategies. 3.Responsible for the Group's administrative resource planning, general affairs execution management, and property operation management.
Taipei Office	<ol style="list-style-type: none"> 1.Appoint litigation agents and legal counsel according to the Articles of Incorporation in order to complete matters assigned by the headquarters. 2.Perform reporting and announcement affairs specified by the competent authority. 3.Maintain investor relationships. 4.Stock affairs related matters and resolution of Board of Directors' meeting planning and execution.

B. Subsidiaries HM/TDIC

Department	Responsibilities
Internal Audit	<ol style="list-style-type: none"> 1.Establishment of internal control operation cycle system. 2.Audit of internal control cycle. 3.Periodically prepare audit reports for submission to the Board of Directors and provide recommendations and improvement solutions.
Chief Executive Officer (CEO)	<ol style="list-style-type: none"> 1.Establish the direction and goal for the Company business operation, and responsible for supervision to achieve the goal. 2.Responsible for the Company operation, management, etc. in order to achieve the business management goal and development objectives. 3.Responsible for the Company's medium and long-term strategy planning and project service execution. 4.Integrate comments from all units for reporting to the Board of Directors.

Department	Responsibilities
Financial and Accounting Division	<ol style="list-style-type: none"> 1. Financial and accounting system establishment and operation. 2. Preparation of financial statements, daily accounting operations, tax declaration, and withholding operations. 3. Bank interaction and fund transfer, long and short-term fund planning and fundraising, budget establishment, and financial risk control.
Administration and Management Division	<ol style="list-style-type: none"> 1. Responsible for the administration management affairs of Company information, etc. 2. Logistics management operation planning and execution in order to cooperate with the promotion of the Company's management strategies.

C. Subsidiaries GP/GPT/GRW/GRP/TNR

Department	Responsibilities
Internal Audit	<ol style="list-style-type: none"> 1. Establishment of internal control operation cycle system. 2. Audit of internal control cycle. 3. Periodically prepare audit reports for submission to the CEO and the Board of Directors and provide recommendations and improvement solutions.
Chief Executive Officer (CEO)	<ol style="list-style-type: none"> 1. Establish the direction and goal for the Company business operation, and responsible for supervision to achieve the goal. 2. Responsible for the Company operation, management, etc. in order to achieve the business management goal and development objectives. 3. Responsible for the Company's medium and long-term strategy planning and project service execution. 4. Integrate comments from all units for reporting to the Board of Directors.
Financial and Accounting Division	<ol style="list-style-type: none"> 1. Financial and accounting system establishment and operation. 2. Preparation of financial statements, daily accounting operations, tax declaration, and withholding operations. 3. Bank interaction and fund transfer, long and short-term fund planning and fundraising, budget establishment, and financial risk control.
Operation and Management Division	<ol style="list-style-type: none"> 1. Manage the Company's operation management affairs of production manufacturing and quality assurance, research and development, etc. 2. Plan and execute the Company's medium and long-term product quality and manufacturing process development.
Sales and Marketing Division	<ol style="list-style-type: none"> 1. Understand customer demands in order to distinguish different markets and to provide differential products. 2. Establish market strategies, planning, and execution of product marketing. 3. Customer complaint handling.
Administration and Management Division	<ol style="list-style-type: none"> 1. Manage administrative management matters including human resources, general affairs, procurement, and information, etc. of the Company. 2. Logistics management operation planning and execution in order to cooperate with the promotion of the Company's management strategies.
Production Manufacturing Department	<ol style="list-style-type: none"> 1. Perform effective manufacturing of products, manage quality timing and utilization of production capacity and raw materials. 2. Adjust production line planning in order to increase production capacity.
Quality Assurance R&D Department	<ol style="list-style-type: none"> 1. Product quality monitoring and manufacturing process improvement. 2. Periodic product submission to certification institution to ensure the product complies with the standards. 3. New product research and development as well as testing.

Department	Responsibilities
Procurement Logistics Department	<ol style="list-style-type: none"> 1.Responsible for the Group’s procurement of raw materials for production and management of suppliers. 2.Responsible for the inventory warehouse management and transportation management.
Information Technology Department	<ol style="list-style-type: none"> 1.Responsible for the planning, management, and maintenance works of the information system and hardware facilities of the Group. 2.Responsible for the planning and establishment of the ERP system.
Human Resource Department	<ol style="list-style-type: none"> 1.Responsible for the Group's organization operations and human resources planning, execution of recruiting and cultivation development. 2.Personnel, employee salary, educational training operations, and employee relationship management. 3.Establishment and execution of various human resources related regulations and systems.
General Affairs Department	<ol style="list-style-type: none"> 1.Responsible for the Group’s administrative resource planning, general affairs execution management, and property operation management. 2.Company and factory environment and personnel operation related operation management. 3.Establishment and execution of various relevant general affairs and environmental safety regulations and systems.
Legal Department	<ol style="list-style-type: none"> 1.Provide legal opinions on corporate operation to the management level in order to ensure the execution of the Company complies with the regulatory requirements, review and participate in contract negotiation and establishment. 2.Handling of various related legal dispute events of the Company.

2. Information of Directors, Supervisors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches

(1) Directors and Supervisors Information

April 21, 2020

Job Title	Nationality/ Registration Place	Name	Gender	Date of Job Assumption	Term of Office	First Time Date of Job Assumption	Shareholding When Elected		Current Shareholding		Current Shares Held by Spouse and Minor Children		Shareholding by Nominee Arrangement		Main Experience (educational background)	Current Adjunct Positions at the Company and Other Companies	Other Managers, Directors, or Supervisors With Relationship of Spouse or Within Second Degree of Kinship		
							Shares Held	%	Shares Held	%	Shares Held	%	Shares Held	%			Job Title	Name	Relationship
Chairman	Samoa	Green Source Investments Ltd	-	2018/06/12	3 years	2012/09/12	31,836,825	42.58%	31,836,825	43.16%	0	0	0	0	—	—	None	None	None
	R.O.C.	Representative: Hsieh, Jung-Hui	Male				0	0.00%	5,550,950	7.52%	82,000	0.11%	0	0	-Department of Civil Engineering, National Cheng Kung University -Standard Pallet International Co., Ltd. Factory Manager/ Responsible Person	-Director of Subsidiaries GP, GPT, GRW, GRP, and TNR -Chairman of the Company and Subsidiaries GP, GPT, GRW, GRP, TNR, and HM	None	None	None
Director	Samoa	Chin Tai Holding Inc.	-	2018/06/12	3 years	2012/09/12	3,574,390	4.78%	3,574,390	4.85%	0	0	0	0	—	—	None	None	None
	R.O.C.	Representative: Li, Mu-Wen	Male				0	0.00%	222,390	0.30%	0	0	0	0	- Master of Structural Engineering, The University of Arizona -Department of Civil Engineering, National Cheng Kung University - Continental Engineering Corp. / Valuation Manager/ Coordination Manager	-Chief Sales Officer of the Company and Subsidiaries GP, GPT, GRW, GRP, and TNR	None	None	None
Director	British Virgin Islands	Forward Thinking Limited	-	2018/06/12	3 years	2012/09/12	1,010	0.00%	1,010	0.00%	0	0	0	0	—	—	None	None	None
	R.O.C.	Representative: Huang, Teng-Shih	Male				0	0.00%	132,129	0.18%	0	0	0	0	- MBA, University of Ramkhamhaeng, Thailand -Department of Water Resources Engineering, Feng Chia University -Evergreen Construction Corporation Ltd., Senior Engineer -Procar Co., Ltd., Sales Engineer	-Director of Subsidiaries GP, GPT, GRW, GRP, TNR, and TDIC -Chairman and CEO of Subsidiary TDIC -CEO and COO of Subsidiaries GP, GPT, GRW, GRP, and TNR -CEO of the Company and Subsidiary HM	None	None	None
Director	Samoa	Park Island Enterprises Limited	-	2018/06/12	3 years	2012/07/07	1,010	0.00%	1,010	0.00%	0	0	0	0	—	—	None	None	None
	R.O.C.	Representative Du, King-Ling	Male				0	0.00%	101,000	0.14%	0	0	0	0	-Master of Mechanical Engineering, University of Mississippi -Graduate School of Financial Management, New York University - Department of Marine Engineering, National Taiwan Ocean University -China Steel Corporation, Executive Vice President -China Ecotek Corporation, Chairman	-Sheh Fung Screws Co., Ltd., Director -Brighton-Best International (Taiwan) Inc., Corporate Director Representative -Taliang Technology Co., Ltd., Independent Director -Sheh Kai Precision Co., Ltd., Independent Director -Walsin Lihwa Corporation, Independent Director	None	None	None

Job Title	Nationality/ Registration Place	Name	Gender	Date of Job Assumption	Term of Office	First Time Date of Job Assumption	Shareholding When Elected		Current Shareholding		Current Shares Held by Spouse and Minor Children		Shareholding by Nominee Arrangement		Main Experience (educational background)	Current Adjunct Positions at the Company and Other Companies	Other Managers, Directors, or Supervisors With Relationship of Spouse or Within Second Degree of Kinship		
							Shares Held	%	Shares Held	%	Shares Held	%	Shares Held	%			Job Title	Name	Relationship
Independent Director	R.O.C.	Chang, Jun-En	Male	2018/06/12	3 years	2018/06/12	0	0.00%	0	0.00%	0	0	0	0	-PhD. in Civil Engineering, Tohoku University, Japan -Master of Civil Engineering, National Cheng Kung University - College of Engineering, National Cheng Kung University/ Deputy Dean - Environmental Protection Administration, Executive Yuan, R.O.C.(Taiwan)/ Minister - Formosa Association of Resource Recycling/ Chairman -Sustainable Environment Research Laboratories, National Cheng Kung University, Director	-Department of Environmental Engineering, National Cheng Kung University, Professor -Cleanaway Co Ltd, Independent Director	None	None	None
Independent Director	R.O.C.	Pai, Pei-Lin	Male	2018/06/12	3 years	2012/07/07	0	0.00%	0	0.00%	0	0	0	0	-PhD. in Electrical Engineering, University of California, Berkeley -Department of Electrical Engineering, National Taiwan University -Nanya Technology Corporation, Vice President and Spokesman -Alpha & Omega Semiconductor Co., Ltd., Vice President -FocalTech Systems Co., Ltd., Vice President	-HiTi Digital Inc., Director -Excelsior Bio-System Co., Ltd., Supervisor -Winbond Electronics Corp, Vice President	None	None	None
Independent Director	R.O.C.	Lin, Wang-Ling	Female	2018/06/12	3 years	2015/06/18	0	0.00%	0	0.00%	0	0	0	0	-Graduate of Department of Accounting, Tunghai University -KPMG -Tong Yang Group, Financial Section Manager -Yuanta Core Pacific Securities Co., Ltd., Underwriting Department -Capital Securities Co., Ltd., Manager of Underwriting Department -Hua Nan Securities Co., Ltd., Manager of Underwriting Department	-Anji Technology Co., Ltd./ Spokesman and Special Assistant to President. -Junzhe Biomedical Co., Ltd., Chairman	None	None	None

Note: The Company had established the Audit Committee on 2012/07/07 such that it is not necessary to disclose information of supervisors.

A. Major Shareholders of Corporate Shareholders

May 08, 2020

Name of Corporate Shareholders	Major Shareholders of Corporate Shareholders	Shareholding Percentage (%)
Green Source Investments Ltd	Sapphire Investments Limited	100%
Chin Tai Holding Inc.	Everwill Investments Ltd	100%
Forward Thinking Limited	Huang, Teng-Shih	100%
Park Island Enterprises Limited	Du, King-Ling	100%

B. Major Shareholders of Corporate Shareholders as the Major Shareholders

May 08, 2020

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders	Shareholding Percentage (%)
Sapphire Investments Limited	Hsieh, Jung-Hui	100%
Everwill Investments Ltd	Li, Mu-Wen	100%

C. Director and Supervisor Professional Qualifications and Independent Analysis Status

May 08, 2020

Name	Criteria	Whether he/she is equipped with more than five years of working experience and the following professional qualification			Compliance with Independence Criteria (Note)												Number of companies for adjunct independent directors of other public offering companies
		Instructors or above at public/private university/college in the area of commerce, legal, finance, accounting, or relevant departments necessary for the business of the Company	Judge, prosecutor, attorney, accountant, or other professional or technician necessary to the business of the Company and requiring national examination qualification with certificates	Have work experience in the area of commerce, legal, finance, or accounting, or area otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Green Source Investments Ltd Representative: Hsieh, Jung-Hui			✓					✓		✓			✓	✓	✓		0
Chin Tai Holding Inc. Representative: Li, Mu-Wen			✓				✓	✓		✓	✓		✓	✓	✓		0
Forward Thinking Limited Representative: Huang, Teng-Shih			✓				✓	✓		✓			✓	✓	✓		0
Park Island Enterprises Limited Representative: Du, King-Ling			✓		✓		✓	✓		✓	✓	✓	✓	✓	✓		3
Chang, Jun-En	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Pai, Pei-Lin			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Lin, Wang-Ling		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Check in each box with “✓”, if the member meets the condition during the two years prior to being appointed and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held

by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not applicable in cases where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company. (Not applicable in cases where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO or equivalent themselves or their spouse also serve as the company's chairman or CEO or equivalent.(Not applicable in cases where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company(Not applicable in cases if specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company and where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.);
- (9) Other than serving as a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Law.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) Information of President, Vice President, Associate Vice President, Supervisors of Departments and Branches

April 21, 2020

Job Title	Nationality	Name	Gender	Date Elected (Assumed Position)	Shareholding		Shares Held by Spouse and Minor Children		Shareholding by Nominee Arrangement		Main Experience (educational background)	Current Adjunct Positions at Other Companies	Manager With Relationship of Spouse or Within the Second Degree of Kinship			Status of Mangers Acquiring Employee Stock Option Certificates
					Shares Held	%	Shares Held	%	Shares Held	%			Job Title	Name	Relationship	
Chairman and President	R.O.C.	Hsieh, Jung-Hui	Male	2011/01/14	5,550,950	7.52%	82,000	0.11%	0	0.00%	-Department of Civil Engineering, National Cheng Kung University -Standard Pallet International Co., Ltd. Factory Manager/ Responsible Person	-Director of Subsidiaries GP, GPT, GRW, GRP, and TNR -Chairman of Subsidiaries GP, GPT, GRW, GRP, TNR, and HM	None	None	None	None
Chief Executive Officer and Chief Operating Officer	R.O.C.	Huang, Teng-Shih	Male	2013/05/13 2012/07/07	132,129	0.18%	0	0.00%	0	0.00%	-MBA, University of Ramkhamhaeng, Thailand -Department of Water Resources Engineering, Feng Chia University -Evergreen Construction Corporation Ltd., Senior Engineer -Procar Co., Ltd., Sales Engineer	-Director of Subsidiaries GP, GPT, GRW, GRP, TNR, and TDIC -CEO and COO of Subsidiaries GP, GPT, GRW, GRP, and TNR -Chairman and CEO of Subsidiary TDIC -CEO of Subsidiary HM	None	None	None	None
Chief Sales Officer	R.O.C.	Li, Mu-Wen	Male	2012/07/07	222,390	0.30%	0	0.00%	0	0.00%	- Master of Structural Engineering, The University of Arizona -Department of Civil Engineering, National Cheng Kung University - Continental Engineering Corp. /Valuation Manager/Coordination Manager	-Chief Sales Officer of Subsidiaries GP, GPT, GRW, GRP, and TNR	None	None	None	None
CFO	R.O.C.	Wang, Sheng-Feng	Male	2014/03/29	238,350	0.32%	55,000	0.07%	0	0.00%	-Department of Accounting, Tunghai University -Samya Technology Co., Ltd./ CFO	-CFO of Subsidiaries GP, GPT, GRW, GRP, TNR, HM, and TDIC	None	None	None	None

3. Remuneration Paid to Directors, Supervisors, President, and Vice Presidents for the Most Recent Fiscal Year

(1) Remuneration of Directors (including Independent Directors)

Unit: In Thousands of New Taiwan Dollars

Job Title	Name	Remuneration of Directors								Total of A+B+C+D as a % of Net Income		Relevant Compensation Received by Adjunct Employees								Total of A+B+C+D+E+F+G as a % of Net Income		Whether Compensation From Investees Other Than Subsidiaries is Received
		Remuneration Paid (A)		Retirement Pension (B)		Remuneration of Directors (C)		Expenses for Execution of Business (D)				Salaries, Bonus, and Special Disbursement (E)		Retirement Pension (F)		Employees' Remuneration (G)						
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Green Source Investments Ltd Representative: Hsieh, Jung-Hui	0	0	0	0	0	0	0	0	0	0	2,400	4,143	0	0	0	0	0	0	(0.75)%	(1.30)%	None (Note)
Director	Chin Tai Holding Inc. Representative: Li, Mu-Wen	0	0	0	0	0	0	0	0	0	0	2,055	3,751	0	0	0	0	0	0	(0.64)%	(1.17)%	
Director	Forward Thinking Limited Representative: Huang, Teng-Shih	0	0	0	0	0	0	0	0	0	0	1,737	3,008	0	0	0	0	0	0	(0.54)%	(0.94)%	
Director	Park Island Enterprises Limited Representative : Du, King-Ling	0	0	0	0	0	0	350	350	(0.11)%	(0.11)%	0	0	0	0	0	0	0	0	(0.11)%	(0.11)%	
Independent Director	Chang, Jun-En	0	0	0	0	0	0	350	350	(0.11)%	(0.11)%	0	0	0	0	0	0	0	0	(0.11)%	(0.11)%	
Independent Director	Pai, Pei-Lin	0	0	0	0	0	0	350	350	(0.11)%	(0.11)%	0	0	0	0	0	0	0	0	(0.11)%	(0.11)%	
Independent Director	Lin, Wang-Ling	0	0	0	0	0	0	350	350	(0.11)%	(0.11)%	0	0	0	0	0	0	0	0	(0.11)%	(0.11)%	
<div>1. Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: The Company pursuant the compensation committee charter, article 7, to review the salary and compensation of directors periodically, considering their and the factors of the overall operating outcome of the Company and competitive environment, etc. along with the consideration of the external and general industry standard for the determination of such remuneration. The Committee shall deliberate before the matter is submitted to the board of directors for discussion. The duties of independent directors of the Company are reviewing functional committee and Proposals from the Board of Directors. Independent directors shall investigate the operational and financial conditions of the company from time to time, and supervise the implementation of the operations of the company, and the performance of duties by directors and managers. The Company maintains D&O Insurance for its independent directors. In short, the Company assessing the compensation system through annual profitability and the contribution to the Company's operation from individual directors.</div> <div>2. Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the financial statements at the latest financial year: None</div>																						

Note: GRP and TNR are not subsidiaries with shareholding above 50% held by the Company; however, since the Company still has control over the subsidiaries, they are listed in the statements.

(2) Remuneration of Supervisors: Since the Company has no supervisors, this is not applicable.

(3) Remuneration of President and Vice Presidents

Unit: In Thousands of New Taiwan Dollars

Job Title	Name	Salary (A)		Retirement Pension (B)		Bonus and Special Disbursement (C)		Employees' Remuneration (D)				Total of A+B+C+D as a % of Net Income (%)		Compensation From Investees Other Than Subsidiaries is Received
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman and President	Hsieh, Jung-Hui	1,920	3,303	0	0	480	840	0	0	0	0	(0.75)%	(1.30)%	None
Chief Executive Officer and Chief Operating Officer	Huang, Teng-Shih	1,737	3,137	0	0	318	614	0	0	0	0	(0.64)%	(1.17)%	None
Chief Sales Officer	Li, Mu-Wen	1,437	2,376	0	0	300	632	0	0	0	0	(0.54)%	(0.94)%	None
CFO	Wang, Sheng-Feng	2,947	3,921	0	0	882	1,122	0	0	0	0	(1.20)%	(1.58)%	None

(4) Remuneration paid to each of its top five management personnel

Unit: In Thousands of New Taiwan Dollars

Job Title	Name	Salary (A)		Retirement Pension (B)		Bonus and Special Disbursement (C)		Employees' Remuneration (D)				Total of A+B+C+D as a % of Net Income (%)		Compensation From Investees Other Than Subsidiaries is Received
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman and President	Hsieh, Jung-Hui	1,920	3,303	0	0	480	840	0	0	0	0	(0.75)%	(1.30)%	None
Chief Executive Officer and Chief Operating Officer	Huang, Teng-Shih	1,737	3,137	0	0	318	614	0	0	0	0	(0.64)%	(1.17)%	None
Chief Sales Officer	Li, Mu-Wen	1,437	2,376	0	0	300	632	0	0	0	0	(0.54)%	(0.94)%	None
CFO	Wang, Sheng-Feng	2,947	3,921	0	0	882	1,122	0	0	0	0	(1.20)%	(1.58)%	None

Employees' Profit-Sharing Bonus Paid to Management Team

Unit: In Thousands of New Taiwan Dollars

	Job Title	Name	Stock Amount	Cash Amount	Total	% of Total to Net Income(%)
Managerial Officers	Chairman and President	Hsieh, Jung-Hui	0	0	0	0.00%
	Chief Executive Officer and Chief Operating Officer	Huang, Teng-Shih				
	Chief Sales Officer	Li, Mu-Wen				
	CFO	Wang, Sheng-Feng				

(5) Separately compare and describe total remuneration, as a percentage of net income stated in the Company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past two fiscal years to directors, supervisors, president, and vice president, and analyze and describe remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

A. Analysis of total remuneration of Directors, the President and Vice Presidents, as a percentage of net income stated in the Company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements.

Unit: In Thousands of New Taiwan Dollars

Year Item	2018				2019			
	Total Remuneration		% of Net Income (%)		Total Remuneration		% of Net Income (%)	
	The Company	All Companies in the Consolidated Statements	The Company	All Companies in the Consolidated Statements	The Company	All Companies in the Consolidated Statements	The Company	All Companies in the Consolidated Statements
Director	7,917	12,164	(7.84)%	(12.05)%	7,592	12,302	(2.38)%	(3.85)%
President and Vice Presidents	9,903	13,770	(9.81)%	(13.64)%	10,022	15,945	(3.14)%	(4.99)%

B. Policy, standard, and combination for payment of remuneration, establishment of procedure of remuneration, and correlation between the business performance and future risk.

Item	Director	President and Vice Presidents
Policy, standard, and combination for payment of remuneration	<p>In accordance with the articles of association of the Company, if there is surplus profit for the year, the Company shall set aside no less than zero point one per cent (0.1%) of the pre-tax profit as employee compensation and no more than three per cent (3%) of the pre-tax profit as compensation for the Directors. However, if the Company has accumulated losses in previous years, it shall reserve an amount of the pre-tax profit for offsetting the accumulated losses. The employee compensation shall be distributed in the form of stock or cash and may be distributed to employees of the Company's Subsidiaries, if such employees satisfy certain qualifications as may be resolved by the Board from time to time.</p> <p>The compensation of the Directors may be decided by the Board by reference to recommendation made by the Compensation Committee (if established), the standard generally adopted by other enterprises in the same industry, and shall be paid in cash only. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company if permitted by the Law, the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.</p>	
Establishment of procedure of remuneration	<p>The Company pursuant the compensation committee charter, article 7, to review the salary and compensation of directors periodically, considering their and the factors of the overall operating outcome of the Company and competitive environment, etc. along with the consideration of the external and general industry standard for the determination of such remuneration. The Committee shall deliberate before the matter is submitted to the board of directors for discussion.</p>	
Correlation between the business performance and future risk	<p>In accordance with the articles of association of the Company, the Company shall set aside the remuneration on the annual profitability. It correlates with operational performance. The compensation committee assesses the compensation system through the contribution to the Company's operation (including future operational risk) from directors periodically.</p>	<p>According to personal performance and the factors of the overall operating outcome of the Company and competitive environment, etc. and take into account the general pay levels in the industry for the determination of such remuneration.</p>

C. The Company established the Audit Committee on 2012/07/07 such that it is not necessary to disclose information of supervisors.

4. Implementation of Corporate Governance

(1) Board of Directors Implementation Status:

A total of seven (A) meetings of the Board of Directors were held in the most recent year. The attendance of director and supervisor were as follows:

Job Title	Name	Attendance in Person (B)	Number of Attendances by Proxy	Actual Attendance Rate (%) 【B/A】 (Note)	Remarks
Chairman	Green Source Investments Ltd Representative: Hsieh, Jung-Hui	7	0	100%	2018/06/12 Consecutive Term of Office After Re-election
Director	Chin Tai Holding Inc. Representative: Li, Mu-Wen	6	1	86%	
Director	Forward Thinking Limited Representative: Huang, Teng-Shih	7	0	100%	
Director	Park Island Enterprises Limited Representative: Du, King-Ling	7	0	100%	
Independent Director	Chang, Jun-En	6	1	86%	2018/06/12 New Assumption of Position
Independent Director	Pai, Pei-Lin	4	3	57%	2018/06/12 Consecutive Term of Office After Re-election
Independent Director	Lin, Wang-Ling	7	0	100%	

Note: The actual attendance rate (%) is calculated according to the number of the Meetings convened and the number of his/her actual attendance during his/her term of office.

Other matters required to be recorded:

- Where the implementation of a Board Meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors, and Company's handling for the opinions of independent directors shall be described:
 - Matters specified in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee; theretofore, According to Article 14-5 of the Securities and Exchange Act, the requirements of Article 14-3 are not applicable. Please refer to the description of (2) Auditor Committee Operation Status or Supervisor Participating in the Board of Directors' Meeting Operation Status of 4. Corporate Governance Status of this Annual Report.
 - Except for the aforementioned matters, other resolutions of Board Meetings subject to dissenting opinions or qualified opinions and equipped with records or written statements: None.
- For the execution status of recusal of Directors due to conflicts of interest, the names of the Directors, proposal content, reasons of recusal, and participation in voting shall be described

Date/ Session No.	Name of Director	Proposal Content	Reason for Recusal of Conflict of Interest	Voting Participation Status
2019/12/25 2019 7 th Meeting	All seven (independent) directors in total	Proposal for 2020 Remuneration of Directors and Managerial Officers	The proposal for distribution of remuneration of directors and all directors of the Company having conflict of interest, and Hsieh, Jung-Hui, Huang, Teng - Shih, and Li, Mu- Wen as the managerial officers of the Company.	Hsieh, Jung-Hui, Teng-Shih, and Li, Mu-Wen recused themselves from participating in the discussion and voting of the proposal. For the remaining Directors, since the criteria of this proposal has no likelihood of being superior to the subjects of the same category, the interests of the Company are not damaged; consequently, there is no need for recusal of conflict of interest. This proposal is qualified by the four Directors without recusal.
<p>3. TWSE/GTSM Listed Companies shall disclose the evaluation cycles, period, scope, method and criteria of the evaluation of the board as a whole, individual directors and functional committees</p> <p>Evaluation Cycles : Once a year.</p> <p>Evaluation Period : The Board of Directors of the Company passed the procedures of performance evaluation of the board of directors on 2019/12/25. The first evaluation will be performed in 2020. The evaluation period starts from 2020/01/01 to 2020/12/31.</p> <p>Scope of Evaluation : The board of directors as a whole, individual board members and each functional committee.</p> <p>Method of Evaluation : Internal evaluation of the board and functional committees and self-evaluation by the board members of themselves.</p> <p>Evaluation Criteria :</p> <p>(1) For the board of directors: Shall cover, at a minimum, participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control.</p> <p>(2) For Individual board members: Shall cover, at a minimum, alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.</p> <p>(3) For each functional committee: Shall cover alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.</p> <p>4. Assessment on objective and execution status of enhancement of the Board Meeting function in the current year and the most recent year:</p> <p>(1) The Company officially established the Audit Committee on 2012/07/07. The Committee shall exercise the powers conferred by the Securities and Exchange Act, the Company Act, and any other law.</p> <p>(2) The Company officially established the Compensation Committee on 2012/07/07. The Committee shall assist the Board of Directors to assess and set the compensation of directors and managerial officers; establishing and periodically reviewing the policies, systems, standards, and structure for the compensation of the directors, and managerial</p>				

officers of the Company.

- (3) The Company has established the Rules of Procedure for Board of Directors Meetings of the Company according to the “Regulations Governing Procedures for Board of Directors Meetings of Public Companies”.
- (4) The Board of Directors of the Company passed the procedures of performance evaluation of the board of directors on 2019/12/25. The first evaluation will be performed in 2020. The evaluation period starts from 2020/01/01 to 2020/12/31.
- (5) The Company provides corporate governance-related courses for directors of the Company to raise their acknowledgement and in the practice of corporate governance.
- (6) The Company maintains D&O Insurance for its directors.

(2) Audit Committee Implementation Status and Supervisor Participating Board Meeting Status

A. Audit Committee Implementation Status Information:

There were seven (A) Audit Committee meetings convened in the most recent year, and the attendance status of the independent directors is as follows:

Job Title	Name	Attendance in Person (B)	Attendances by Proxy	Actual Attendance Rate (%) (B/A)	Note
Independent Directors	Chang, Jun-En	6	1	86%	2018/06/12 New Assumption of Position
Independent Director	Pai, Pei-Lin	4	3	57%	2018/06/12 Consecutive Term of Office After Re-election
Independent Director	Lin, Wang-Ling	7	0	100%	

Other matters required to be recorded:

1. Where the operation of the Audit Committee is subject to one of the following, the committee meeting date, session, proposal content, resolution result of the Audit Committee meeting, and the opinion of the Audit Committee of the Company shall be described:
 - (1) Matters specified in Article 14-5 of the Securities and Exchange Act: Please refer to (11) Major Resolutions Made by the Shareholders’ Meeting and the Board of Directors in the most recent year and up till the publication date of 4. Corporate Governance Operation Status of this Annual Report.
 - (2) Except for the aforementioned matter, other resolutions not approved by the Audit Committee but with the consent of more than two-thirds of all Directors: None.
2. For the execution status of recusal of Directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal, and participation in voting shall be described: The Company is not subject to proposals requiring recusal of independent directors for conflict of interest.
3. Communication of Independent Directors with Internal Audit Manager and CPA: The committee members communicate and understand the financial reports, newly established accounting regulations, etc. with the CPA on 2019/03/11 and 2020/03/19. The auditors also submit audit reports to the independent directors monthly, and the Audit Committee members quarterly review the financial business execution status of the Company and request the management authority to provide explanations if necessary.

B. The Company has no supervisors.

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does Company follow the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		<p>The Company has established “the Corporate Governance Best Practice Principles” in order to construct an effective corporate governance structure, to protect the interests of the shareholders, to strengthen the functions of the Board of Directors, to exploit the functions of independent directors, to respect the interests of stakeholders, and to improve information transparency, etc. in order to achieve important corporate governance principles.</p> <p>In addition, the Company has established relevant corporate governance principles, including such as: “Rules of Procedures for Shareholders Meetings”, “Regulations Governing Procedure for Board of Directors Meetings”, “Regulations for Election of Directors”, “Regulations Governing Remuneration Committee Operation”, “Regulations for Preventing Insider Trading”, “Rules Governing the Scope of Powers of Independent Directors”, “Regulations Governing Establishment of Internal Audit Systems”, “Code of Ethical Conduct”, “Ethical Corporate Management Best Practice Principles”, and “Corporate Social Responsibility Best Practice Principles”. In addition, the Company discloses material information of the Company according to relevant laws, and periodically discloses financial and non-financial information. The Board of Directors also follows the responsibilities assigned by the shareholders in order to lead the operation of the Company and to effectively achieve the management function of supervising the management level.</p>	No major difference.
<p>2. Company's Ownership Structure and Shareholders' Equity</p> <p>(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?</p> <p>(2) Does the company possess the list of its major shareholders as</p>	V		<p>(1) The Company has entrusted a professional stock agency institution to handle the stock affairs, and has hired a spokesman and deputy spokesman to handle the suggestions, doubts, disputes, and litigation matters of shareholders, and to actively handle shareholders affairs along with relevant departments depending upon the needs.</p> <p>(2) The company possess the list of its major shareholders as well as the ultimate owners of those shares at all times and maintains excellent relationships with</p>	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>well as the ultimate owners of those shares?</p> <p>(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?</p> <p>(4) Does the company establish internal rules against insiders trading with undisclosed information?</p>			<p>major shareholders.</p> <p>(3) The Company has established relevant control mechanisms in the internal control system of the Company and the “Regulations Governing Related Party Transactions” according to the laws.</p> <p>(4) The Company has established the “Management System for Preventing Insider Trading” and “Code of Ethical Conduct” in order to regulate all employees, managers, and directors of the Company as well as any personnel becoming aware of the information of the Company due to occupation or control relationship to prevent any conduct possibly involving insider trading, and the Company also implements periodic audits and educational promotion.</p>	
<p>3. Composition and Responsibility of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>(1) The composition of the members of the Board of Directors of the Company considers the operation of the Company, business model, and development requirements. The composition of the board of directors shall be determined by taking diversity into consideration. and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:</p> <p>A. Basic requirements and values: Gender, age, nationality, and culture.</p> <p>B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.</p> <p>The Company establishes a total of seven directors, including three independent directors, and one of the independent directors is female. The professional backgrounds of the Board Members include management, scientific/engineering, and financial fields, etc., and their profiles include chairman, managers, and professors. Therefore, the Board Members are equipped with diverse industry, academic qualifications, and knowledge such that they are able to provide</p>	(1) No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually? And submitting the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>			<p>professional opinions in different aspects, which is beneficial to the business performance and management efficiency of the Company. The Directors and independent directors of the Company also participate in periodic education and training related courses.</p> <p>(2) Presently, the Company has established the Compensation Committee and Audit Committee, and the Company will further establish other types of functional committees depending upon the actual operation status and according to the regulatory requirements.</p> <p>(3) The Board of Directors of the Company passed the procedures of performance evaluation of the board of directors on 2019/12/25. In accordance with the procedure, the Company will annually assess the performance of the Board and submit the results of performance evaluation to the board of directors and use them as reference in determining compensation and nomination for individual directors. The first evaluation will be performed in 2020.</p> <p>(4) The Company assesses the suitability of the CPA; the criteria include professionalism, independency, interest avoidance and rotation. The Company shall obtain the CPA independence declaration with the assessment submit to the Board of directors together. The assessment of 2019 has submitted to the Board of directors on 2020/03/19.</p>	<p>(2) No major difference.</p> <p>(3) No major difference.</p> <p>(4) No major difference.</p>
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but	V		<p>(1) The Company assigns a department or personnel to be responsible for corporate governance related affairs.</p> <p>(2) The main responsibilities of the corporate governance unit is to handling matters relating to board meetings and shareholders meetings according laws, producing minutes of board meetings and shareholders meetings, assisting in onboarding and continuous development of directors, furnishing information required for</p>	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
not limited to furnishing information required for business execution by directors and supervisors, assisting directors' and supervisors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?			<p>business execution by directors and assisting with legal compliance</p> <p>(3) The Implementation in 2019 is as follows :</p> <p>A. furnishing information required for business execution by directors and arranging refresher courses:</p> <p>(a) providing the latest or amended law and regulations related to the Company's business and corporate governance when the directors onboard and to update periodically.</p> <p>(b) furnishing information required for business execution by directors and maintaining the communication between directors and chief officers of each division.</p> <p>(c) assist in arranging meetings with chief internal auditor or CPA.</p> <p>(d) assist in arranging refresher courses.</p> <p>B. handling matters relating to board meetings and shareholders meetings procedures and resolutions in compliance with laws.</p> <p>(a) reporting to the board of directors, independent directors or audit committee on the company's corporate governance operations and confirming whether the company's shareholders' meeting and board meeting are in compliance with relevant laws and corporate governance codes.</p> <p>(b) assisting and reminding the directors which the laws and regulations that should be followed when executing business or making a resolution of the board of directors.</p> <p>(c) Reviewing the material information announcement of an important resolution from the board of directors meeting to ensure the content's legality and correctness for protecting investors have reciprocal transaction information.</p> <p>C. The agenda items and comprehensive pre-meeting materials for board of directors meetings shall be sent together with the notice of the meeting to each director at least seven days in advance. The Company shall remind directors if a director is an interested party with respect to an agenda item, shall enter recusal. And finishing the minutes of a board of directors meeting within 20 days after the meeting.</p> <p>D. In accordance with related laws and regulation to handle the pre-registration</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			of shareholders' meeting, to prepare the shareholders meeting notice, the handbook of the annual meeting of shareholders, the minutes of the shareholders meeting, and to handle the change of registration when the articles of association is amended, or the directors are re-elected.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company establishes communication channels with the corresponding banks, creditors, employees, customers, and suppliers, and also respects their legitimate rights and benefits. In addition, the Company's website has also established an investor section and stakeholder section. Furthermore, the spokesman and deputy spokesman act as the communication channel of the Company to the outside in order to properly respond to relevant issues.	No major difference.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates the Stock Affairs Department of Taishin International Bank to handle stock affairs and shareholders' meeting related affairs.	No major difference.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting	V		(1) The Company discloses relevant financial business, corporate governance information, and material information on the Market Observation Post System (MOPS), and has also set up dedicated sections on the Company's website (including Chinese, English, and Thai) to disclose relevant information. (2) The Company assigns dedicated personnel to be responsible for the collection and disclosure of the Company's information and to announce and report relevant information on MOPS, and the Company also establishes the spokesman system to be responsible for providing explanations to the outside in order to ensure that information possibly affecting the decision making of the shareholders and stakeholders to be timely and appropriately disclosed. Relevant information of the investor conferences organized or participated in by the Company has been published on the Company's website and MOPS.	(1) No major difference. (2) No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
investor conferences)? (3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial statements as well as the operating status of each month before the prescribed deadline?			(3) The Company follows relevant laws and regulations to announce and report the annual financial statements based on the prescribed deadline, as well as the quarterly financial statements and the operating status of each month.	(3) The Company follows relevant laws and regulations to announce and report the financial statements and operating outcome based on the prescribed deadline
8. Does the Company have other important information (including but not limited to employees' benefits and rights, employee care, investor relationships, supplier relationships, rights of stakeholders, educational training status of Directors and supervisors, implementation of risk management policy and risk measurement standards, customer policy implementation status, purchase of liability insurance for Directors and supervisors of the Company, etc.) helpful to the understanding of the corporate governance operation status of the Company?	V		<p>(1) Employees' Benefits and Rights: The Company has established the employee handbook and company welfare policy. The content of such handbook and policy specifies the rights and obligations as well as welfare items of the employees in order to protect the rights and benefits of employees.</p> <p>(2) Employee Care: The Company encourages employees to participate in various educational trainings, provides labor insurance and group insurance, periodically organizes employee health examinations, etc., establishes excellent interaction with employees, and values the rights and benefits of employees.</p> <p>(3) Investor Relationships: The Company convenes shareholders meetings according to the Company Act and relevant laws in order to provide sufficient opportunities for submission of proposals by shareholders. In addition, the Company has also set up a spokesman and contact window to handle questions raised by investors. The Company has established the investor section on the Company's website (including Chinese, English, and Thai) and also discloses company financial and business information on MOPS according to the laws. Furthermore, the Company irregularly organizes or participates in investor conferences in order to protect the rights and benefits of investors, as well as to fulfill corporate responsibility for shareholders.</p> <p>(4) Supplier Relationships: The Company maintains long-term and excellent collaboration relationships with main suppliers.</p> <p>(5) Rights of Stakeholders: Stakeholders may communicate with and make</p>	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																																			
	Yes	No	Abstract Illustration																																				
			<p>suggestions to the Company in order to maintain their legitimate rights and benefits.</p> <p>(6) Status on Educational Training of Directors and Supervisors: The Directors of the Company have all participated in corporate governance related courses. In addition, the Company has no supervisors.</p> <table><tr><th>Job Title</th><th>Name</th><th>Date</th><th>Organizer</th><th>Course</th><th>Hours</th></tr><tr><td>Corporate Representative of the Chairman</td><td>Hsieh, Jung-Hui</td><td rowspan="3">2019/12/26</td><td rowspan="3">Taiwan Corporate Governance Association</td><td rowspan="3">Disclosure of major company information and responsibilities of directors and supervisors</td><td rowspan="3">3.0</td></tr><tr><td>Corporate Representative of the Director</td><td>Li, Mu-Wen</td></tr><tr><td>Corporate Representative of the Director</td><td>Huang, Teng-Shih</td></tr><tr><td>Corporate Representative of the Chairman</td><td>Hsieh, Jung-Hui</td><td rowspan="3">2019/11/12</td><td rowspan="3"></td><td rowspan="3">How does prosecution look at corporate governance? Discussing the responsibility of directors and supervisors from the illegal cases of securities</td><td rowspan="3">3.0</td></tr><tr><td>Corporate Representative of the Director</td><td>Li, Mu-Wen</td></tr><tr><td>Corporate Representative of the Director</td><td>Huang, Teng-Shih</td></tr><tr><td rowspan="2">Corporate Representative of the Director</td><td rowspan="2">Du, King-Ling</td><td>2019/11/01</td><td rowspan="2">Taiwan Corporate Governance Association</td><td>Multinational management and sustainable management</td><td>3.0</td></tr><tr><td>2019/04/09</td><td>Digital decision- the business model of board products</td><td>3.0</td></tr></table>	Job Title	Name	Date	Organizer	Course	Hours	Corporate Representative of the Chairman	Hsieh, Jung-Hui	2019/12/26	Taiwan Corporate Governance Association	Disclosure of major company information and responsibilities of directors and supervisors	3.0	Corporate Representative of the Director	Li, Mu-Wen	Corporate Representative of the Director	Huang, Teng-Shih	Corporate Representative of the Chairman	Hsieh, Jung-Hui	2019/11/12		How does prosecution look at corporate governance? Discussing the responsibility of directors and supervisors from the illegal cases of securities	3.0	Corporate Representative of the Director	Li, Mu-Wen	Corporate Representative of the Director	Huang, Teng-Shih	Corporate Representative of the Director	Du, King-Ling	2019/11/01	Taiwan Corporate Governance Association	Multinational management and sustainable management	3.0	2019/04/09	Digital decision- the business model of board products	3.0	
Job Title	Name	Date	Organizer	Course	Hours																																		
Corporate Representative of the Chairman	Hsieh, Jung-Hui	2019/12/26	Taiwan Corporate Governance Association	Disclosure of major company information and responsibilities of directors and supervisors	3.0																																		
Corporate Representative of the Director	Li, Mu-Wen																																						
Corporate Representative of the Director	Huang, Teng-Shih																																						
Corporate Representative of the Chairman	Hsieh, Jung-Hui	2019/11/12		How does prosecution look at corporate governance? Discussing the responsibility of directors and supervisors from the illegal cases of securities	3.0																																		
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Corporate Representative of the Director	Du, King-Ling	2019/11/01	Taiwan Corporate Governance Association	Multinational management and sustainable management	3.0																																		
		2019/04/09		Digital decision- the business model of board products	3.0																																		

Evaluation Item	Implementation Status						Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons			
	Yes	No	Abstract Illustration							
			Job Title	Name	Date	Organizer	Course	Hours		
			Independent Director Independent Director	Pai, Pei-Lin Chang, Jun-En	2019/11/19	Taiwan SEC	Conference for efficiently use directors' functions	3.0		
					2019/11/12	Taiwan Corporate Governance Association	How does prosecution look at corporate governance? Discussing the responsibility of directors and supervisors from the illegal cases of securities	3.0		
			Independent Director Independent Director	Lin, Wang-Ling Pai, Pei-Lin	2019/11/08	Taiwan Corporate Governance Association	Money Laundering and Terrorism Financing — Investigation of Money Laundering and Terrorism Financing Crime	3.0		
					2019/08/09		Shareholders' meeting and board operation practices	3.0		
			Independent Director	Chang, Jun-En	2019/11/11	Taiwan Corporate Governance Association	The relationship between information security and the board of directors	3.0		
					2019/08/09		Anti-insider trading	3.0		
			(7) Implementation Status of Risk Management Policy and Risk Measurement Standards: The Company focuses on its core business and cooperates with the launch of all policies related to the laws, and also establishes operation of various standards to implement regulations in light of reducing and preventing any possible risks.							
			(8) Implementation Status of Customer Policy: The Company assigns dedicated personnel to handle customer complaints, and also properly determine the cause of issue and accountability in order to ensure service quality to customers.							

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			(9) Status of Liability Insurance Purchased by the Company for the Directors and Supervisors: The Company has purchased liability insurance for all Directors.	
9. Please provide explanation on the improvement status of the corporate governance evaluation announced by the Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved.	V		<p>According to the 6th Term (2019) Corporate Governance Assessment Result announced in April, 2020, the Company’s participation assessment score received is at the first tier of 51%-65% of the corporates.</p> <p>(1) Matters Not Received for Scores and Already Improved: Does the Board establish a diversified policy for the composition of its members and disclose the implementation on the Company’s website and annual report? The Board of directors of the Company has passed the amendment of the Corporate Governance Best Practice Principles on 2020/03/19, which establishes and discloses a diversified policy for the composition of the Board of directors.</p> <p>(2) Priority Enhancement and Measures: Does the company disclose the communication of independent directors, chief internal auditor and CPA (such as the methods, incidents and conclusions of the company's financial reports and financial business status) on the company's website? According to this evaluation results which indicates that the Company’s explanation is not specific. The Company will enhance the perspicuity of explanation in the next evaluation as an improvement.</p>	No major difference.

(4) Compensation Committee

A. Information of Compensation Committee Members

Position	Criteria Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Compliance with Independence Criteria (Note 1)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university.	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company.	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chang, Jun-En	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Director	Pai, Pei-Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Lin, Wang-Ling		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: Please tick “✓” the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not applicable in cases where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.);
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also

- controls the same of the company. (Not applicable in cases where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.);
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO or equivalent themselves or their spouse also serve as the company's chairman or CEO or equivalent.(Not applicable in cases where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company(Not applicable in cases if specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company and where the person is an independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent.);
- (9) Other than serving as a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an “audit service” or a “non-audit service which total compensation within the recent two years exceeds NTD500,000.
- (10) Not been a person of any conditions defined in Article 30 of the Company Law.

B. Implementation Status of the Compensation Committee

- (a) The Company's Compensation Committee consists of three members.
- (b) Term of Office of the Current Committee Members: From June 12, 2018 to June 11, 2021. The Compensation Committee held two meetings (A) in the most recent year, and details of members' eligibility and attendance are as follows:

Job Title	Name	Attendance in Person (B)	Number of Attendances by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Pai, Pei-Lin	1	1	50%	Consecutive term of office and elected to be the Convener on 2018/06/12.
Member	Chang, Jun-En	1	1	50%	New Assumption of Position on 2018/06/12.
Member	Lin, Wang-Ling	2	0	100%	Consecutive term of office on 2018/06/12.

Other matters required to be recorded:

1. In the event where the Compensation Committee's proposal is rejected or amended in a Board of Directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the Company handled the Compensation Committee's proposals: None.
2. In the case any member objects or expresses qualified opinions to the resolution made by the Compensation Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, all members' opinions, and how their opinions were addressed: None.
3. Scope of Authority of this Committee:
 - (1) Periodic review the Compensation Committee Charter and proposal of revision recommendations.
 - (2) Establish and periodically review the performance evaluation of the annual and long-term performance goals of the Directors and managerial officers of the Company as well as the policy, system, standard, and structure for the compensation.
 - (3) Periodically evaluate the performance goal achievement status of the Directors and managerial officers of the Company, and establish the individual compensation content and amount.
4. 2019 Compensation Committee

Meeting Date	Proposals	Resolutions and the Company's responses to directors' opinions
2019/03/11 (2019 1 st Meeting)	Proposal of 2018 Compensation of Directors and Employees' Compensation of the Company	All attended member passed the proposal without objection
2019/12/25 (2019 7 th Meeting)	Proposal of establishing the Rules of Procedure for Board of Directors Meetings of the Company	All attended member passed the proposal without objection
	Proposal of the 2020 Compensation of Directors and Managerial Officers of the Company	

(5) Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		Please refer to 6. Analysis and Assessment on Risk Matters for the Most Recent Year and up to the Printing Date of the Annual Report of VII. Review and Analysis of Financial Status and Financial Performance and Risk Management of this annual report for the Company's risk assessment and its countermeasures.	No major difference.
2. Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and does it report its progress to the Board of Directors?			The Company has assigned a unit to implement and promote CSR related policy. The unit does not report the progress to the Board of Directors due to it was not appointed by the board.	In the future, the Company will report the progress to the Board of Directors depending upon the actual condition.
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(1) The Company established a relevant environmental control system and set up an environmental management dedicated unit according to the industrial environment management standards of the country where the Company is located, in order to be in charge of the control and maintenance of environmental health and safety. (2) The Company is committed to environmental protection, and implements garbage resource classification, recycles wooden dust distributed in the area, and transforms waste gas into thermal energy for recycled use in the production progress in order to improve resource reuse rate. In addition, the Company also introduces high-efficiency motors and frequency converters in order to increase energy use efficiency. The Company also uses thermal imagers to continuously inspect the production equipment in order to reduce the loss of energy. Furthermore, the Company upholds the principle of harmonic co-existence with nature. In 2018, the Company introduced the wet electrostatic precipitator system from Europe with standards superior to the national regulatory requirements in Thailand. Beyond the achievement of environmental protection standards, the Company is able to achieve effective control effect on PM 2.5 particles in the air, SO ₃ acid fog, organic pollutants, heavy metal	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p> <p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>			<p>pollutants, etc., in order to create a green economy with sustainable co-existence with the environment.</p> <p>(3) The company is located in the south of Thailand. The rainy season from October to November may cause floods due to abnormal climate change, resulting in a shortage of rubberwood harvesting difficulties. Affect short-term price fluctuations. However, the company has both solid wood and particle board business, with a relatively complete wood distribution network, so rubberwood can be purchased in bulk, which has the advantage of raw material acquiring, compare to other competitors. The impact of climate change on the Company is relatively low.</p> <p>(4) The Company organized the energy-saving committee in order to perform management and emission reduction of oil, gas, water, and electricity, thereby achieving policies for energy saving, carbon reduction, and greenhouse gas emission reduction. The Company also additionally installed an automatic warehouse system in order to reduce the carbon dioxide generated by fork lift trucks, and also recycles waste gas into thermal energy in order to reduce the emission of waste gas.</p>	
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</p>	V		<p>(1) The Company has established a management dedicated unit in order to perform works according to the regulations of the labor laws in the country where the Company is located and according to the organization and employee related regulations, policies, and activity plan, in order to protect the rights and benefits of employees. The human rights related policies have disclosed on the Company's website.</p> <p>(2) The Company's salary and compensation policy complies with relevant laws of the government, and the reasonable salary and compensation of employees is determined based on the employees' educational background, experience, and work performance. The Company has established the Employee Performance Evaluation Regulations, and also specified the Reward and Punishment System. In addition to the</p>	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p> <p>(4) Does the Company have an effective career capacity development training program established for employees?</p> <p>(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</p> <p>(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.</p>			<p>consideration of employees' work performance, the Company also evaluates the ethical conduct standard of employees in order to protect the corporate image of the Company and to comply with the required corporate social responsibility of the Company. In addition, the Company also promotes education in meetings or employees' training irregularly. Please refer to 5. Labor relations of V. Operation Overview of this Annual Report for other employee welfare.</p> <p>(3) The Company established the dedicated occupational safety unit and it is staffed with occupational safety personnel complying with the government license standards in order to ensure that the work environment provided complies with the regulatory standards. In addition, the Company also periodically organizes employee physical examinations, and work safety and environmental sanitation promotion. Please refer to 7. Employee Working Environment and Personnel Safety Protection Measures of V. Operation Overview of this Annual Report.</p> <p>(4) The Company periodically implements training of employees in order to increase employees' competency in terms of occupational skills.</p> <p>(5) According to the characteristics and sales strategies of different products, the Company understands the customer and market demands in order to establish excellent customer relationships and customer complaint channels, thereby providing the most optimal services. In addition, complying with the relevant laws and international standard requirements, and is committed to achieving the objective of a sustainable environment during the execution of business.</p> <p>(6) The Company establishes partnerships with suppliers based on the principle of equality and mutual benefit. In addition, the Company also implements audits irregularly in order to ensure the quality of supplies and operational requirements, thereby achieving the promotion of social responsibility.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		All information of the Company adopts the transparency principle, such that various information can be found on the MOPS. In addition, the Company has established the Company’s website, and relevant information of the Company will continue to be disclosed. The company does not need to prepare a CSR report in accordance with laws and regulations.	The company does not need to prepare a CSR report in accordance with laws and regulations.
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: The Company has established the “Corporate Social Responsibility Best Practice Principles” according to the “Corporate Social Responsibility Best Practice Principles for TWSE/ TPEX Listed Companies”, and there are no major differences.				
7. Other useful information for explaining the status of corporate social responsibility practices:				
<p>(1) To cope with the environmental protection, the Company requests employees to use electronic documents instead of paper documents as much as possible, and properly adopt the second-use of papers.</p> <p>(2) The Company is dedicated to become an outstanding corporate citizen, and the Company continues to care for the education of disadvantaged groups, construct educational resource sharing, promote industry-academic cooperation, and outstanding talent cultivation. In addition, the Company also organizes various public welfare activities for socially disadvantaged group care, community medical health educational resource subsidies, and elderly care, etc. The public welfare activities span across the Songkhla region, Thailand, where the Company located and surrounding areas, and the beneficiaries include all major colleges and universities, local junior high and elementary schools, non-profit-seeking social organizations, and the general public. The Company also encourages employees to jointly participate in social welfare activities in order to assist employees to maintain physical and mental health as well as a work life balance, thereby achieving growth with the Company together.</p> <p>(3) The Company offered care to citizens in the southern Thailand region that suffered from flooding, and donated resources and assisted in the reconstruction of homes, as well as actively participated in subsequent care works.</p> <p>(4) Since 2015, the Company has consecutively received various social welfare awards and social welfare service awards from the central and local government for four consecutive years. The Company seeks to attract people sharing the same notion to be committed to the care of socially disadvantaged groups. In addition, through the integration of government and local social resources along with the teamwork development model, the Company creates an organization operated based on innovation and human culture. In 2019, the total amount of donation for social care activities provided by the Company reached NT\$ 2,215 thousand.</p> <p>(5) The Company has applied for and qualified for the certifications of the following institutions:</p> <ul style="list-style-type: none"> • The Company Obtained Japan JIS A5908 F-3star and F-2 star quality certification. • The Company has qualified the Forest Stewardship Council (FSC) certification • The Company obtained USA CARB and EPA Phase 2 (P2) quality certification. • The Company obtained USA CARB and EPA NAF(No Added Formaldehyde-based-resin) quality certification. • The Company has qualified for the new version of ISO 9001:2015 certification. <p>(6) The company uses rubberwood, an economic crop of Thailand, as raw material for its products. Unlike forest logging, it will not cause adverse effects on the environment. The company has also obtained the Thai Rubber Wood Industry Association's statement that the source of the company's rubberwood products is sustainable rubber products.</p>				

(6) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	V		<p>(1) The Company has established the "Corporate Ethical Management Best Practice Principles", it was passed by the Board of Directors meeting on June 16, 2012, and it was amended on March 19, 2020 to specify the policy for corporate ethical management.</p> <p>(2) The Company requests all managerial officers and all employees to not directly or indirectly receive illegal, unethical, or unreasonable gifts, treats, or illegal benefits during the commercial action process of the work scope.</p> <p>(3) The Company has established a management dedicated unit in charge of the establishment of various relevant solutions and implementation of promotion and education of the philosophy and implementation of corporate ethical management of the Company.</p>	No major difference.
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly</p>	V		<p>(1) The Company may sign various contracts for different commercial activities and the personnel from legal department reviews the contract content and credit verification in order to prevent any unethical conduct.</p> <p>(2) All of the businesses of the Company are operated based on an ethical commitment and according to the supervision of the rules of procedure for Board of Directors meetings.</p>	No major difference.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>			<p>(3) In the case where Directors and managerial officers are subject to conflicts of interest in decision making or transaction, they are recused from participating in the decision making and voting. In addition, the Company set up a physical grievance mailbox and website recommendation mailbox in order to operate, control, and prevent occurrence of conflicts of interest.</p> <p>(4) The Company has established an accounting system and internal control system, and the internal auditor performs audits and reports to the Board of Directors according to the audit plan.</p> <p>(5) The Company is committed to requesting managerial officers promote the ethical management philosophy in various meetings and daily routines, and also imposes punishments on illegal and unethical conduct according to the reward and punishment system in light of eliminating unethical conduct and to deeply convey the philosophy of ethical management to all employees.</p>	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V		<p>(1) The Company set up communication channels including a physical grievance mailbox and website recommendation mailbox, provided to receive reports or complaints. In addition, the Company also established the reward and punishment system in order to impose punishment for violations against the regulations of ethical management.</p> <p>(2) In the future, the Company will implement standard procedures or confidentiality measures for handling reported misconduct depending upon the actual needs.</p> <p>(3) Presently, complaint and report events are received by the supervisor of the Management division and the Internal Audit Department. In addition, confidentiality and protection of whistleblower measures are</p>	No major difference.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			adopted at the same time.	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company’s Ethical Corporate Management Best-Practice Principles and the results of our implementation have been posted on the Company’s Chinese / English website and MOPS.	No major difference.
5. If the Company establishes its own ethical management best practice principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the discrepancy between its operation and the Company’s ethical management best practice principles: To fulfill corporate social responsibility, the Company has established the “Ethical Management Best Practice Principles”. There are no major discrepancies between the operation status and the principles established.				
6. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies: The Company upholds the principle of ethical management and considers the demands of all stakeholders in order to gain recognition of the suppliers and customers, thereby ensuring the sustainable operation of the enterprise.				

(7) Where the Company establishes corporate governance principles and relevant regulations, the inquiry method thereof shall be disclosed:

Market Observation Post System (MOPS) <http://mops.twse.com.tw>.

(8) Other information material to the understanding of corporate governance within the Company:

A. The Company established the “Regulations for Preventing Insider Trading” in order to be used as a basis for the material information handling and disclosure of the Company. In addition, the Company also irregularly reviews the Regulations in order to comply with the current laws and management needs in practice. Furthermore, the internal personnel of the Company are also informed of internal material information precautions irregularly at the same time.

B. Employee Code of Conduct or Ethics

The Company has established the Code of Ethical Conduct in order to regulate the ethical conduct of employees, and its relevant content is as follows:

Green River Holding Co. Ltd.

Code of Ethical Condi

**Established by the Board of
Directors on 2013/12/23**

I. Purpose of Establishment

In recognition of the necessity to assist the Company in the establishment of a code of ethical conduct, this Code is adopted for the purpose of encouraging Directors, supervisors, and managerial officers of the Company (including president or their equivalents, vice president or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief

accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

II. Content of the Code

1.Prevention of Conflicts of Interest:

Directors or managerial officers of the Company shall prevent conflicts of interest between any Directors or managerial officers and the Company. In the case of any conflict of interest involving or reasonably expected to possibly involve the Company, it shall be disclosed to the Chairman immediately.

Directors or managerial officers of the Company shall not cause themselves, their spouse, parents, children, or relatives within the third degree of kinship to gain any illegal benefits due to their job position in the Company.

To prevent conflicts of interest, in the case where the Company and the affiliates of the aforementioned personnel are subject to loaning of funds or providing guarantees, major asset transactions, etc., it shall be reviewed by the Board of Directors first, and shall be handled according to relevant laws and rules of the Company. Where the Company has business dealings of purchase (sales) of products with the affiliates of the aforementioned personnel, such dealings shall be handled according to relevant requirements specified in the purchase and sales cycle of the internal control written system of the Company.

2. Minimizing Incentives to Pursue Personal Gain:

The Company shall prevent its Directors, supervisors, or managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using Company property or information or taking advantage of their positions. (2) Obtaining personal gain by using Company property or information or taking advantage of their positions. (3) Competing with the Company. When the Company has an opportunity for profit, it is the responsibility of the Directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

3 Confidentiality:

Directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

4 Fair Trade:

Directors and managerial officers of the Company shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

5.Safeguarding and Proper Use of Company Assets:

Directors and managerial officers have the responsibility to safeguard Company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will directly impact the Company's profitability.

6. Legal Compliance:

The Board of Directors and managerial officers of the Company shall comply with the Securities and Exchange Act and requirements of the laws.

7. Encouraging Reporting on Illegal or Unethical Activities:

Directors and managerial officers of the Company shall raise awareness of ethics internally and encourage employees to report to the managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. To encourage employees to report illegal conduct, the Company shall provide rewards depending upon the situation according to relevant regulations once a report is verified to be true. The Company shall make employees aware that the Company will make its best efforts to ensure the safety of informants and protect them from reprisals.

8. Disciplinary Measures:

When a Director of the Company violates this Code of Ethical Conduct, the Company shall report to the Board of Directors meeting and shareholders meeting for resolution, and shall handle the matter in accordance with the disciplinary measures. When a managerial officer of the Company violates this Code of Ethical Conduct, except where a major violation shall be reported to the Board of Directors, it shall be handled according to relevant regulations of the Company. However, where the violation of relevant laws is considered major, the Company shall pursue his or her civil and criminal legal liabilities in order to protect the rights and benefits of the Company and shareholders. After the disciplinary measure for the conduct violating this Code is confirmed, the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken shall be disclosed in a timely manner on the Market Observation Post System (MOPS).

9. Appeal System:

Where a Director or managerial officer of the Company violates this Code, if he or she is able to provide evidence, he or she may file an appeal immediately, and may submit relevant evidence documents to appropriate personnel and the Board of Directors or shareholders meeting (the violator shall adopt the recusal principle) for discussion in order to reach the final resolution.

Violating Unit	Appeal Acceptance Unit	Disciplinary Resolution Unit
Managerial Officer (excluding the President)	President	President, Board of Directors
President	Board of Directors	Board of Directors
Director	Other Directors	Shareholders' Meeting

III. Procedures for Exemption

Any exemption for Directors or managerial officers of the Company from compliance with the Code shall be adopted by a resolution of the Board of Directors, and information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the Board resolution to forestall any arbitrary or dubious exemption from the Code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

IV. Method of Disclosure

The Company shall disclose the Code of Ethical Conduct it has adopted, and any amendments to it, on the Company's website, in its annual reports and prospectuses, and on the MOPS.

V. Enforcement

The Company's Code of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors and/or Audit Committee, and submitted to a shareholders meeting.

(9) Internal Control System Execution Status

A. Internal Control System Declaration:

Green River Holding Co. Ltd.
Internal Control System Declaration

Date: March 19, 2020

The following declaration had been made based on the 2019 self-assessment result of the internal control policies of the Company and subsidiaries:

- I. The Company and subsidiaries acknowledge and understand that establishment, implementation, and maintenance of the internal control system are the responsibility of the Board of Directors and managerial officers, and that such a system has already been established throughout the Company and subsidiaries. The purpose of this system is to provide reasonable assurance in terms of achieving the objectives of business performance, efficiency (including profitability, performance, asset security, etc.), reliability of financial reporting, and regulatory compliance of relevant laws, etc.
- II. The internal control system has its inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance of the achievement of the aforementioned three objectives. In addition, due to the changes in environment and circumstances, the effectiveness of the internal control system may be changed. However, the internal control system of the Company and subsidiaries are established with the self-supervision mechanism. Once a deficiency is identified, the Company and subsidiaries will then adopt corrective actions.
- III. The Company and subsidiaries evaluate the effectiveness of its internal control policy design and execution based on the criteria specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The criteria introduced by the “Regulations” consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each major element further comprises several items. For the aforementioned items, please refer to the requirements of the “Regulations”.
- IV. The Company and subsidiaries have adopted the system determination items of the aforementioned internal control system in order to examine the design of the internal control system and the effectiveness of the execution.
- V. Based on the assessments described above, the Company and subsidiaries consider the design and execution of its internal control system to be effective as of December 31, 2019. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the business results of the Company and subsidiaries, objective accomplishments, reliability of financial reporting, and relevant regulatory compliance related to the design of the internal control system and the effectiveness of the execution.
- VI. This declaration will become the main content of the Annual Report of the Company and will be disclosed externally. In the case of any illegal conduct of severe falsehoods, concealing, etc. in the aforementioned publicly disclosed content, the Company shall bear the legal liabilities specified in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. This declaration was approved at the Company’s Board of Directors meeting held on March 19, 2020. None of the seven Directors present at the meeting held any objections, and they unanimously agreed to the contents of this declaration.

Green River Holding Co. Ltd.

Chairman: Hsieh, Jung-Hui

President: Huang, Teng-Shih

B. If the internal control policy was reviewed by an external auditor, the result of such review must be disclosed: None.

- (10) If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement:

The Financial Supervisory Committee of ROC sent a letter to the Chairman of the Board of Directors, Mr. Hsieh Junghui, on March 12, 2019. Due to the lack of practical experience and unfamiliarity of the law, The performers buying the treasury shares before the order on the first day and the next day of the company's First share buyback program period inadvertently, which is not following Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. According to the provisions of the Securities Exchange Act, Article 178, paragraph 1, paragraph 8, and 179, paragraph 2, the person in charge of the company has been fined NT\$240,000 by the Financial Management Commission. When the company received the warning notice from the TPEx on the day after the execution of the buyback, it immediately contacted the TPEx for further understanding and immediately improved it. Also, strengthened the training of internal personnel and control. The Company did not violate the relevant regulations since then.

- (11) Major resolutions made by the Shareholders' Meeting and the Board of Directors Meetings during the latest financial year, up till the publication date of this Annual Report:

A. Major resolutions and execution status of 2019 shareholders' meetings are as follows:

Major Resolutions	Execution Status
Approval of 2018 Business Report and Financial Statements Proposal	Approved through resolution.
Approval of 2018 Earnings Appropriation Proposal	Approved through resolution. The date of July 28, 2019 was set to be the Ex-Dividend date, and the date of August 21, 2019. Was set to be the payment date of cash dividends.
Approval of Amendment to the Company's the Articles of Association	Approved through resolution; the amended provisions shall be implemented in accordance with the resolution of the shareholders' meeting.
Approval of Amendment of Parts of the Provisions of the "Regulations Governing Acquisition and Disposal of Assets"	Approved through resolution; the amended provisions shall be implemented in accordance with the resolution of the shareholders' meeting.

B. There were a total of seven Board of Director's meetings held in 2019, and the major resolutions are summarized as follows:

Meeting Date	Major Resolution	Matters Specified in Article 14-5 of the Securities and Exchange Act	Opinion of All Independent Directors and Company's Handling of the Opinions Thereof	Resolution Result of the Board of Directors' Meeting or Audit Committee
2019/01/11 (2019 1 st Meeting)	1. Proposal for the Company's Second Share Buyback Program	v	None	Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
2019/03/11 (2019 2 nd Meeting)	1. Proposal for 2018 Compensation of Directors and Employees' Compensation of the Company		None	Approved through resolution of the attending Directors
	2. Proposal for the Cancellation of the Company's Treasury Stocks from the First Share Buyback program			
	3. Relevant Matters Related to the Convention of the 2019 Ordinary Shareholders' Meeting of the Company			
	4. Proposal for Amendment to the Company's the Articles of Association			
	5. Proposal for the 2018 Earnings Appropriation of the Company	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	6. Proposal for the 2018 Business Report and Consolidated Statements of the Company	v		
	7. 2018 Internal Control System Declaration of the Company	v		
	8. Proposal for Amendment of Parts of the Provisions of the "Regulations Governing Acquisition and Disposal of Assets"	v		
2019/05/13 (2019 3 rd Meeting)	1. Proposal for Amendment of the "Rules for the Procedure for Board of Directors Meetings"	v	None	Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
2019/08/05 (2019 4 th Meeting)	1. Proposal for the 2019 2 nd Quarter Consolidated Financial Statements of the Company	v	None	Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
2019/08/19 (2019 5 th Meeting)	1. Matters Related to the Company Provided Endorsement and Guarantee to the Subsidiary TDIC	v	None	Approved through resolution of the attending Directors/ approved by attending Audit Committee members.

Meeting Date	Major Resolution	Matters Specified in Article 14-5 of the Securities and Exchange Act	Opinion of All Independent Directors and Company's Handling of the Opinions Thereof	Resolution Result of the Board of Directors' Meeting or Audit Committee
2019/11/12 (2019 6 th Meeting)	1. Proposal for Amendment of Parts of the Provisions of the "the Audit Committee Charter"		None	Approved through resolution of the attending Directors
	2. Proposal for Amendment of Parts of the Provisions of the "the Compensation Committee Charter"			
	3. Proposal for Amendment of Parts of the Provisions of the "the Policies and Procedures for Loaning of Funds and Making of Endorsements/Guarantees"	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
2019/12/25 (2019 7 th Meeting)	1. Proposal for the 2020 Business Plan of the Company		None	Approved through resolution of the attending Directors
	2. Proposal for the 2020 Budget of the Company			
	3. Proposal for the 2020 Compensation of Directors and Managerial Officers of the Company			
	4. Proposal for the establishment of the procedures of performance evaluation of the board of directors			
	5. Proposal for the 2020 Audit Plan of the Company	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.

C. Major resolutions made by the Shareholders' Meetings for 2020 and up to the printing date of the Annual Report are summarized as follows:

Meeting Date	Major Resolution	Matters Specified in Article 14-5 of the Securities and Exchange Act	Opinion of All Independent Directors and Company's Handling of the Opinions Thereof	Resolution Result of the Board of Directors' Meeting or Audit Committee
2020/02/25 (2020 2 nd Meeting)	1. Proposal for applying to the banks who have signed a joint guarantee agreement with the Company to exempt the evaluation of the debt service coverage ratio in 2019.		None	Approved through resolution of the attending Directors
2020/03/19 (2020 3 rd Meeting)	1. Proposal for 2019 Compensation of Directors and Employees' Compensation of the Company		None	Approved through resolution of the attending Directors
	2. Proposal for Amendment to the Company's the Articles of			

Meeting Date	Major Resolution	Matters Specified in Article 14-5 of the Securities and Exchange Act	Opinion of All Independent Directors and Company's Handling of the Opinions Thereof	Resolution Result of the Board of Directors' Meeting or Audit Committee
	Association			
	3. Relevant Matters Related to the Convention of the 2020 Annual Shareholders' Meeting of the Company			
	4. Proposal for Amendment to the Corporate Governance Best Practice Principles			
	5. Proposal for Amendment to the Ethical Corporate Management Best Practice Principles			
	6. Proposal for Amendment to the Rules of Procedure for Shareholders Meetings			
	7. Proposal for the 2019 Earnings Distribution of the Company	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	8. Proposal for Capitalization of retained earnings and issuance of new shares	v		
	9. Proposal for the 2019 Business Report and Consolidated Statements of the Company	v		
	10. 2019 Internal Control System Declaration of the Company	v		
	11. Proposal for Amendment to the Policies and Procedures for Loaning of Funds and Making of Endorsements/Guarantees	v		
2020/05/08 (2020 4 th Meeting)	Matters Related to the Company Provided Endorsement and Guarantee to the Subsidiary GREEN RIVER PANELS TRANG (THAILAND) CO., LTD. (GPT)	v	None	Approved through resolution of the attending Directors/ approved by attending Audit Committee members.

- (12) Documented opinions or declarations made by Directors or Supervisors against Board resolutions in the most recent year, up till the publication date of this Annual Report: Up to the printing date of the 2019 Annual Report of the Company, there were no Directors with dissenting opinions on the major resolutions approved by the Board of Directors meetings.
- (13) Resignation or dismissal of the Chairman, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief R&D officer in the most recent year up till the publication date of this Annual Report: None

5. Information of Independent Auditor's Fee

Independent Auditor's Fee Information Range

CPA Firm	Name of CPA		Audit Period	Remarks
KPMG	Kuang, Chun Hsiu	Chang, Chun-I	2017	Cooperated with the internal shift of the accounting firm.
	Chao, Min-Ju	Chang, Chun-I	2018	
	Chao, Min-Ju	Chang, Chun-I	2019	

Fee Range		2019 Fee Items	Audit Fee	Non-Audit Fee	Total
1	Under NT\$ 2,000 thousand				
2	NT\$ 2,000 thousand (inclusive) - 4,000 thousand				
3	NT\$ 4,000 thousand (inclusive) - 6,000 thousand		✓		✓
4	NT\$ 6,000 thousand (inclusive) - 8,000 thousand				
5	NT\$ 8,000 thousand (inclusive) - 10,000 thousand				
6	Over NT\$ 10,000 thousand (inclusive)				

- (1) Where the amount of non-audit fee paid to the accounting firm of the CPA and to any affiliated enterprise of such accounting firm is equivalent to one quarter or more of the audit fees paid:

Unit: In Thousands of New Taiwan Dollars

CPA Firm	Name of CPA	Audit Fee	Non-Audit Fee					CPA's Audit Period	Remarks
			System Design	Company Registration	Human Resources	Others	Subtotal		
KPMG	Chao, Min-Ju Chang, Chun-I	5,696	—	—	—	—	—	2019	

- (2) When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change: None.
- (3) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more: None.

6. Change of CPA's Information

Please refer to 5. Information of Independent Auditors' Fee of III. Corporate Governance Report of this Annual Report.

7. The Company's Chairman, President, and Managers in charge of its finance and accounting operations holding any positions within the accounting firm of the CPA or its affiliates in the most recent year

None.

8. Any transfer of equity interests and/or pledge of during the most recent fiscal year or up to the date of publication of this annual report by a director, supervisor, managerial officer, or a shareholder with a stake of more than 10%

(1) Equity transfer and change status of Directors, supervisors, managerial officers, and major shareholders:

Job Title	Name	2019		2020 up to the Date Of April 21	
		Increase (Decrease) of Shareholding	Increase (Decrease) of Pledged Shares	Increase (Decrease) of Shareholding	Increase (Decrease) of Pledged Shares
Chairman	Green Source Investments Ltd	—	—	—	—
	Representative: Hsieh, Jung-Hui	52,000	—	—	—
Director and Chief Sales Officer	Chin Tai Holding Inc.	—	—	—	—
	Representative: Li, Mu-Wen	—	—	—	—
Director and CEO and COO	Forward Thinking Limited	—	—	—	—
	Representative: Huang, Teng-Shih	—	—	—	—
Director	Park Island Enterprises Limited	—	—	—	—
	Representative: Du, King-Ling	—	—	—	—
Independent Director	Chang, Jun-En	—	—	—	—
Independent Director	Pai, Pei-Lin	—	—	—	—
Independent Director	Lin, Wang-Ling	—	—	—	—
Major shareholder	Green Source Investments Ltd.	—	—	—	—
Chairman and President	Hsieh, Jung-Hui	52,000	—	—	—
CEO and COO	Huang, Teng-Shih	—	—	—	—
Chief Sales Officer	Li, Mu-Wen	—	—	—	—
CFO	Wang, Sheng-Feng	—	—	—	—

(2) Where the counterparty of equity transfer is a related party: None.

(3) Where the counterparty of equity pledge is a related party: None.

9. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another (including shareholders with a stake of 5 percent or greater)

April 21, 2020

	Name	Current Shareholding		Shares Held by Spouse and Minor Children		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
		Shares Held	%	Shares Held	%	Shares Held	%	Name	Relationship	
1	Green Source Investments Ltd	31,836,825	43.16%	0	0.00%	0	0.00%	Hsieh, Jung-Hui	Note 1	—
	Representative: Hsieh, Jung-Hui	5,550,950	7.52%	82,000	0.11%	0	0.00%		—	—
2	Hsieh, Jung-Hui	5,550,950	7.52%	82,000	0.11%	0	0.00%	Representative: Hsieh, Jung-Hui Green Source Investments Ltd	Note 1	—
3	Prosperity Growth Limited	5,050,000	6.85%	0	0.00%	0	0.00%	—	—	—
	Representative: Chen, Chien-Yu	0	0.00%	0	0.00%	0	0.00%	—	—	—
4	Jetwin Holdings Limited	3,822,850	5.18%	0	0.00%	0	0.00%	—	—	—
	Representative: Cheng, Chih-Wen	224,948	0.33%	0	0.00%	0	0.00%	—	—	—
5	Chin Tai Holding Inc.	3,574,390	4.85%	0	0.00%	0	0.00%	—	—	—
	Representative: Li, Mu-Wen	222,390	0.30%	0	0.00%	0	0.00%	—	—	—
6	Planet Digital Investments Ltd	2,507,070	3.40%	0	0.00%	0	0.00%	—	—	—
	Representative: TAN LING HUANN	0	0.00%	0	0.00%	0	0.00%	—	—	—
7	Citibank hosting UOB Kay Hian (HK)- Client Account	2,194,730	2.98%	0	0.00%	0	0.00%	—	—	—
8	Citibank hosting First Securities (HK) investment agent account	1,872,460	2.54%	0	0.00%	0	0.00%	—	—	—
9	Sheh Fung Screws Co., Ltd	1,462,090	1.98%	0	0.00%	0	0.00%	Hsieh, Jung-Hui	Note 2	—
	Representative: Abraham Chen	0	0.00%	0	0.00%	0	0.00%			
10	Taishin International Bank hosting Universal Gain Limited investment account	1,167,760	1.58%	0	0.00%	0	0.00%	—	—	—

Note 1: The director of Green Source Investments Ltd. is Hsieh, Jung-Hui.

Note 2: The major shareholder of Sheh Fung Screws Co., Ltd. is a relative of the first degree of kinship of Hsieh, Jung-Hui.

10. Ownership of Shares in Affiliated Enterprises

May 08, 2020; Unit: Shares; %

Investee (Note 1)	Investment of the Company		Investment of Directors, Supervisors, Managerial Officers, and Directly or Indirectly Controlled Enterprises		Consolidated Investment	
	Shares Held	%	Shares Held	%	Shares Held	%
GP	10,399,998	100.00%	2	0.00%	10,400,000	100.00%
GPT	4,999,997	100.00%	3	0.00%	5,000,000	100.00%
HM	137,134,000	100.00%	—	0.00%	137,134,000	100.00%
TDIC	1,530,000	85.00%	18	0.00%	1,530,018	85.00%
GRW	999,998	100.00%	2	0.00%	1,000,000	100.00%
GRP	483,871	48.39%	3	0.00%	483,874	48.39%
TNR	599,997	100.00% (Note 2)	3	0.00%	600,000	100.00% (Note 2)

Note 1: The Company adopts the investment accounted for under the equity method.

Note 2: The Company indirectly invested TNR for 100% through GRP, and the substantial consolidated shareholding percentage is 48.39%.

IV. Status on Financing

1. Capital and Shares

(1) Source of Capital

A. Type of Stock

May 08, 2020; Unit: Shares

Share Type	Authorized Capital			Note
	Outstanding Capital Stock	Unissued Stocks	Total	
Common Stock	73,770,300	76,229,700	150,000,000	The Stock listed on TPEx market

B. Capital Stock Formation Process

May 08, 2020; Unit: New Taiwan Dollars

Year/ Month	Issuance Price	Authorized Capital		Paid-in Capital		Note				
		Shares Held	Amount	Shares Held	Amount	Source of Capital	Effective Date	Document No.	Paid-in Properties Other Than Cash	Others
2011/01	10	150,000,000	1,500,000,000	1	10	Founding Capital	—	—	—	Note 1
2011/12	10	150,000,000	1,500,000,000	42,430,001	424,300,010	Share Exchange	—	—	—	Note 1
2012/02	10	150,000,000	1,500,000,000	50,000,001	500,000,010	Share Exchange	—	—	—	Note 1
2012/07	10	150,000,000	1,500,000,000	56,500,000	565,000,000	Capital Surplus Transferred to Capital N\$ 64,999,990	—	—	—	Note 1
2012/07	10	150,000,000	1,500,000,000	60,000,000	600,000,000	Cash Capital Increase NT\$ 35,000,000	—	—	—	Note 1
2013/12	10	150,000,000	1,500,000,000	66,600,000	666,000,000	Cash Capital Increase NT\$ 66,000,000	2013/10/15	Jin-Guan-Zheng-Fa-Zi No. 1020041399 Letter	—	—
2015/10	10	150,000,000	1,500,000,000	73,600,000	736,000,000	Cash Capital Increase NT\$ 70,000,000	2015/09/30	Zheng-Gui-Shen-Zi No. 1040027092 Letter	—	—
2015/11	10	150,000,000	1,500,000,000	74,030,000	740,300,000	Issuance of Restricted Shares NT\$ 4,300,000	2015/09/21	Jin-Guan-Zheng-Fa-Zi No. 1040038332 Letter	—	—

Year/ Month	Issuance Price	Authorized Capital		Paid-in Capital		Note				
		Shares Held	Amount	Shares Held	Amount	Source of Capital	Effective Date	Document No.	Paid-in Properties Other Than Cash	Others
2017/08	10	150,000,000	1,500,000,000	74,770,300	747,703,000	Capitalization of Earnings NT\$ 7,403,000	2017/07/27	Taipei Exchange Declaration No. 106072601	—	—
2019/03	10	150,000,000	1,500,000,000	73,770,300	737,703,000	Capital Reduction (cancellation of treasury shares) NT\$ 10,000,000	2019/04/02	Taipei Exchange Declaration No. 108032901	—	—

Note 1: The Company applied for public offering declaration and it became effective in January 2013. Therefore, there was no need to obtain the approval document number for the period before 2012.

C. Shelf registration system related information: Not applicable.

(2) Shareholders Structure

April 21, 2020; Unit: Number of shareholders; Share; %

Shareholders Structure Quantity	Government Agency	Financial Institution	Investment from Mainland China	Other Juridical Person	Domestic Natural Persons	Foreign Institution and Natural Person	Total
Number of Shareholders	2	5	—	20	868	35	930
Shareholding (shares)	193,640	249,430	—	4,748,760	14,998,715	53,579,755	73,770,300
Shareholding Percentage	0.26%	0.34%	—	6.44%	20.33%	72.63%	100.00 %

Note: The “foreign institution and natural person” described in this table refers to non-R.O.C individuals or juridical persons.

(3) Shareholding Distribution Status

A. Common Shares Dispersion Status

April 21, 2020; Unit: Number of Shareholders; Share; %

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding Percentage
1 - 999	219	10,346	0.01%
1,000 - 5,000	446	897,528	1.22%
5,001 - 10,000	91	668,960	0.91%
10,001 - 15,000	39	479,241	0.65%
15,001 - 20,000	18	326,500	0.44%
20,001 - 30,000	30	737,330	1.00%
30,001 - 50,000	19	734,060	0.99%
50,001 - 100,000	25	1,778,100	2.41%
100,001 - 200,000	11	1,485,339	2.01%
200,001 - 400,000	14	3,644,488	4.94%
400,001 - 600,000	8	3,969,283	5.38%
600,001 - 800,000	—	—	—
800,001 - 1,000,000	—	—	—
1,000,001 or Above	10	59,039,125	80.04%
Total	930	73,770,300	100.00%

B. Preferred Shares: The Company does not issue preferred shares.

- (4) List of Major Shareholders: Name, shareholding quantity, and percentage of shareholders with shareholding percentage reaching above 5% or shareholders of the top 10 shareholding percentage.

April 21, 2020; Unit: Shares; %

Name of Major Shareholder	Shares	Shareholding (shares)	Shareholding Percentage (%)
Green Source Investments Ltd		31,836,825	43.16%
Hsieh, Jung-Hui		5,550,950	7.52%
Prosperity Growth Limited		5,050,000	6.85%
Jetwin Holdings Limited		3,822,850	5.18%
Chin Tai Holding Inc.		3,574,390	4.85%
Planet Digital Investments Ltd		2,507,070	3.40%
Citibank hosting UOB Kay Hian (HK)- Client Account		2,194,730	2.98%
Citibank hosting First Securities (HK) investment agent account		1,872,460	2.54%
Sheh Fung Screws Co., Ltd		1,462,090	1.98%
Taishin International Bank hosting Universal Gain Limited investment account		1,167,760	1.58%

- (5) Market price, net worth, earnings, dividends per share, and relevant information for the last two years.

Unit: New Taiwan Dollars

Item		Year	2018	2019	2020 up to March 31
Market Price per Share (Note 1)	Highest		158.00	113.00	67.50
	Lowest		118.50	86.60	34.10
	Average		126.10	86.10	51.57
Net Worth per Share	Before Distribution		35.78	35.27	26.57
	After Distribution		33.81	39.69 (Note 2)	29.48 (Note 2)
Earnings per Share	Weighted Average Shares (Thousand Shares)		74,679	73,370	73,310
	Earnings per Share (Loss)	Before Retroactive Adjustment	(1.35)	(4.18)	(0.54)
		After Retroactive Adjustment	(1.35)	(3.63) (Note 2)	(0.47) (Note 2)
Dividends per Share	Cash Dividends		2.00	(Note 2)	—
	Free Gratis Dividends	Dividends From Retained Earnings	—	1.50 (Note 2)	—
		Dividends From Capital Surplus	—	(Note 2)	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment (ROI) Analysis (Note 3)	Price/Earnings Ratio (PER)		(93.41)	(20.60) (Note 2)	—
	Price/Dividend Ratio (PDR)		63.05	(Note 2)	—
	Cash Dividend Yield Rate		1.59%	(Note 2)	—

Note 1: This indicates the highest and lowest market price of common shares in each year, and the average market price of each year is calculated according to the closing trading value and trading volume of each year.

Note 2: To be resolved in the 2020 shareholders' meeting.

Note 3: Price/Earnings Ratio = Average Market Price/Earnings per Share; Price/Dividend Ratio = Average Market Price/Cash Dividends per Share; Cash Dividend Yield Rate = Cash Dividends per Share/Average Market Price.

(6) Dividend Policy and Implementation Status

A. Dividend Policy of the Company

During the period when the shares are registered for Emerging Stock Market(ESM) or listed on the TWSE or TPEX, during the proposal of distribution of earnings in the Board of Directors' meeting, the following shall be set aside from the earnings of each fiscal year first: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules ; and (iv) other reserves as determined by the Board for specific purposes. Thereafter, having considered the financial, business and operational factors, including the Company being in the growth stage while competing in a mature industry, its capital expenditure, future expansion projects and financial plans for long term development, the account to be distributed as dividends shall not be less than ten percent (10%) of

remaining profits. After combining all or part of the accumulated undistributed profits in the previous years and the reversed special surplus reserve, the combined amount shall be allocated as dividends to the shareholders subject to the discretion of the directors and upon approval by the shareholders. Dividends shall be made by way of cash dividend only, or stock dividend only or a combination of cash dividend and stock dividend, provided however that, if the dividend is distributed by way of a combination of cash dividend and stock dividend, the cash dividend shall not be less than ten per cent (10%) of all of the dividends distributed in the current year according to this provision.

B. Distribution of Dividends Proposed for Resolution in the Present Shareholders' Meeting

The proposal of the 2019 earnings distribution of the Company was approved through the resolution of the Board of Directors' meeting on March 19, 2020, and the following is proposed: Distribution of Shareholders Bonus - Stock dividends of NT\$109,965,450, stock of NT\$ 1.50 per share is proposed for distribution, 150 common shares will be distributed for every 1,000 common shares. After the approval through the resolution of the shareholders meeting, the Board of Directors is authorized to further specify the Ex-Dividend date and related matters. Subsequently, in the case of change of the capital of the Company such that the outstanding shares are affected and where there is a need for correction due to change in the shareholders distribution rate, the shareholders meeting is requested to authorize the Board of Directors to handle such matter with full authority.

C. Explanation on Expected Major Changes: There are no major changes in the expected dividend policy of the Company.

(7) Impact of the Gratuitous Dividend Distribution Proposed in the Present Shareholders' Meeting on the Business Performance of the Company and Earnings per Share

It is not applicable due to the Company did not prepare and disclose the financial forecast in 2020.

(8) Employee Bonus and Directors' and Supervisors' Compensation:

A. Information Relating to Employees', Directors', and Supervisors' Compensation in the Articles of Incorporation

If there is surplus profit for the year, the Company shall set aside no less than zero point one per cent (0.1%) of the pre-tax profit as employee compensation and no more than three per cent (3%) of the pre-tax profit as compensation for the Directors. However, if the Company has accumulated losses in previous years, it shall reserve an amount of the pre-tax profit for offsetting the accumulated losses. The employee compensation shall be distributed in the form of stock or cash and may be distributed to employees of the Company's Subsidiaries, if such employees satisfy certain qualifications as may be resolved by the Board from time to time.

B. The Estimated Basis for Calculation of Employees', Directors', and Supervisors' Compensation, the Share Calculation Basis for the Distribution of Employees' Compensation in the Form of Shares, and the Accounting Handling for any Discrepancy Between the Actual Distribution Amount and the Estimated Value

The Company has no supervisors. The Company accrued compensation to employees

based on the Company's pretax profit excluding the compensation to employee and directors of each period, multiplied by the percentage of compensation to employee and directors as specified in the Company's articles of association. The compensation was recognized under operating expense in the current year. If compensation to employee is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price of the shares on the day preceding the board of directors' meeting. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized to issue, the differences are accounted for as a change in an accounting estimated and adjusted prospectively to next year's profit or loss.

C. Compensation Distribution Status Approved by the Board of Directors Meeting

- (a) Employees' compensation and compensation of Directors and Supervisors distributed in cash or shares. If there is a difference in the expense annual estimation amount recognized, then the difference amount, reason, and handling status shall be disclosed.

Based on the resolution of the board of directors during their meeting on March 19, 2020 that no employees' and Directors' compensation was to be distributed, and there was no difference in the estimated amount of the Company for 2019.

- (b) Employees' remuneration distributed in shares and the ratio over the entity or individual financial report net profit in the current period and the employees' remuneration total amount: Not applicable.

D. Actual distribution status of employees', Directors', and Supervisors' compensation in the last year (including the distributed number of shares, amount, and share price), and any discrepancy with the employees', Directors', and supervisors' compensation recognized, and describe the difference amount, reason, and handling status.

Based on the resolution of the board of directors during their meeting on March 11, 2019 the Company decided not to pay 2018 compensations of employees and directors which was the same with the actual made in 2018.

(9) Repurchase of the Company's Stocks:

May 08, 2020

Buyback Number	1 st Time	2 nd Time
Purpose of the buyback	Maintain Company's Credit and Shareholders' Rights and Benefits	Transfer Shares to Employees
Buyback period	2018/11/09~2019/01/08	2019/01/12~2019/03/11
Planned range of buyback share price	NT\$ 75-163	NT\$ 75-159
Type and Quantity of shares bought back	Common Stocks 1,000,000 Shares	Common Stocks 460,000 Shares
Total value of shares bought back	NT\$ 103,543,932	NT\$ 45,149,490
Number of shares bought back as a percentage of planned number of shares to be bought back	100%	76.67%
Number of Cancelled or Transferred shares	1,000,000 Shares	0 Shares

Buyback Number	1 st Time	2 nd Time
Accumulated Number of Company Shares Held	0 Shares	460,000 Shares
Current number of shares bought back as a percentage of total outstanding shares	0.00%	0.62%

2. Corporate Bonds

Corporate Bond Type	2017 First Overseas Unsecured Convertible Corporate Bonds	2017 First Domestic Secured Corporate Bonds
Issue date	January 25, 2017	May 18, 2017
Denomination	US\$ 200 Thousand	NT\$ 1 Million
Issuance and Transaction location	Singapore Exchange	Taipei Exchange (Gretai Securities Market)
Issue price	100% of the principal amount of the Bonds	100% of the principal amount of the Bonds
Total Price	US\$ 42,600 Thousand	NT\$ 3,300,000 Thousand
Coupon Rate	0% per annum	1.10% per annum (Fixed)
Tenor	5 Years Maturity Date: January 25, 2022	5 Years Maturity Date: May 18, 2022
Guarantee agency	Not Applicable	Bank of Taiwan
Trustee	The Bank of New York Mellon	CTBC Bank Co., Ltd.
Underwriting Institution	Domestic: First Securities Co., Ltd. Overseas: Yuanta Securities (Hong Kong) Co., Ltd.	First Securities Co., Ltd.
Certified Attorney	Not Applicable	Li & Li Attorneys-at-Law, Attorney Benjamin Y. C. Li.
Certified Public Accountant	KPMG CPA, Kuang, Chun Hsiu; CPA, Lu, Lily	KPMG CPA, Kuang, Chun Hsiu; CPA, Lu, Lily
Repayment Method	Unless the Bonds have been previously converted, redeemed, repurchased and cancelled as herein provided, the Company shall redeem the Bonds by US dollars at a redemption price equal to a gross yield of 0.2% per annum for principal amount of Bonds on maturity date (101.004% of the outstanding principal amount thereof on 25 January 2022).	The Company shall redeem the Straight Bonds in the fifth years after the issuance date at par value. From the date of issuance of the convertible bond, the bond pays interest annually on a simple interest basis; interest is paid for every unit with the denomination of 1,000, rounded to the nearest dollar. If the date of interest payment on the Straight Bonds is not a business day for local banks, then the interest will be paid on the day successive to the original date without additional interest. If the interest is collected on a date later than the payment date, no additional interest will be paid to the debtors.
Outstanding Principle	US\$ 42,600 Thousand	NT\$ 3,300,000 Thousand

Corporate Bond Type	2017 First Overseas Unsecured Convertible Corporate Bonds	2017 First Domestic Secured Corporate Bonds
Terms of redemption or advance repayment	<p>(1) At any time on or after the day falling 12 months after the Issue Date and at least 40 days prior to the Maturity Date, the Company may redeem the Bonds in whole or in part at their Early Redemption Amount if the Closing Price of the Shares (translated into U.S. dollars at the Prevailing Rate) for 20 out of 30 consecutive Trading Days, is at least 130 % of the Conversion Price (translated into U.S. dollars at the Fixed Exchange Rate, USD 1 to NTD 31.514 based on the Taipei Forex Inc. Taiwan Dollar 11:00 Fixing rated on January 18, 2017).</p> <p>(2) Notwithstanding the foregoing, the Company may, at any time, redeem the Bonds in whole but not in part, at the Early Redemption Amount if more than 90 % of the principal amount of the Bonds have already been converted or redeemed, repurchased and cancelled.</p> <p>(3) The Company may redeem the Bonds in whole, but not in part, at their Early Redemption Amount if the Company has become obliged to pay Additional Amounts (as defined in Offering Circular) as a result of any change in, or amendment to, the laws or regulations of Cayman Islands or the ROC (or any other jurisdiction in which the Company is then organized or resident for tax purposes). For each holder of the Bonds who elects that all not to be redeemed, upon the exercise of the Non Redemption Right, no Additional Amounts shall be payable on the payments due after the relevant date and, subject to certain conditions, such payments shall be made subject to deduction or withholding as required under applicable laws or regulations.</p>	None
Restrictive Clause	None	None
Name of Credit Rating Agency, Rating Date, Rating Result of	Not Applicable	Not Applicable

Corporate Bond Type		2017 First Overseas Unsecured Convertible Corporate Bonds	2017 First Domestic Secured Corporate Bonds
Corporate Bonds			
Other Rights Attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	Up to the printing date of this annual report, the bonds of the Company have not been redeemed.	Not Applicable
	Issuance and Conversion (Exchange or Subscription) Method	Please Refer to the “Prospectus” on MOPS	Please Refer to the “Prospectus” on MOPS
Issuance and Conversion, Exchange, or Subscription Method, Issuing Condition Dilution, and Impact on Existing Shareholders’ Equity		If the present issuance of the overseas unsecured convertible corporate bond is converted into ordinary shares in full at the current conversion price of NT\$ 201.1, then the maximum dilution ratio on the original shareholders’ equity is 8.30%, such that the effect of dilution is limited.	Not Applicable
Transfer Agent		Not Applicable	Not Applicable

Information of Convertible Bonds

Corporate Bond Type		2017 First Overseas Unsecured Convertible Corporate Bonds	
Item	Year	2019	2020 up to the Printing Date
Market Price of the Corporate Bond	Highest	US\$ 90.25	US\$ 90.00
	Lowest	US\$ 82.00	US\$ 85.75
	Average	US\$ 88.22	US\$ 87.77
Convertible Price		NT\$ 201.10	
Issue Date and Conversion Price at Issuance		Issue Date: January 25, 2017 Conversion Price at Issuance: NT\$ 218	
Performance of Conversion Obligation Method		<p>When a bondholder requests for conversion, it shall submit the conversion notice according to the entrustment contract and other relevant documents and certificates according to the laws of the R.O.C. or the Cayman Islands, following which the offshore transfer agent outside the R.O.C. may then submit the conversion application to the Company.</p> <p>According to the current laws and regulations of the R.O.C., when the bondholder applies for the conversion of this bond into common shares, the Company shall adopt the book-entry method via the Taiwan Depository & Clearing Corporation for delivering the common shares to the bond holder exercising the conversion right within 5 business days after the acceptance of the conversion request. In the case where the bondholder has not yet opened a depository account, then the Company will wait for the bondholder to open the depository account, followed by performing procedures related to the delivery of the common shares. In the case of any changes of relevant laws and regulations on the conversion in the R.O.C., it shall be handled according to the amended laws and regulations.</p> <p>The business days described in the preceding paragraph shall mean the trading days of the TPEX.</p>	

3. Preferred Stock Handling Status

None.

4. Global Depository Receipts Handling Status

None.

5. Employee Stock Option Certificate Handling Status

None.

6. New Shares with Restricted Rights to Employees (“Restricted Shares”) Status

- (1) Where the restricted shares have not yet satisfied the required criteria in full, the status up to the printing date of the Annual Report and the impacts on the shareholders’ rights and benefits shall be disclosed: All of the restricted shares issued by the Company have satisfied the required criteria in full.
- (2) The name of employees and status of receipt of managerial officers and top ten employees receiving restricted shares accumulated up to the printing date of the Annual Report:

May 08, 2020; Unit: In Thousand of Shares; in Thousand of New Taiwan Dollars; %

Item	Job Title	Name	Number of Restricted Shares	Restricted Shares as a Percentage of Shares Issued (Note 2)	Released				Unreleased			
					Number of Released Restricted Shares	Issued Price	Amount	Released Restricted Shares as a Percentage of Shares Issued (Note 2)	Number of Unreleased Restricted Shares	Issued Price	Amount	Unreleased Restricted Shares as a Percentage of Shares Issued (Note 2)
Managerial Officer	Chairman and President	Hsieh, Jung-Hui	380	0.51%	380	0	0	0.51%	0	0	0	0.00%
	CFO	Wang, Sheng-Feng										
Employee (Note 1)		Li, Ying-Hung (resigned)	50	0.07%	50	0	0	0.07%	0	0	0	0.00%

Note 1: The top ten employees receiving the restricted shares refer to employees other than managerial officers.

Note 2: The total number of shares issued refers to the number of shares listed in the registration alternation information at MOEA.

7. Issuance of New Shares in Connection With Mergers or Acquisitions or With Acquisitions of Shares of Other Companies

None.

8. Financing Plans and Implementation Status

Up to the printing date of the Annual Report of the last quarter, any previous issuances or private placements of securities not yet completed or those completed in the last three years with plan effectiveness not yet revealed:

(1) 2017 First Domestic Secured Corporate Bonds.

A. Plan Content

- (a) Effective Date and Document Number of Competent Authority: The issuance of the bonds was approved by TPEx with the approval document number Cheng-Kuei Chai 10600117641 on May 11, 2017.
- (b) Total Amount of Funds Required For This Plan: NT\$ 3,381,620 thousand.
- (c) Source of Funds
 - i. Issued 2017 First Domestic Secured Corporate Bonds for 3,300 bonds, and the denomination of NT\$ 1,000 thousand for each unit, for a total amount of NT\$ 3,300,000 thousand.
 - ii. The remaining amount of NT\$ 81,620 thousand will be covered with own funds or loans from the bank.

(d) Plan Item and Fund Utilization Progress

Unit: In Thousands of NTD/THB

Plan Items	Expected Completion Date	Total Amount of Funds Needed		Expected Fund Utilization Progress										Total
				2017 2 nd Quarter	2017 3 rd Quarter	2017 4 th Quarter	2018 1 st Quarter	2018 2 nd Quarter	2018 3 rd Quarter	2018 4 th Quarter	2019 1 st Q quarter	2019 2 nd Quarter	2019 3 rd Quarter	
Purchase of Land and Expansion of Plants	2019 3 rd Quarter	THB	1,100,000	449,600	151,200	194,057	162,286	22,857	17,144	25,714	25,714	25,714	25,714	1,100,000
		NTD	978,890	400,099	134,553	172,691	144,418	20,340	15,257	22,883	22,883	22,883	22,883	978,890
Purchase of Equipment	2019 2 nd Quarter	THB	2,700,000	517,750	38,750	795,350	38,750	285,600	519,000	257,100	67,550	180,150	—	2,700,000
		NTD	2,402,730	460,746	34,484	707,782	34,484	254,155	461,858	228,793	60,113	160,315	—	2,402,730
Total		THB	3,800,000	967,350	189,950	989,407	201,036	308,457	536,144	282,814	93,264	205,864	25,714	3,800,000
		NTD	3,381,620	860,845	169,037	880,473	178,902	274,495	477,115	251,676	82,996	183,198	22,883	3,381,620

Note: The exchange rate of THB: NTD is 1:0.8899 for the calculation.

(e) Expected Benefits Possibly Generated:

The fundraising plan of the Company is used for the purchase of land and expansion of plants as well as the purchase of equipment in order to manufacture particle boards. The expected production capacity is 528,000 cubic meters. It is expected that after the mass production starting in the 4th quarter of 2019, the increased benefit of particle board products is as follows:

Unit: Cubic Meters; In Thousands of New Taiwan Dollars

	2019 (estimation)	2020 (estimation)	2021 (estimation)	2022 (estimation)	2023 (estimation)	Total
Production Quantity	132,000	528,000	528,000	528,000	528,000	2,244,000
Sales Quantity	132,000	528,000	528,000	528,000	528,000	2,244,000
Operating Revenue	540,540	2,162,160	2,162,160	2,162,160	2,162,160	9,189,180
Gross Profit	216,216	864,864	864,864	864,864	864,864	3,675,672
Operating Expenses	43,214	172,854	172,854	172,854	172,854	734,630
Net Operating Profit (A)	173,002	692,010	692,010	692,010	692,010	2,941,042
Non Operating Income (Expenses)	(6,909)	(23,875)	(15,163)	(5,107)	—	(51,054)
Net Income Before Tax	166,093	668,135	676,847	686,903	692,010	2,889,988
Depreciation Expenses (B)	29,813	119,250	119,250	119,250	119,250	506,813
Cash Flow Generated From Operations (A)+(B)	202,815	811,260	811,260	811,260	811,260	3,447,855

(f) Change of Plan Content: None.

(g) Date of Input Onto MOPS: May 11, 2017.

B. Comparison Between the Execution Status and Original Expected Benefit

(a) Execution Status

Unit: In Thousands of New Taiwan Dollars

Unit: in thousands of New Taiwan Dollars

Plan Items			Execution Status											Reason of progress advances or delays, impacts on the shareholders' rights and benefits, and improvement plan:	
			2017 2 nd Quarter	2017 3 rd Quarter	2017 4 th Quarter	2018 1 st Quarter	2018 2 nd Quarter	2018 3 rd Quarter	2018 4 th Quarter	2019 1 st Quarter	2019 2 nd Quarter	2019 3 rd Quarter	2019 4 th Quarter		2020 1 st Quarter
Purchase of Land and Expansion of Plants	Amount of Cost	Estimated	400,099	134,553	172,691	144,418	20,340	15,257	22,883	22,883	22,883	22,883	—	—	The time of selection of contractors is later than expected, and the effect of local weather condition caused the overall construction and installation of the plant has completed until the fourth quarter, 2019, which lead to the payment schedule was delayed than expected. Also, the Company pays the last payment after warranty according to most of the finalized contracts with our contractors. Therefore, the reason for the delay of the present fund utilization progress is reasonable. The equipment is installed completed and commissioning; the official operating shall start before the end of the second quarter, 2020.
		Actual	194,091	1,903	44,018	30,316	49,310	70,478	117,955	155,236	89,953	57,171	39,038	37,444	
	Execution Progress (%)	Estimated	40.87%	13.74%	17.64%	3.09%	13.75%	1.55%	2.34%	2.34%	2.33%	2.35%	—	—	
		Actual	19.82%	0.19%	4.50%	4.50%	3.64%	7.19%	12.06%	15.86%	9.18%	5.85%	3.98%	3.83%	
Purchase of Equipment	Amount of Cost	Estimated	460,746	34,484	707,782	34,484	254,155	461,858	228,793	60,113	160,315	—	—	—	
		Actual	—	1,106	99,750	52,249	7,709	78,526	595,802	310,756	261,609	161,666	199,921	256,835	
	Execution Progress (%)	Estimated	19.17%	1.43%	29.46%	1.44%	10.58%	19.22%	9.52%	2.50%	6.67%	0.01%	—	—	
		Actual	0.00%	0.04%	4.15%	2.17%	0.33%	3.27%	24.79%	12.94%	10.88%	6.73%	8.32%	10.69%	

(b) Comparison With the Original Expected Benefits

For the present fundraising, the benefits can be generated after the completion of the construction of facilities; however, since the construction has not yet been completed up to the printing date of the Annual Report, no actual benefit is generated available for comparison.

(c) Financial Item Analysis

Unit: In Thousands of New Taiwan Dollars

Item	2018	2019	2020 1 st Quarter
Property, Plants, and Equipment	5,497,358	7,104,111	6,854,326
Operating Revenue	3,203,850	2,806,854	574,568
Operating Cost	2,799,498	2,630,240	542,447
Net Operating Profit (Loss)	(114,512)	(267,854)	(71,970)

After the funds raised from the corporate bond have been consecutively drawn for use in 2017, the property, plants, and equipment continued to increase. The purpose of the present fundraising is to purchase land and expand plants as well as purchase equipment, and benefits can be generated after the construction is complete. Up to the printing date of the Annual Report, the operation has not yet been started officially; therefore, no benefit is being reflected in the operating revenue, operating cost, and operating profit.

V. Operational Overview

1. Business Activities

(1) Business Scope

A. Main Content of Business Operation:

The main business item of the Company is the manufacturing and sales of particle boards and parawood solid word boards. The product sales rely mainly on export sales, and the scope of sales includes Malaysia, Indonesia, China, Korea, Thailand, and other Asian regions.

B. Revenue distribution:

Unit: In Thousands of New Taiwan Dollars

Item	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Particle Boards	2,947,194	85.16	2,644,549	82.54	2,474,345	88.15
Solid Wood Boards	513,696	14.84	559,301	17.46	332,509	11.85
Total	3,460,890	100.00	3,203,850	100.00	2,806,854	100.00

C. Present Products and Service Items of the Company:

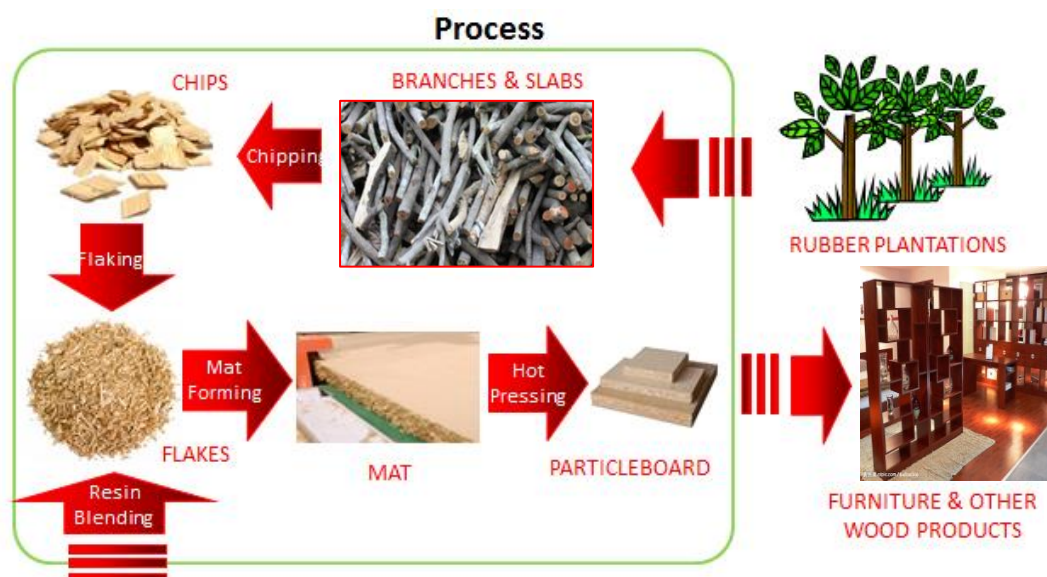
(a). Particle Board (referred to as PB):

The particle boards manufactured by the Company are single wood high-quality homogeneous particle boards, obtained from the raw materials of rubber woods, and formed by processing wood branches and slabs into wood chips, followed by using specialized equipment for cutting into flakes of a certain specification, which then further go through a drying and shifting processes in order to form a surface layer and core layer flakes. Next, according to the technical requirements, different amounts of a resin are applied to the surface layer and the core layer respectively. Then, under the effect of temperature and pressure of a hot-pressing cycle, large plain boards are pressed and formed. After PB are outputted from the pressing machine, they further undergo the processes of edge trimming, cutting, cooling, curing, and sanding in order to form high-quality homogeneous PB. The application of plain boards is extremely wide, and can form finished products through secondary processes, such as paper faced, PVC faced, chipboard faced, melamine faced, etc.; or they can be trim directly into finished products. Processed PB can be widely used in system furniture, system kitchenware, furniture partitions, floors, pallets, speakers, green buildings, and environmentally friendly composite building materials, etc.

High-quality homogeneous PB of the Company are manufactured from the cutting of 100% rubber wood, and the boards carry a slight crude rubber wood fragrance, with high bending strength and high bonding strength such that they are resistant to deformation and have low water content. In addition, the Company uses the latest

resin technology during the manufacturing process of the PB in order to reduce the emission of formaldehyde from the boards. Presently, the low-formaldehyde content PB of the Company complies with the EU and US standards, and has reached the world-class environmental protection standards. In the future, the Company will continue to head toward the new concept of “Environmentally Friendly, Non-toxic, Healthy, Clean Manufacturing” for sustainable development.

Manufacturing Process of Particle Boards



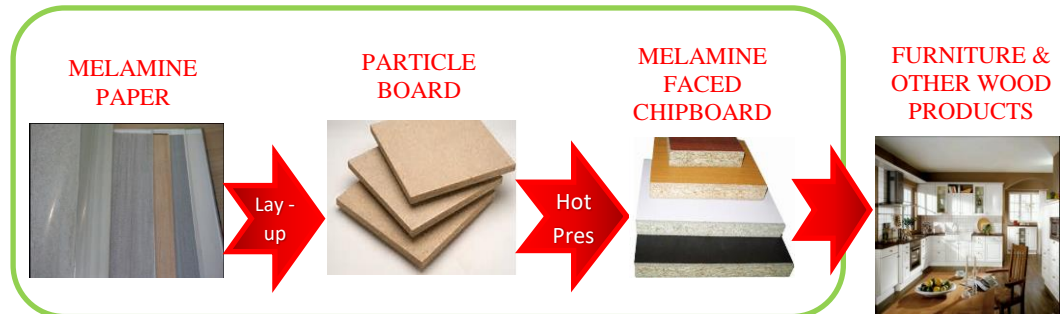
(b). Melamine Faced Chipboard (referred to as MFC):

MFC manufactured by the Company utilize PB and various impregnated papers, according to the press patterns demanded by customers, along with the use of high-temperature and high-pressure processing technologies of hot-press bonding machines to allow the impregnated papers to complete resin melting in a short period of time for curing and complete bonding onto the surface of PB. After the completion of hot-pressing, the boards undergo the processes of edge trimming, surface cleaning, inspecting for classification, and cooling, in order to become high quality and aesthetic MFC. After the processing, MFC can be widely used in the furniture manufacturing industry, such as system furniture, system kitchenware, speakers, interior decorations, cabinet doors, walls, bathroom ceilings, etc.

MFC of the Company are equipped with the advantages of PB for high bending strength, high bonding force, resistance to deformation, and low- water content, as well as a low formaldehyde emission amount. After the hot-pressing face bonding, they also demonstrate the characteristics of permanent bonding, high-temperature resistance, high-pressure resistance, scratch resistance, flame resistance, and resistance to moisture. Since various patterns are available, including wood grain pattern, metal, stone, and various single colors, along with the characteristics of being painting-free after bonding as well as abrasion resistance, scratch resistance, flame resistance, facilitated cleaning, etc., MFC are economic and advantageous surface decorative materials, which are suitable for commercial space design. In

addition to its characteristic of resistance to scratches and being capable of maintaining its appearance, its characteristic of resistance to flame is also a main consideration and choice for commercial spaces.

Manufacturing Process of MFC

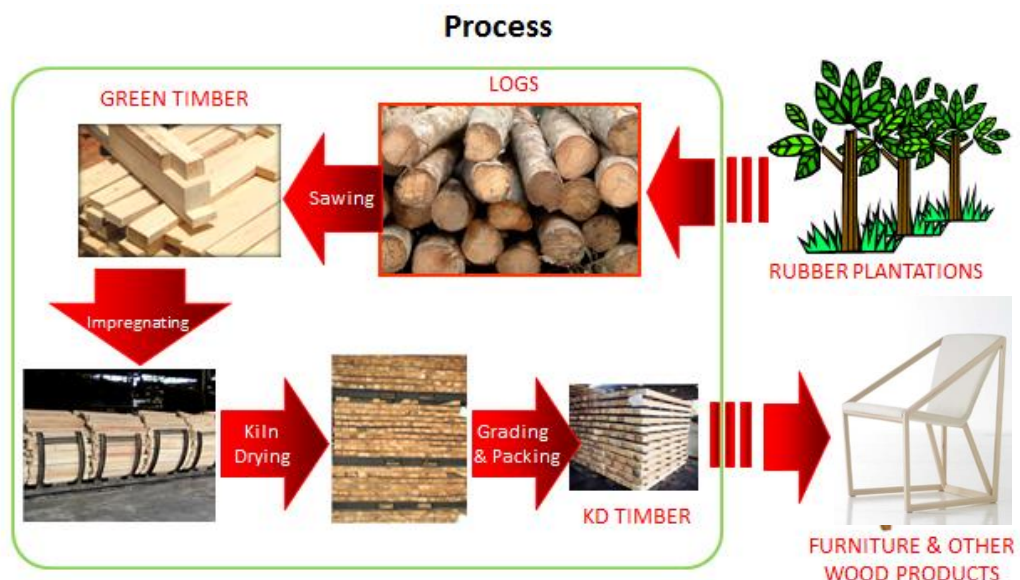


(c). Solidwood Boards:

Solidwood boards manufactured by the Company are obtained 100% from rubber woods. The solidwood business implements rigorous controls in the processing and quality of a series of processes including material selection, cutting, processing, anti-deterioration, anti-insects, drying, finished product classification, and shipping, etc.

Since rubber woods have a natural ivory color and aesthetic pattern, they are also known as “ivory wood”. Rubber wood structure is uniform and it has tough and rigid characteristics with high resistance to abrasion. Currently, it is one of the light hardwoods with the greatest applications worldwide. After undergoing the anti-deterioration and drying processes, rubber solidwood boards have uniform color and elegance, along with fine structure, and excellent processing performance for wide applications, making the boards suitable for furniture materials, floors, composite building materials, and other decorative materials, etc. In addition, since rubber woods can be combined together with other precious and high-value dark color trees, their decorative and design characteristics can be increased. Accordingly, they are considered as medium to high class of wooden materials by the furniture industry.

Manufacturing Process of Solidwood Boards



D. New Products and Services Planned for Development

The Company is dedicated to the improvement of the manufacturing process, development of new products, and increase of quality in order to provide services and products of higher quality to customers. To develop the PB business, the Company has introduced a new continuous pressing equipment and wind sifter machine from Europe in 2008 and 2016 respectively in order to set up the GP I and GP II plants. The equipment is highly automated and through high-tech procedure control, the precision of PB products is significantly improved, surface treatment is finer, and the product specifications are more complete.

With the foundation of outstanding equipment and techniques, along with the continuous improvement of manufacturing processes, the production line performance increases day after day. Presently, the annual production average quantity of GP plants is able to reach 140% of the designed production capacity, which is far more efficient than competitors in the same industry. The Company's investment in the improvement of productivity and research and development is not only to achieve higher goals of the Company and to satisfy customer demands but also to allow the performance of the Company to surpass competitors in the same industry.

Since forest resources are limited, and with the consideration of increasing environmental protection awareness as well as the emerging market in China, to cope with the future trends, the Company continues to research and develop formaldehyde-free products and to expand the production scale. In 2017, the Company started to plan the establishment of the GP III plant (GPT), and completed the installation in 2019, currently under commissioning period. GPT with the latest equipment and a designed production capacity of 528 thousand cubic meters, the total production capacity of the Company will be at the leading position in the same industry and become the largest and most advanced PB manufacturer in Asia after the expansion.

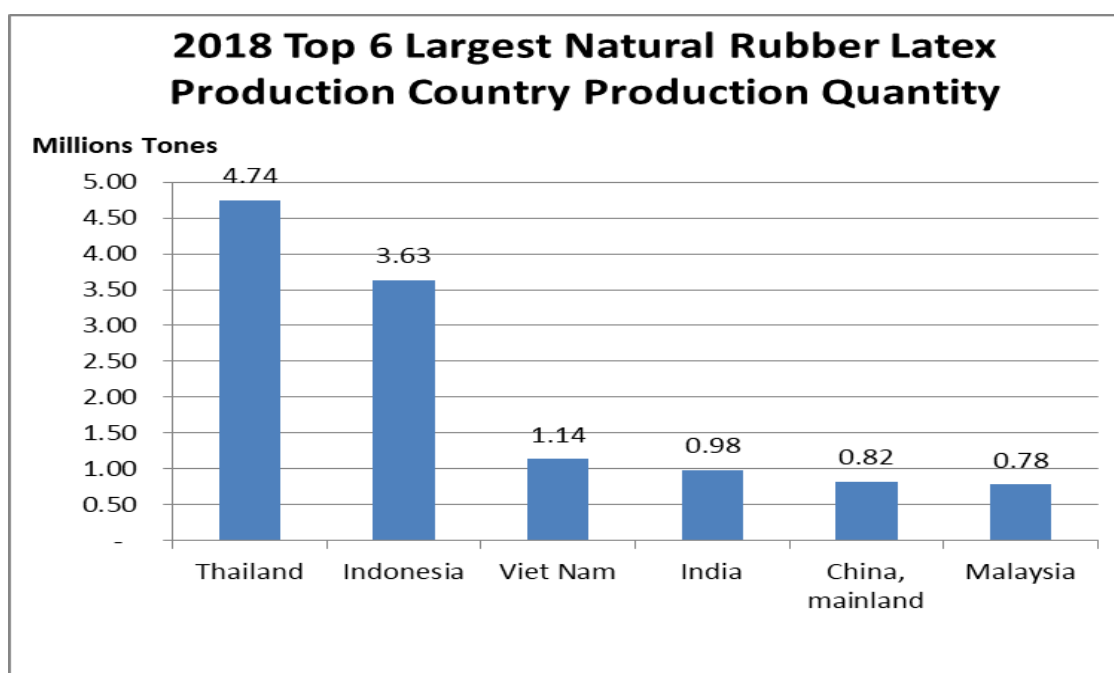
(2) Industry Overview

A. Industry Current Status and Development

Thailand is located in a tropical area and within the Southeast Asian monsoon region, and the annual temperature is not lower than 18°C with an average rainfall of approximately 1,000mm. Most of the areas in Thailand are low mountains and hills, such that the forest biology is diverse and plentiful, which is very suitable for the growth of rubber woods. Rubber woods in Thailand belong to the high-value added crop, not classified as forest resources, and farmers planting new trees can start the harvesting of rubber woods after a growth period of 6-8 years, and the general harvesting period is approximately 25 years. Thailand is a major country for the production of natural rubber latex worldwide, and its production quantity is ranked first in the world. As the rubber latex tapping period is longer, the output of rubber latex decreases year after year. When the rubber woods are of no economic value, the farmers then cut down the trees and plant new trees in order to have a renewable value. The

branches and stems of the trees can be used for furniture raw materials, allowing the economic value of rubber woods to continue.

According to the information of the Food and Agriculture Organization of the United Nations, in 2018, Thailand was ranked first with the largest natural rubber latex production quantity worldwide, and the annual production quantity reached 4.74 million tons, the second largest natural rubber latex production country was Indonesia, and the annual production quantity was 3.67 million tons. As the production supply of natural rubber latex in Thailand increases continuously, it indicates that the planting area of rubber woods in Thailand continues to expand. Up to the end of 2018, the tappable area for rubber plantation in Thailand reached 3.27 million hectares; therefore, the supply of rubber woods as raw material is plenty without shortage.



Source: Food and Agriculture Organization of the United Nations (FAOSTAT, 2020/05)

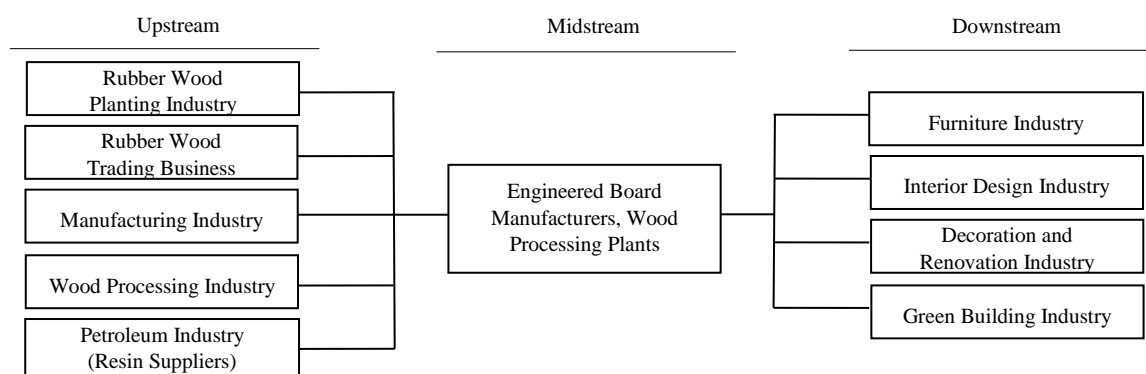
Since Thailand is a country with large rubber latex production, the rubber wood resources are plentiful. In addition, rubber wood stems account for approximately 60% of an entire tree, and after sawing and trimming, 30% become solidwood finished products, and the other 30% and remaining 40% of branches and roots can be used in the production of PB or used as fuel.

The wood industry technology level in Thailand is in line with world-class development. In addition, with its diversity of raw materials and different production quantities, different types of wood industries have developed in Thailand. In general, if the annual rubber woods supply quantity in Thailand is calculated at 11-15 million tons, then approximately 6-8 million tons can be used for the raw materials of PB; therefore, there is still room for an increase in the supply quantity. The PB export quantity in Thailand demonstrated an increasing trend starting from 2003. In 2018, the export quantity of PB in Thailand reached 2.55 million cubic meters, and the annual compound growth rate reached 12.57%.



Source: Food and Agriculture Organization of the United Nations (FAOSTAT, 2020/05)

B. Correlation Among Upstream, Midstream, and Downstream in the Industry



Upstream: PB related products; the raw materials include shootbuds, treetops, barks, roots, sawdust, core, slabs, scraps, and resin for bonding. The main materials of PB manufacturing include the resin, and the raw material of boards is the rubber woods cut by rubber farmers in various regions.

Midstream: This mainly refers to the engineered board manufacturers and wood processing plants. The wood processing manufacturers are closely correlated to the acquisition of raw materials. The Company is the only manufacturer equipped with the manufacturing of solidwood boards and PB at the same time, such that the Company has competition advantages in the integration of upstream and downstream.

Downstream: With rapid economic development in new emerging countries, living standards and environmental awareness continue to increase and due to the impacts of government policy, the furniture, decoration, and architecture industries will continue to head toward green

environmental protection development, which will also drive rapid growth of the PB industry.

C. Various Development Trends of Products and Competition Status

(a).Product Future Development Trends

i. Continuous Expansion of Application Fields Through Product Innovation

The requirements for the key technologies of PB manufacturing are relatively high, in particular, the board manufacturing process, cutting procedure, and control procedure, etc. With the continuous evolution of the industry environment, natural wood production industry related technologies and the equipment have become more mature and stable. Consequently, market field applications have become greater. Presently, the application field includes various products of speakers, composite environmentally friendly building materials, green building, etc., and the breadth and width of the application scope continues to expand. As PB manufacturing technologies continue to improve, various different properties and types of PB can be manufactured: such as large surface PB, ultra-thin PB, irregular shaped boards, anti-static PB, flame retardant PB, and other special purpose PB, etc. In the future, PB manufacturers will further improve the customization level, such that various parameters affecting PB and boards can be adjusted depending upon various demands of customers, thereby further expanding its application field. With the advancement and maturity of relevant technologies in the industry, the application field of PB becomes more diverse and professional.

ii. Compliance With Environmental Protection Trends

As economic activities have greater negative impacts on the natural environment worldwide, the continuous degradation of the natural environment also generates greater impacts on the industrial activities in various countries. Therefore, the green economy naturally becomes the development trend. Under the impact of global warming and the greenhouse effect, countries around the globe have become more rigorous in the protection of forest resources; consequently, the supply of raw forests has become less. Nevertheless, as the demand for wood boards increases year after year along with the growth of new emerging countries, solid wood boards with renewable resource characteristics have become a popular product material. Rubber woods are a renewable agricultural resource that can be planted in large areas. In addition, its growth period is approximately 25 to 30 years for cutting and use. Furthermore, it can be planted continuously after cutting; therefore, it is one of the best natural resources for sustainable utilization. Moreover, in recent decades, with its economic characteristics of rubber woods, it has become the most stable and sustainable board resource in the wood processing industry.

iii. Higher Customer Demands on Environmental Protection and Safety

As the living standard improves, people's awareness of environmental protection and health becomes higher, and consumers tend to choose green and environmentally friendly products. To cope with the market demands, large PB

enterprises continuously improve product quality management; reduce the formaldehyde emission amount in order to significantly reduce damage to human bodies and the environment. The product quality criteria of those enterprises are heading toward a higher European formaldehyde emission standards- E1 level and developing formaldehyde-free products. Furthermore, since the resource of rubber woods is not in shortage and has renewable raw material characteristics, under the advantage of improvement of technology and using environmentally friendly materials for rubber wood manufactured PB, it is expected that the global demand in PB will continue to increase.

(b). Competition

As a foreign enterprise in Thailand for the manufacturing of both rubber solidwood boards and PB. Since the establishment, the Company has more than ten years of experience in rubber wood materials collection and market expansion, such that the Company has competition advantages in the integration of rubber wood resources, with matured rubber wood manufacturing technologies, and has created complete solidwood boards and PB product systems.

Since board manufacturers in Thailand are mostly small and scattered manufacturers, their production integration levels are not high such that their control of wooden resources is relatively limited. In comparison, the Company is able to manage the rubber wood resource network in southern Thailand, with management system, production capacity, waste recycle and reuse technologies, as well as the operating scale; consequently, the Company has greater competition advantages. Presently, the Company has six rubber wood manufacturing plants, and has also established various rubber wood distribution sites. In addition, the Company will continue to strengthen the development of the rubber wood resource network in Thailand.

Since the solidwood boards manufacturing business of the Company is mature and is equipped with a complete raw material collection network, consequently, the Company entered into the PB business in 2006, and used the German advanced PB continuous pressing machine to completely use the fuel woods and branches of rubber woods as well as the remains of solidwood boards; in addition, the Company is able to achieve the objectives of environmental protection and cost control at the same time. Presently, the Company has accumulated improved knowledge and extensive experience in terms of the manufacturing technologies of PB for a long period of time, and the actual production capacity of PB continuous pressing machine leads the industry. After the GP II plant started mass production in July 2016, presently, the annual operating sales scale is ranked No. 2 in Thailand. In addition, the Company started the establishment of the GP III plant (GPT) in 2017, and introduced the latest and largest PB automatic continuous pressing machine with the largest production capacity in the industry. The goal of the Company is to become the leading PB manufacturer in Asia.

(3) Technology and Research and Development Overview

A. Research and Development Budget Invested

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2019	2020 up to March 31
A. R&D Expenses	20,118	5,852
B. Operating Revenue, Net	2,806,854	574,567
A/B (%)	0.72	1.02

B. New Technology or Products Developed Successfully

The Company values manufacturing process performance development and customized product business development. Since its establishment, the Company has continuously participated in manufacturing process technology development, production line performance improvement, and the Company has also established the energy saving committee and labor safety committee in order to ensure human and machine safety, effective energy saving, and improvement of production efficiency. In recent years, the Company has demonstrated outcomes in the improvement of productivity and added value of products, the Company has developed various technologies and products as follows:

Year	Item
2012	<ul style="list-style-type: none"> Effectively improved the control precision of raw board width to save wood raw material costs. Successfully developed E2 level PB with quality complying with international standards and low cost in order to significantly increase product competitiveness. Added a chipper to increase production efficiency and reduce outage risk. Added an excessive dry flaking machine in order to increase board surface quality. Received the U.S. CARB P2 product certification.
2013	<ul style="list-style-type: none"> Introduced the use of sawdust to reduce surface material cost. Improved book saw cutting dimensions and precision to significantly reduce waste costs. Developed a sandwich resin mixing formula to effectively reduce raw material costs. Successfully developed MUF E2 moisture resistant PB. Replaced hot oil equipment and changed to use a fully synthetic hot oil, in order to effectively prolong the hot oil lifetime and to increase production quantity.
2014	<ul style="list-style-type: none"> Successfully developed a 12mm E1 surface layer formula with urea in order to increase production capacity. Improved the efficiency of the flaker drying drum by the original manufacturer's design. Successfully developed a CARB P2 sandwich resin formula in order to effectively increase production speed.

Year	Item
2015	<ul style="list-style-type: none"> • Developed PB for floors. • Added two sanding heads for the sanding machine in order to improve finished product thickness uniformity and to improve surface quality. • Applied for JIS Mark product certification. • Added the fourth set of fully automatic flaking machines in order to effectively improve production capacity and to improve flaker configuration, thereby improve quality.
2016	<ul style="list-style-type: none"> • Invested in a downstream MFC plant, and introduced a high speed automatic continuous face bonding machine in order to increase product added value, and introduced the fully automatic board surface quality inspection machine. • Developed a moisture resistant, low formaldehyde MUF E1 product. • Introduced a new four-seat continuous precision mate forming machine in order to increase product thickness control precision. • Invested in GP II Plant, and introduced European advanced side flaking wind sifter in order to increase product quality and finished product cleanness.
2017	<ul style="list-style-type: none"> • Successfully developed an ultra-low formaldehyde resin (E0), in order to effectively reduce the emission of formaldehyde, strengthen product toughness and moisture resistance ability, as well as increase market competitiveness. • Added highly efficient atomized resin spray equipment in order to reduce production costs and to increase production efficiency and quality. • Set up an automatic warehouse system and installed an automatic quality scanner in order to effectively increase quality inspection efficiency and accuracy.
2018	<ul style="list-style-type: none"> • Invested in the construction of the GP III plant and resin production factory to expand production capacity and to integrate upstream resources, such that raw material purchase cost can be reduced and research and development can be further extended toward the upstream. • Continued to research and develop ultra-low formaldehyde board and formaldehyde-free boards, and to improve production processes in order to reduce costs and to improve production efficiency.
2019	<ul style="list-style-type: none"> • Obtained Japan JIS A5908 F-3star and F-2 star quality certification.
2020	<ul style="list-style-type: none"> • Obtained USA CARB and EPA NAF (No Added Formaldehyde-based-resin) quality certification.

(4) Long-term and Short-term Business Development Plan

A. Short-term Goals

- (a) Expansion of PB Production Line: After the GP II plant of the company started official mass production in July 2016, the annual production quantity has reached its designed production capacity. The Company performed the debottleneck project in 2017 in order to further increase equipment production capacity. To cope with the demand trends, the Company plans to establish the GP III plant, and the designed production capacity is 528 thousand cubic meters, which is expected to start official mass production at 2020.
- (b) Continue to Maintain High Product Yield Rate: Add an automatic warehouse

system, increase product transportation efficiency, and purchase a second set of imported engineered board physical performance testing machines from Europe in order to increase the inspection efficiency and accuracy, and perform a circulating test and enhance the management of the production line in order to reduce the outage time, improve equipment use efficiency, and guarantee the product yield rate and quality.

- (c) **Diverse Development of a High Value-added Production Line:** Strengthen improvement of wood raw material flaker configuration, and continue research and development of resin and additives in order to develop PB with low formaldehyde, formaldehyde-free, and moisture resistance, etc. functions. In addition, the Company also invested in the construction of its own resin plant in order to reduce raw material costs and to further establish the automatic face bonding plant with the highest speed in Asia, extending the PB production line to downstream products to increase added-value of products.
- (d) **Maintain High Quality Customer Service:** For existing customers, provide excellent after-sale service. Depending upon different customer demands, perform research and development of differential products, in order to gradually strength the technology and brand advantages for the Green River brand. In addition, through integration of the wood distribution of the upstream and material manufacturing plants, the Company is able to manage natural resources in order to become the leading enterprise in the field of rubber wood materials production and manufacturing in Thailand.
- (e) The Company has qualified for various quality supervisory system certifications including ISO, CARB, EPA, JIS, SGS, etc. in order to improve product quality stably. To increase the Company's product awareness and to comply with environmental protection regulations in the European and American regions, the Company will continue to apply certifications for greater specification product.
- (f) **Improve Operation Performance:** Under the principles of safety, quality, and product delivery, the Company treats cost management as an operational focus, such that in addition to the improvement of equipment maintenance technologies and increase of equipment utilization rate, the Company will continue to research and develop resin and research the latest European technology development in order to increase production capacity, thereby improving the competitiveness of the Company. In addition to the expansion of business, the Company will also continue to enhance cost control on the following processes in order to achieve the objective of cost reduction.

i. **Cost Control of Purchase Processes**

The Company collects raw material prices of various regions and information from the same industry, and establishes a purchase quotation according to the procurement meeting held weekly in order to prevent an increase of purchase cost due to incorrect information. In addition, the Company calculates the wood material and resin demand quantity based on the daily production quantity and

production plan, and the resin is purchased in lots weekly in order to control the fund demand.

ii. Cost Control of Production Processes

To achieve cost control of production processes, in 2015, the Company established the energy saving committee in order to perform an energy saving plan on each production process, such as the replacement project for LED lighting system in order to effectively save electricity, replacement of the flaker drying system insulation materials, waste gas recycling system installation, etc. Most importantly, to reduce the machine outage rate, in addition to the proper arrangement of production sequence, the Company hired technical consultants to improve the equipment maintenance process in order to control equipment maintenance hours and to improve monthly routine inspection efficiency in order to reduce major annual equipment maintenance times each year. The Company will introduce the manufacturing execution system (MES) which could precisely collect and monitor information generated during the manufacturing process to reduce the activity of plants without added value and improvement processes thereof to increase production benefit.

iii. Cost Control of Inventory

Presently, the Company manufactures according to the orders of customers. At the meanwhile, to continue to reduce the inventory, the production unit of the Company is dedicated to improving the production yield rate and to reducing the percentage of defects in order to reduce inventory costs.

iv. Cost Control of Technology Innovation

Through wood flaker improvement, the Company saved the unit usage of the resin, and also engaged in strategic collaboration with the resin supplier in the development of a new type of resin and the research and development of resin characteristics in order to reduce the density and resin usage amount for finished boards, thereby improving quality with reduced cost and increasing competitiveness.

v. Cost Control of Management Processes

In 2014, the Company introduced the target cost management and performance appraisal mechanism. And in 2017, the Company activated the SAP information system to collect factory information. Through production review meetings convened weekly/monthly, the indices of wood materials, resin, electricity consumption, energy, consumables, etc. used during each production process are reviewed, and the target cost and relevant management indices are assigned to various processes and responsible centers of the corporation according to the delegation of responsibility. In addition, the Company also promotes the cost evaluation system; therefore, through such evaluation method, employees are stimulated to achieve the target cost. During the implementation of evaluation, the Company also provides a reward system to employees. Therefore, through such

improvement of the management system, the production performance of the Company will continue to be maintained at a high level.

B. Long-term Goal

- (a) After careful evaluation of the future development trends of each region, the Company will continue to expand the plant sites in Thailand in order to expand the business scale, and will also actively develop domestic sales and export sales markets.

i. Domestic Market Expansion Plan

For the domestic market, the Company will cooperate with the development direction of future product safety performance and environmental friendliness performance improvement based on the original sales channels. Through further improvement of sales mechanisms and strengthening of sales networks, new markets will be expanded, in particular, for the expansion of the high-end particle board market and the market for environmentally friendly products.

ii. Foreign Market Expansion Plan

The Company is able to utilize its geographical advantage adjacent to Malaysia, Indonesia, and India in order to continue to secure the Southeast Asian market and to plan the sales network for particle boards in China, as well as head toward expansion to other regions of potential market.

- (b) With the manufacturing of particle boards serving as the foundation of the Company, the Company is able to sufficiently utilize rubber wood resources in southern Thailand and the advantages of internal resources, management, and technology, etc. of the Company in order to adopt differentiation competitive strategy and industry chain integration tactics, thereby developing into an industrial company with a complete industry chain and optimized product structure as well as a company equipped with the comprehensive capabilities of research innovation, manufacturing, and asset management, etc.
- (c) The Company sufficiently utilizes the plentiful rubber woods in southern Thailand as the raw materials for the manufacturing of boards, and also introduced German's continuous pressing particle board production equipment in order to actively develop the particle board business. With extensive years of business relationships with rubber wood suppliers and expansion of the sales scope, the Company will continue to grow in this industry.
- (d) In the future, the Company will be dedicated to the development of green resources and low-carbon economic related business, and the Company will also develop various natural and renewable resources as well as continue to research and develop new products.

2. Market and Production/Sales Overview

(1) Market Analysis

A. Main Product (Service) Sales (Supply) Region

Unit: In Thousands of New Taiwan Dollars

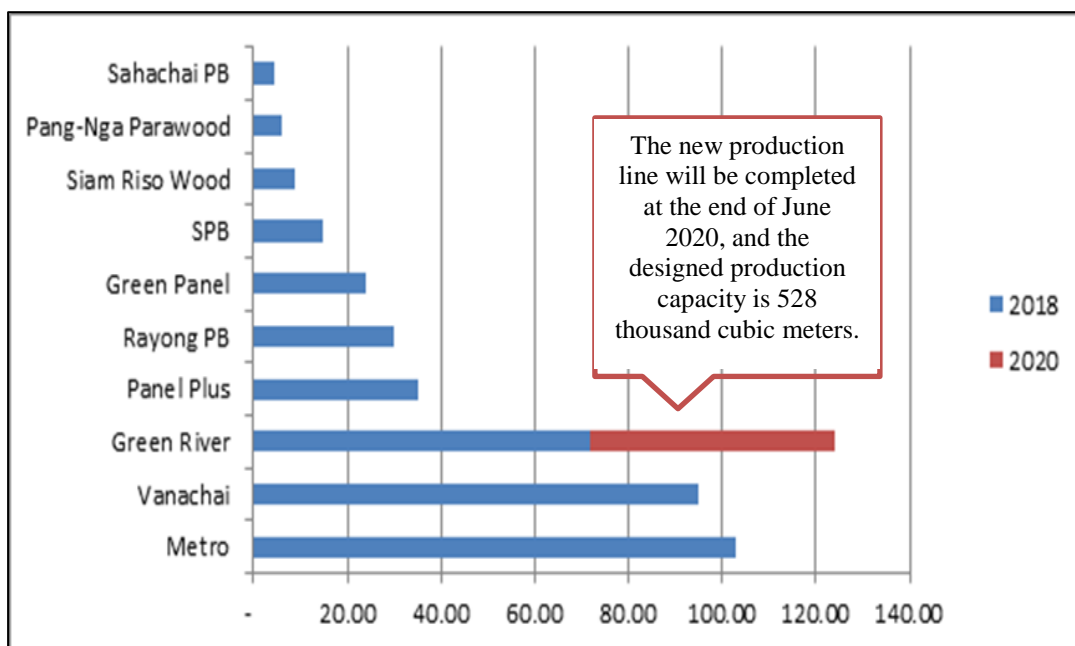
Item \ Year	2018		2019	
	Amount	%	Amount	%
Domestic Sales (Thailand)	46,954	1.47	95,537	3.40
Export Sales	3,156,896	98.53	2,711,317	96.60
Total	3,203,850	100.00	2,806,854	100.00

B. Market Share Percentage

In view of the domestic publicly listed companies, there are no companies for both the manufacturing of rubber solid woods and PB. In terms of the domestic/export sales percentage of the Company, export sales account for nearly 96%. Based on statistical information of the export of particle boards in Thailand and PB imports in Malaysia and Indonesia, it can be estimated that the export quantity of PB of the Company has reached a certain market position. The export quantity of PB for all of Thailand is increasing year after year. In 2019, PB accounted for nearly 1/4 of the PB export quantity of entire Thailand.

Since the Company is adjacent to Malaysia, the export percentage to such regions is relatively higher. In 2019, the export quantity reached 60% of the entire import quantity of the local market.

Presently, since the PB business unit completed GP II Plant in July 2016 for official mass production, the production scale has become one of the top three PB manufacturers in Thailand, and GP III plant is currently under commissioning. It is expected that the annual production capacity will reach 528 thousand cubic meters, and after the completion of mass production at the end of June, 2020, it is the largest PB manufacturer with the most advanced equipment in Thailand. Thailand is the largest importer of Chinese particle board all year round. China's imports of particle board from Thailand in 2018 were 31% of the total imports. The output quantity of the Company in 2018 accounted for approximately 17% of the entire import quantity in China. Therefore, the Company is optimistic about growth in the China market. After completion of the new plant with mass production capacity, the Company plans that half of the production capacity will be shipped to China. The market share in the China market will certainly be increased.



Source: Thailand Industry Production Capacity Information, Panel Products Industry Club, 2019/Jan; Summarized by Green River

C. Market Future Supply and Demand Status and Growth

Market demand is mainly affected by the following three aspects:

(a). Population and Economic Development:

Global population has reached over 7.6 billion. With the increase of the global population, the consumption of PB continues to increase. Although the consuming level of people in developing countries is still low, nevertheless, with the rapid development of new emerging economies, the consumer market of PB is of great potential.

(b). Distribution of Wood Resources:

The distribution of wood resources in the world is not even, and in the past 20 years, due to the large occupation of land and destruction of forests for development, illegal logging, etc. associated with economic activities, forest resources in many countries are facing decrease in quantity and quality, such that the shortage of wood is becoming severe. Woods and PB importation countries are mostly directly related to the shortage of wood resources in these regions. For countries and regions with limited wood resources, they tend to have strong market acceptance. In addition, with the increase of environmental protection awareness, PB with green niche concepts has gained greater attention and popularity in the market.

(c). Development of Low Cost and New Board Types Capable of Satisfying Various Demands:

For the manufacturing and consumption of wood boards in the world, plywood has been in the leading position in the market for a long time. However, as the quantity of large precious wood resources available in the world becomes less, the production of plywood is limited, causing its consumption percentage in engineered

boards to decrease rapidly, and it has been replaced by board types of fiber boards and PB, etc. that have lower requirements on wood diameter class, material criteria, and allow fast forest planting along with the use of the raw materials of fuel woods and non-wood fibers for production of the boards. In addition to materials satisfying the market consumption demands and reasonable prices, such boards have a wide application scope and new boards satisfying various demands can be developed.

D. Competitive Niche

(a). Stable Wood Source:

Thailand is the largest natural rubber latex production country in the world, and annual production capacity is 4.84 million tons, with production capacity accounting for 1/3 of the global market. In addition, production quantity of southern Thailand also accounts for approximately 2/3 of the entire Thailand. The Company is located in the largest production site of rubber latex in Thailand and is at the main southern logistics hub; consequently, the Company has access to rich rubber wood resources.

According to the data of the Thai Rubber Association, in 2019, the harvesting area reached 3.29 million hectares, distributed in 67 areas. It is expected that in 2020, it will grow to 3.29 million hectares, and the harvesting rubber wood planting area in southern Thailand will account for 60% of the total area, where the production quantity of rubber latex in southern Thailand will account for more than 63% of the annual production quantity. In 2018 and 2019, annual production quantity of rubber in Thailand reached 4.81 million tons and 4.84 million tons respectively. It is expected that in 2020, annual production rate will increase to 5 million tons. According to statistics, the quantity of logging of rubber wood trees accounts for less than 4% of the rubber wood planting ratio of the entire area; therefore, access of raw materials of rubber woods is plentiful without shortage.

(b). Single Raw Material Source, Facilitated Control of Quality:

The raw materials of PB can be all logging remains of all trees, such as: shootbuds, treetops, barks, roots, etc. Material trims and processing remains: board skins, board strips, sawdust, fragmented board, core, debris, blocks, edge trims, etc. However, as a greater variety of substances are used for production, the manufacturing difficulty is higher, cost is also increased, and finished product quality cannot be controlled easily. The Company's products use the most abundant rubber woods of local resources such that production efficiency is increased and quality can be maintained stably.

(c). Manufacturing Process Development Management Capability:

Production of PB is high automated, and several pieces of equipment and machines are operated continuously 24 hours a day, requiring high technical electricians, operators, mechanical engineers, and management personnel to maintain continuous operation of the production line. Since 2008 to the present day, the Company has accumulated extensive production experience, and for improvement and application

of new technologies, including control of the indices of the manufacturing quality of resin for PB, PB formaldehyde emission amount, dimension stability, cross section density, water absorption swelling rate, etc., production line equipment and electrical equipment, etc., the Company has established its own technical capabilities, such that the Company is able to ensure the quality of PB. In addition, the Company also continues to optimize the manufacturing process in order to increase production efficiency and flexibility.

(d). Outstanding Upstream and Downstream Integration Capability:

The Company operates the manufacturing of rubber solidwood board and PB at the same time; therefore, it satisfies economies of scale. In July 2016, the GP II plant officially started mass production operation. Presently, the construction and installation of GP III (GPT) is completed, and currently under commissioning stage, and the PB business scale is expanding, and for the upcoming future, business competitiveness will continue to increase. In 2015, the Company established the MFC plant to further enter face bonding processing manufacturing. In addition, in 2018, the Company prepared to construct its own resin plant in order to reduce raw material costs, to integrate upstream and downstream resources, thereby enhancing competitive advantages.

E. Favorable and Unfavorable Factors for Development Outlook and Countermeasures

(a). Favorable Factors:

i. High capital and technical barrier, preventing competitors from entering the field.

PB business is a capital and technology intensive industry. Construction of a large scale PB production facility and purchase of manufacturing equipment require a large amount of capital, and to maintain sufficient raw material inventories, it also requires a large amount of current circulating capital. Furthermore, PB has highly automated production, and several pieces of machine equipment operate continuously 24 hours a day, and require highly skilled technicians, operators, mechanical engineers, and management personnel to continuously monitor the operation of the production line with optimized manufacturing process in order to ensure the quality of PB, efficiency of production, and flexibility thereof. These are the keys to technical capability in the manufacturing of PB. In view of the above, the PB industry is an industry with a high entrance barrier.

ii. Obtaining International Quality Certifications

In addition to continuous improvement of the product manufacturing process, the Company has also obtained various quality supervisory system certifications, including ISO, CARB, EPA, JIS, SGS, etc., for PB production quality control, and the Company has established a complete quality control system, and enhanced the production technician management and training in order to increase production efficiency and product quality stability. Furthermore, for board quality certifications, products of the Company comply with the standards of the EU E1, U.S. CARB P2 and NAF, and Japan F-two star and F-three star.

iii. Complete Supply Chain and Located at a Traffic Network

Since the entire area of Thailand has vast areas for the planting of rubber woods, and southern Thailand is the main distribution area for rubber woods, the Company is located in an environment with sufficient supply of rubber wood raw materials, and has long term of cooperation with local suppliers in Thailand; therefore, the rubber wood raw material supply is not in shortage. Furthermore, with a sound sales network in Thailand, and located in the Southeast Asian traffic center hub, the Company is able to utilize the advantage of its location in the traffic center in order to expand the sales scope to the Asian Pacific region, and it has advantages in the development of other potential regions.

(b). Unfavorable Factors:

i. Natural Disasters

Due to possible climate abnormalities caused by the greenhouse effect, the southern Thailand area may have flooding in the rainy season from October to November, such that harvesting of the rubber woods may be difficult, causing a shortage of raw material supply, and short-term price fluctuation may result.

Countermeasures:

- 1) The Company has six material manufacturing plants in southern Thailand and has a complete wood distribution network. Therefore, despite parts of the area suffering from floods, in comparison to other operators in the same industry, the Company is still able to properly manage the raw material supply risk.
- 2) Since the Company owns both solidwood boards and PB businesses at the same time, during acquisition of rubber wood raw materials, the Company is able to purchase in lots, such that the Company has purchase advantages over operators in the same industry. Since the purchase source is greater, shortage of raw materials has less impact on the Company in comparison to operators in the same industry.

ii. Increase of Labor Cost

The main operating areas of the Company are mainly distributed in the Level 4 areas in Thailand, and the government has recently increased the basic wage to THB 325/day, and such policy also affects some parts of the employees' salary.

Countermeasures:

For the future operation strategy, the Company will gradually head toward capital-intensive automatic production industry, and demand for the number of director laborers will decrease; consequently, the increase of the basic wage will have less impact on the Company. The wages for indirect personnel will be increased according to the government policy, and the production capacity will be expanded, production efficiency will be increased, and losses will be reduced in order to mitigate the impact of the increase of wages.

iii. Market Scale Affected by the Economic Cycle

Products of the Company are mainly used in the manufacturing of furniture and interior decoration, which can be generally classified into the building material and furniture related industries. Consequently, the market scale can be varied due to the real estate market and global economic system risk.

Countermeasures:

The Company updates market information at all times, and periodically reviews and predicts possible circumstances as well as implements rigorous cost control. In addition, the Company actively broaden new markets, and develops new product application fields, such as development of MFC for processing of the downstream PB, thereby expanding the market demand through new product applications. The Company expands the market scope and vertical extension of product fields such that the Company will be able to reduce the impacts of the economic cycle on the industry of the Company.

(2) Key Purpose and Manufacturing Process of Main Products

A Key Purpose of Main Products:

(a).PB:

PB is an engineered board formed by chipping raw materials of woods, etc. into flakes of certain specifications, and after drying, it is mixed with the resin, curing agent, and waterproofing agent for the pressing process under a certain temperature. Since the PB structure is relatively uniform, it can be processed into boards with a large area depending upon the needs and the price is reasonable. Therefore, it is an optimal material for manufacturing into various types of furniture of different specifications and styles.

(b).MFC:

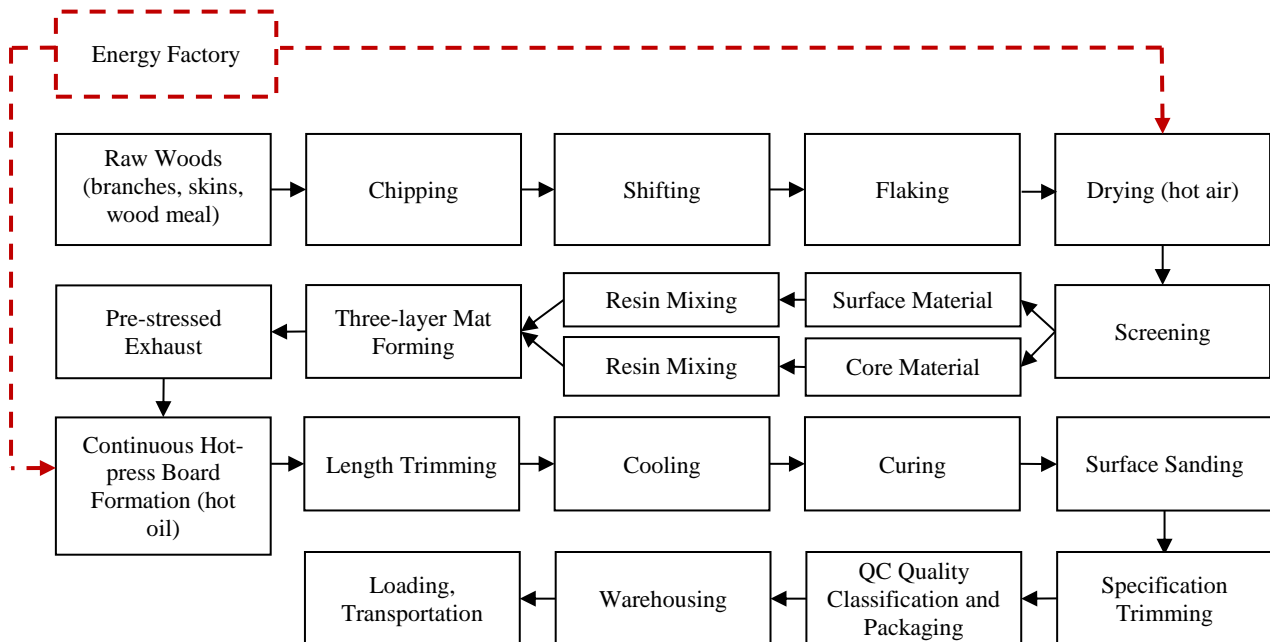
MFC uses PB and various types of impregnated papers in order to utilize the hot-press face bonding machine to allow impregnated paper to be completely bonded onto the surface of PB according to the press patterns demanded by customers, in order to form quality MFC. MFC has the characteristics of permanent bonding, resistance to scratches, resistance to flames, and resistance to moisture; therefore, it is suitable for furniture manufacturing and commercial space design.

(c).Rubber Solidwood boards:

After anti-deterioration treatment and drying process, boards have a light and elegant color, and an appealing pattern. Since rubber woods have similar characteristics to high-end wood materials and have great application fields, they are gradually being treated as medium to high class of wood materials by the furniture industry.

B Production Process of Main Products

PB Production Process Flowchart

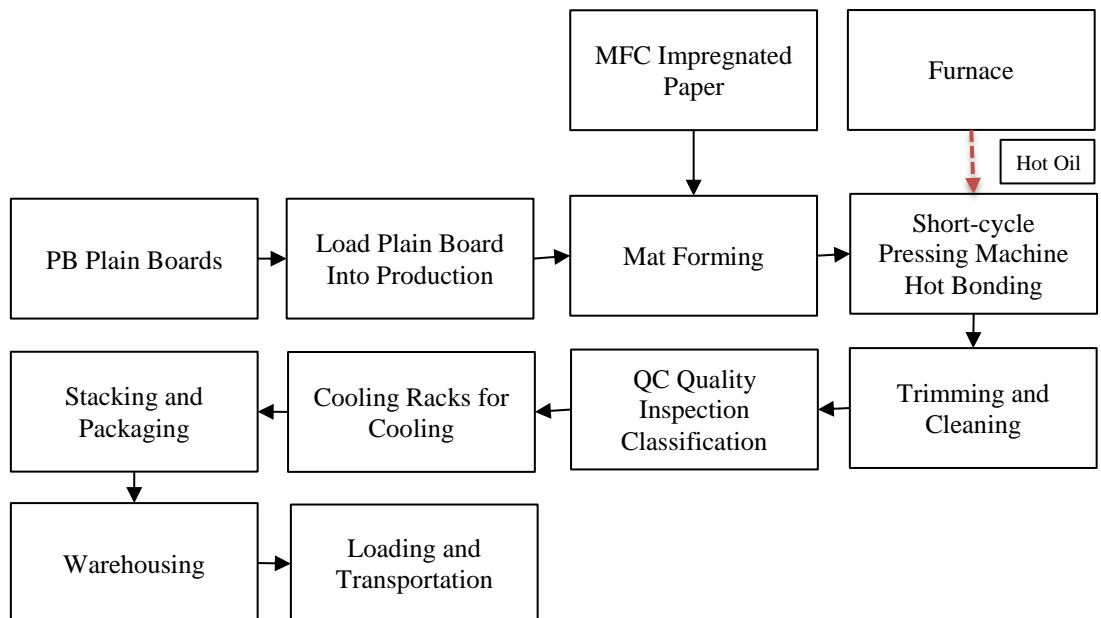


- Raw Material: Purchased rubber woods are mostly branches, slabs, and sawdust of raw woods with a diameter less than 5 inches for mixing and processing treatment.
- The chipping machine is used to break the raw material into wooden chips under 5cm.
- Then, the flaking machine is used to chip into flakes within 1mm.
- Drying - Use direct drying cylinder type drying furnaces for reducing the moisture of raw materials. According to different moisture of the raw material source, the drying furnace internal temperature can reach 280 degree Celsius.
- Shifting Process—Automatically shifting raw materials suitable for forming the surface layer or core layer of PB. The remaining larger sized flakes are recovered to perform the flaking process again.
- Resin Mixing—After mixing the resin with the aforementioned flakes, through the automatic conveying process, the finest part of the flakes is matted at the top layer and the bottom layer. The larger sized flakes are matted at the middle layer in order to form the master boards.
- Metal Inspection—Through metal detection inspection, it is examined whether there are metal substances in order to prevent the metal from causing main press damage risks.
- Pre-stressed Exhaust—Use the belt press belt to perform preliminary press forming of the master board in order to reduce its thickness and the internal gas of the master board.
- Continuous Hot Pressing—Since the resin cures under heat, use hot oil to provide

hot-pressing treatment at a temperature above 245 degree Celsius (depending upon different board specifications and classes), and the hot press time is approximately 60 seconds to 120 seconds in order to allow the resin and the flakes to bond tightly.

- (j) After the completion of hot-pressing, automatically detect the board density, thickness, and curvature, any qualified products will be automatically cut into boards of the same specification.
- (k) Cooling—After the completion of hot-press boards are not yet hardened completely and shall be cooled first.
- (l) Curing—After cooling, the boards need to undergo a 12-24 hours curing process such that the board strength can reach the processing standard. The board thickness is directly proportional to the required curing time.
- (m)Sanding—After curing, boards need to undergo the sanding process. Boards that have not yet undergone the sanding process can cause difficulties in the subsequent face bonding process, and typically, sanding can cause a loss of thickness of the board of approximately 0.3-0.6mm.
- (n) Convey into the automatic cutting machine in order to perform cutting of various dimensions, and the typical dimension is 4x8ft.
- (o) For finished products of PB after automatic cutting, perform quality management classification and packaging.

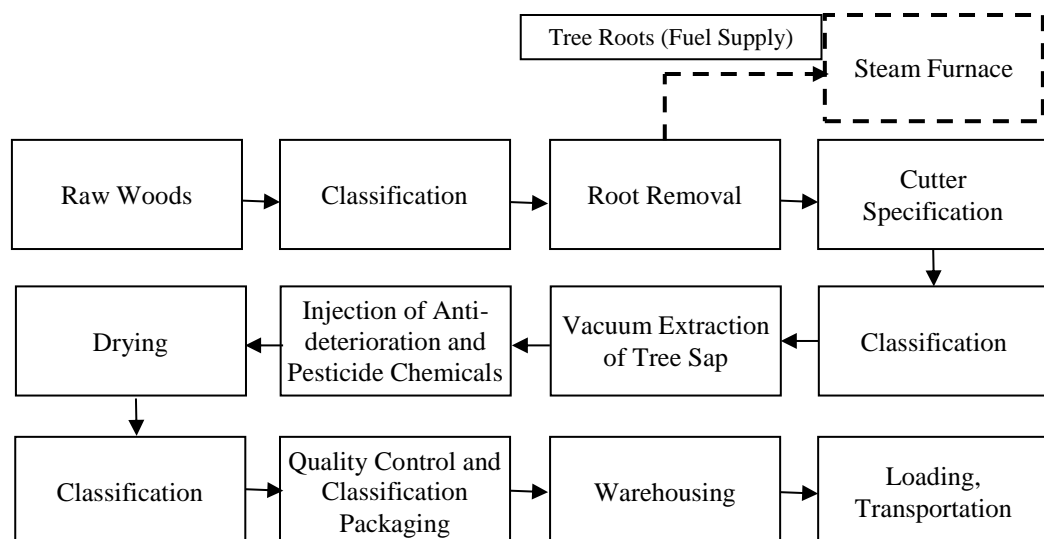
MFC Manufacturing Process Flowchart



- (a) Raw Materials: (i) Purchase of PB plain boards: general PB, or waterproof PB of corresponding dimensions according to order requirements; (ii) MFC Impregnated Paper: Purchase completed MFC - formaldehyde impregnated papers according to the color or pattern requested by the customer.
- (b) Board Loading Onto Production Line - Use the automatic board conveyor to place plain boards onto the continuous production line.

- (c) Mat Formation - Use electrostatic force to mat forming the MFC impregnated papers onto the surface/bottom layers of the plain boards.
- (d) Hot Pressing - Convey the boards into the short-cycle hot press face bonding machine for press bonding. According to the surface pattern demanded by the customer, install corresponding stainless steel molds on the hot press face bonding machine, and then according to the temperature required for the curing of the MFC - formaldehyde resin and the thermal resistance performance and physical property of the PB, set up the hot pressing time, temperature, and pressure of the hot pressing face bonding machine in order to use the technology of high temperature and high pressure treatment of the hot press face bonding machine to allow the impregnated papers to achieve complete resin melting and curing in a short time and to completely bond onto the surfaces of PB.
- (e) Trimming and Cleaning - After the completion of hot pressing, the boards are conveyed into the trimming machine to perform excess edge trimming and removal as well as surface cleaning.
- (f) QC Quality Inspection - MFC after the completion of cleaning, go through the automatic quality inspection machine in order to perform quality classification.
- (g) Cooling - After classification, MFC are conveyed into the cooling rack to perform cooling and reduction of residual heat in order to prevent accumulation of high temperature that can cause physical property changes to the MFC.
- (h) Stacking and Packaging - MFC after cooling are stacked according to classification and the number of stacking sheets and packaging method are set up according to the shipping requirements.

Solidwood boards Manufacturing Process Flowchart



- (a) Transport raw materials into the site according to the size and quality classification.
- (b) Shifting rubber woods for raw woods of a diameter of approximately above 5 inches for processing.

- (c) Remove roots. Since the roots of raw materials are bent and strong, they can affect the subsequent cutting process. Consequently, raw materials are conveyed into a lathe-like root cutting machine, and the wood after the removal of roots are in a column shape. Tree roots that cannot be processed are supplied to the furnace as a necessary energy source.
- (d) Determine the output quantity, and determine the most optimal output quantity based on the market price, dimensions, and wood material quality.
- (e) Fixing and cutting. Based on consideration of the most optimal economic benefit, the main stem parts of raw materials are cut into different dimensions according to the demands specified by customers. During the cutting process, except for the quality of the wood material, the key factor relies in the flatness of the cutting plane, and this is highly correlated with the cutting machine and the skill of the cutting technician.
- (f) During the trimming process, the products are also classified according to the quality of the boards at the same time.
- (g) After trimming, the by-products generated include: trimmed slabs and sawdust, which are sold to the PB plant in order to be used as one of the raw materials for production.
- (h) Initial Vacuum Process - Fresh rubber woods contain high water content; therefore, it is necessary to remove excessive water during the manufacturing process in order to facilitate the injection of anti-deterioration agents. Through the use of the vacuum extraction method, the boards are dried in a vacuum drier for fast extraction of water content, such that board damage can be reduced and energy can be saved, thereby significantly increasing board utilization rate, and further reducing board drying time.
- (i) Injection of Anti-deterioration Chemicals - In a vacuum state, the boards are conveyed into the chemical immersing system in order to allow the board to make anti-insect and durable.
- (j) Pressurization Process - Exert pressure to allow anti-deterioration chemicals into the boards.
- (k) Release pressure and recover the remaining chemical.
- (l) Convey the boards after chemical treatment into the drying room for drying in order to ensure the water content rate in the boards is less than 8%, such that they can then be listed as finished products for entering into the shipping procedure.

(3) Primary Raw Material Supply Status:

The primary raw materials of PB products of the Company include rubber wood branches, slabs, and resin for bonding. For suppliers of such type of resin, there are a lot of raw material suppliers in Thailand available for selection, and the quality and source are not in shortage. The primary raw materials of MFC are PB and impregnated papers. PB is supplied by the PB plant for the Company, and suppliers of impregnated papers cooperate

with the manufacturing process of the Company to continuously adjust formula and provide stable supply. There are many such types of suppliers in Thailand, Malaysia, and China capable of cooperatively providing such materials. Therefore, the raw material source supplies are not in shortage. The raw materials of solidwood boards are rubber woods logged by rubber farmers in various regions, and the main raw material suppliers have had a business relationship with the Company for a long time and excellent cooperation has been maintained; therefore, the wood materials supply source is abundant. In addition, they are also able to provide fuel woods, fine branches, and remains from the solidwood boards manufacturing process to the PB plant for use. Furthermore, for the purchase of primary raw materials, the Company also maintains more than two suppliers in order to stabilize the supply source.

(4) Major Suppliers and Customers:

A. Name of suppliers accounting for more than 10% of the total purchase amount of the Company in any one of the most recent two years and the purchase amount and ratio thereof:

Unit: In Thousands of New Taiwan Dollars

	2018				2019				2020 up to the End of the 1 st Quarter			
Item	Name	Amount	Annual Net Purchase Percentage (%)	Relationship With the Issuer	Name	Amount	Annual Net Purchase Percentage (%)	Relationship With the Issuer	Name	Amount	Net Purchase Percentage up to the First Quarter of the Current Year (%)	Relationship With the Issuer
1	AICA	225,683	11.14	None	AICA	268,619	14.44	None	AICA	51,316	12.74	None
2	TOA	207,085	10.23	None	TOA	142,381	7.65	None	TOA	18,067	4.49	None
	Others	1,592,492	78.63		Others	1,449,392	77.91		Others	333,413	82.77	
	Net Purchase Amount	2,025,260	100.00		Net Purchase Amount	1,860,392	100.00		Net Purchase Amount	402,796	100.00	

There are no apparent changes in the major suppliers of the Company in the most recent two years.

B. Name of customers accounting for more than 10% of the total sales amount of the Company in any one of the most recent two years and the sales amount and ratio thereof:

Unit: In Thousands of New Taiwan Dollars

	2018				2019				2020 up to the End of the 1 st Quarter			
Item	Name	Amount	Annual Net Sales Percentage (%)	Relationship With the Issuer	Name	Amount	Annual Net Sales Percentage (%)	Relationship With the Issuer	Name	Amount	Net Sales Percentage up to the First Quarter of the Current Year (%)	Relationship With the Issuer
1	UNID CO., LTD.	339,872	10.61	None	UNID CO., LTD.	113,265	4.04	None	UNID CO., LTD.	16,303	2.84	None
2	ZBOM HOME COLLECTION CO., LTD	80,559	2.51	None	ZBOM HOME COLLECTION CO., LTD	292,807	10.43	None	ZBOM HOME COLLECTION CO., LTD	43,868	7.63	None
	Others	2,783,419	86.88		Others	2,400,782	85.53		Others	514,397	89.53	
	Net Sales Amount	3,203,850	100.00		Net Sales Amount	2,806,854	100.00		Net Sales Amount	574,568	100.00	

There are no apparent changes in the major sales customers of the Company in the most recent two years.

(5) Production Quantity Table for the Most Recent Two Years:

Unit: Cubic Meters; Unit: In Thousands of New Taiwan Dollars

Year	2018			2019		
Production Main Products	Production Capacity	Production Quantity	Production Amount	Production Capacity	Production Quantity	Production Amount
PB	735,000	687,847	2,569,966	735,000	672,536	2,579,142
Solidwood Boards	47,000	29,126	463,232	47,000	19,891	288,659
TOTAL	782,000	716,973	3,033,198	782,000	692,427	2,867,801

There are no apparent changes in the quantity, capacity and amount of production for the two most recent fiscal years.

(6) Sales Quantity Table for the Most Recent Two Years:

Unit: Cubic Meters; In Thousand New Taiwan Dollars

Year	2018				2019			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
Sales Main Products	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
PB	2,391	10,199	684,259	2,634,350	8,474	37,784	652,974	2,436,561
Solidwood Boards	3,792	36,755	26,209	522,546	3,756	57,753	15,639	274,756
TOTAL	6,183	46,954	710,468	3,156,896	12,230	95,537	668,613	2,711,317

There are no apparent changes in the quantity and amount of units sold for the two most recent fiscal years.

3. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)

Unit: Person; %

Year		2018	2019	2020 up to March 31
Number of Employees	Managerial Officer	5	4	4
	Management Level Personnel	39	43	42
	General Employees	135	124	124
	Production Line Employees	707	814	812
	Total	886	985	982
Average Age		33.90	33.90	34.37
Average Service Years		3.62	3.62	3.72
Educational Level Distribution Percentage	PhD	0.23	0.20	0.20
	Master's Degree	2.37	2.54	2.55
	Bachelor's Degree	41.75	42.39	40.94
	Senior High School	10.05	9.13	8.86
	Below Senior High School	45.60	45.74	47.45

4. Disbursements for environmental protection

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

For the most recent year and up to the printing date of the Annual Report, the Company is not subject to any major loss or penalty due to environmental pollution. The Company continues to improve on environmental protection issues, and recover environmental wood powder and waste gas for recycling and reuse. In addition, the Company also enhances energy factory and drying equipment insulation, and uses degraded boards of PB as packaging materials. Such degraded boards can also be recovered as production raw materials. The above technique is able to effectively reduce the waste of resources. In July 2011, the Company received the Environmental Good Governance Award issued by the Ministry of Industry in Thailand. The Company continues to optimize waste water sludge removal and waste gas filtering system. Consequently, in May 2018, the Company activated the wet electrostatic precipitating system from Europe that is ahead of the regulatory requirements specified in the laws and regulations of Southeast Asia and Thailand. In addition to the satisfaction of the environmental protection standards, the Company is able to achieve an effective control effect on PM 2.5 particles in the air, SO₃ acid fog, organic pollutants, heavy metal pollutants, etc., in order to create a green economy with sustainable co-existence with the environment. Except for regular environmental protection expenditures, in the future, it is expected that there will be no major capital expenses necessary for environmental protection.

5. Labor Relations

- (1) The Company's Employee Welfare Measures, Continued Education, Training, Retirement System, and Implementation Thereof, and Labor Management Agreement and Various Employee Benefit Protection Measures Status

A. Employee Welfare Measures

- (a) Facilities and Services: The plant area provides a convenient employee cafeteria, medical room, employee dormitory, house rental subsidy, and transportation assistance for commute. In addition, the facility includes a fitness room and karaoke room in order to allow employees to relax, exercise, and maintain physical and mental health.
- (b) Caring: The Company arranges free annual physical examinations periodically and birth, injury, and hospitalization subsidies and marriage/funeral compensation, and employee loan.
- (c) Welfare and Bonus: Year-end bonus, incentives and performance bonuses, travel subsidy, lunch meal subsidy, birthday gift, employee uniform, personal safety

protection equipment, convention of various types of sports and skills competition irregularly, year-end party, family day, traditional religious activities, afternoon tea gathering, arts and cultural events, free vehicle parking lot.

- (d) Place for Exercise: The Company provides a place for employees and relatives to exercise in order to perform various types of sports and contests, such as: sepak takraw, soccer, badminton, etc. in order to simulate team spirit and promote personal health.
- (e) Insurance System: The Company provides local social medical care in Thailand, and further provides employee group accident insurance, medical insurance, and travel safety insurance welfare measures in order to allow employees to have complete living medical care and safety securement.

B. Employee Continuing Education and Training Method:

The growth of a company is closely related to the development of employees, and employees are the most valuable resource of the Company. The Company is devoted to creating a continuous and content-rich learning environment, and to integrate internal and external resources, in order to cultivate and improve employees' abilities and to allow employees to grow together with the Company.

According to nature and the requirements of personal work, performance evaluation results, and career development needs, the Company provides comprehensive learning channels and development resources, including new employees' orientation, on-job training, class training, external training, work guidance, and work rotations, etc.

The Company systematically provides a series of general knowledge, professional, and management training courses for employees of different job positions, and the Company not only invites external experts to provide courses, but also cultivates internal instructors in order to pass on internal important knowledge and skills of the Company.

The training courses provided by the Company include:

- (a) New Employee Orientation: Including basic training and on-board guidance. In addition, supervisors of new employees can also assist new employees to adapt to the Company's culture and work content swiftly.
- (b) General Knowledge Educational Training: Including Thailand local government laws and regulations, Company policy requirements, and the Company's overall or general knowledge of all levels of training activities, such as industrial safety training courses, safety and health training courses, quality training courses, plant site emergency responsive training courses, Thai and Burmese, etc. language training, and personal performance management courses, such as time management, interpersonal relationships, team cooperation courses, etc.
- (c) Professional/Occupational Training: Including various skill and professional trainings necessary for each job function unit, such as equipment engineering

courses, financial and accounting courses, information technologies, tax law in Thailand and labor law in Thailand courses, etc.

- (d) Supervisor Training: According to the management skills and management job function requirements of each level of supervisors, plan and manage development training activities. The content includes: preliminary supervisor core courses, middle level supervisor core courses, senior level supervisor core courses, and other elective courses.
- (e) Direct Personnel Training: Knowledge, skills, and attitude necessary for technicians at work in order to allow them to qualify for certificates for operating equipment. The content includes direct personnel skill training courses, online actual operation training courses, etc.

In addition to internal educational training, the Company also subsidizes employees participating in external short-term seminar courses and long-term degree and credit courses, in order to further encourage employees to improve job professional skills in light of long-term planning and dedication in service of the Company.

In 2019, there were a total of 35 educational training courses organized internally by the Company, the total number of course hours was 395 hours, and the number of trainees reached 582 employees. There were a total of 80 external educational courses for employees assigned for participation, the total number of course hours was 576 hours, and the number of trainees reached 114 employees. The training expense total was approximately THB 600 thousand.

C. Retirement System and its implementation

The Company provides defined benefit retirement welfare to employees by following Section 118, Chapter 11 of the Thai Labor Protection Act. Employees who are qualified to criteria of retirement could get reasonable retirement fund with correspondent service years and salary level. Related liabilities have been recognized in financial reports according to the actuarial report issued by a qualified actuary.

D. Labor Management Agreement and Various Employee Benefit Protection Measures Status

The Company values two-way communication and is committed to providing open and transparent communication channels between supervisors and employees as well as between employees. To listen to the opinions and voices from employees, the Company establishes labor management negotiation meetings in order to provide one-way and two-way windows for employees and supervisors as well as managers to communicate. The Company also organizes monthly meetings and promotes Company policy in order to allow employees to directly reflect all issues, thereby establishing a fair and effective communication mechanism to understand employees' thoughts and to set up dedicated personnel to handle the issues fed back by employees. In a timely manner, in order to achieve labor management harmony to jointly reach the win-win goal for the enterprise and employees. The Company sets up dedicated personnel to manage various rules, system regulations, and employee reward and punishment codes in order to allow

employees to clearly understand their own rights, obligations, and welfare items. In addition, through periodic timely review, relevant regulation content is revised in order to protect the rights and benefits of employees.

- (2) For most recent year and up to the printing date of the Annual Report, losses due to labor-management disputes, estimated current and possible future losses and countermeasures. If it cannot be reasonably estimated, explanation of facts for such failure of reasonable estimation shall be described: None.

6. Important Contracts

Contract Type	Involved Parties	Contract Starting and End Date	Major Content	Restrictions
Equipment Purchase and Installation Contract	Fujian Industrial Equipment Installation Co., Ltd. and GPT	2018/09/25-	Electromechanical of Fabrication	None
Equipment Purchase and Installation Contract	Siempelkamp and GPT	2017/11/28-	Core Package	None
Equipment Purchase and Installation Contract	Buttner and GPT	2017/11/28-	Energy Plant & Dryer	None
Equipment Purchase and Installation Contract	Pallmann and GPT	2017/11/28-	Flakers	None
Equipment Purchase and Installation Contract	CMC Texpan and GPT	2017/11/28-	Screens and Glue System	None
Equipment Purchase and Installation Contract	Anthon and GPT	2017/12/20-	Sanding Line & Saw Plant	None
Equipment Purchase and Installation Contract	CMC Texpan and GPT	2018/02/01-	SL & CL Shifter	None
Financing Contract	T BANK and GP	2015/08/14-2020/06/30	Loan Agreement	None
Financing Contract	TMB and TDIC	2027/08/21-2020/08/21	Loan Agreement	None

7. Employee Working Environment and Personnel Safety Protection Measures

Type	Item	Description
Employee Safety	Access management	Install CCTV system to maintain the office safeness and Entrust a qualified security company to perform access control management and security maintenance operation 24-hour.
	Factory Safety Management	1. According to the work regulations, implement and execute facility site electricity, elevator, machine unit, fire prevention, water tower, and water dispenser etc. equipment periodic maintenance and care plan in order to maintain personnel safety. 2. Entrust the local health office to perform plant site cleaning and disinfection operations every year. 3. Depends on the cumulative mileage, perform maintenance and care to company cars periodically.
	Disaster Prevention and countermeasures	1. Entrust a qualified professional institution to handle fire prevention and escape training, and disaster prevention and countermeasures practical drills once a year. 2. Prepare employment safety equipment (safety helmets, safety boots, masks, gloves, reflective vest...).

Type	Item	Description
Employee Insurance	Social Insurance	1. Apply for labor insurance according to the law and the insurance enrollment range table requirements. 2. Apply for social insurance for expatriates according to the local laws.
	Group Insurance	Apply for accident insurance and accident medical insurance for employees.
	Travel Safety Insurance	Additionally, apply for travel safety insurance (including flight safety insurance) for employees assigned for business trips in order to guarantee the protection of personal safety during the business trip period.
Physical and Mental Health	Health Examination	Entrust qualified medical hospitals and clinics to perform periodic health examinations annually, and request the Health Bureau/Office to assign personnel to provide supervision in order to maintain the health examination quality.
	Medical Care	Integrate local hospital resources, and establish a medical office on the plant site.
	Educational Training	Organize courses of pressure (emotion) management, communication skill, and creative thinking, etc., hold lectures of mental accommodation and Knowledge Enhancement ; and occupational injury prevention courses, etc.
	Others	1. The entire office area is a non-smoking area, and smoking areas are additionally set up. 2. Entrust the health office to perform general first-aid training once a year. 3. Set up an employee cafeteria and entrust the local hospital to perform periodic inspection on the dietary hygiene. 4. Organize various types of sports contests irregularly.

VI. Financial Information

1. Five-Year Financial Summary

(1) Condensed Balance Sheet and Comprehensive Income Statement

A. Condensed Balance Sheet

Unit: In Thousands of New Taiwan Dollars

Unit: In Thousands of New Taiwan Dollars

Item \ Year		Financial Information for the Latest 5 Years					2020 up to March 31 Financial Information
		2015	2016	2017	2018	2019	
Current Assets		711,934	1,069,107	4,085,837	2,599,431	1,291,469	932,184
Property, Plants, and Equipment		3,374,540	3,846,941	4,421,886	5,497,358	7,104,111	6,854,326
Right-of-use assets		—	—	—	—	3,539	3,034
Intangible Assets		7,393	12,479	46,761	47,691	46,117	41,529
Other Assets		66,345	74,580	115,722	150,891	178,509	178,811
Total Assets		4,160,212	5,003,107	8,670,206	8,295,371	8,623,745	8,009,884
Current Liabilities	Before Distribution	684,642	1,426,020	1,239,772	1,102,730	1,388,726	1,337,831
	After Distribution	847,508	1,655,513	1,553,807	1,249,651	Note 2	Note 2
Nom- Current Liabilities		1,358,743	1,102,839	4,441,003	4,522,048	4,639,098	4,719,714
Total Liabilities	Before Distribution	2,043,385	2,528,859	5,680,775	5,624,778	6,027,824	6,057,545
	After Distribution	2,206,251	2,758,352	5,994,810	5,771,699	Note 2	Note 2
Total equity attributable to owners of parent		2,133,387	2,494,643	2,998,301	2,674,996	2,601,636	1,960,297
Common stock		740,300	740,300	747,703	747,703	737,703	737,703
Capital reserve		950,159	950,159	950,159	950,159	937,451	937,451
Retained Earnings	Before Distribution	547,398	915,344	1,385,981	968,946	430,546	391,320
	After Distribution	384,532	678,448	1,071,946	822,025	Note 2	Note 2
Other Equity		(104,470)	(111,160)	(85,542)	106,635	541,132	(60,981)
Treasury Shares		—	—	—	(98,447)	(45,196)	(45,196)
Non-controlling Interest		(16,560)	(20,395)	(8,870)	(4,403)	(5,715)	(7,958)
Total Equity	Before Distribution	2,116,827	2,474,248	2,989,431	2,670,593	2,595,921	1,952,339
	After Distribution	1,953,961	2,244,755	2,675,396	2,523,672	Note 2	Note 2

Note 1: The financial information from 2015 to 2019 has been audited and certified by the independent auditors; the financial information for 2020 up to the March 31 has been audited by the independent auditors.

Note 2: The annual earnings distribution proposal has not been approved through resolution of the Shareholders' Meeting.

B. Condensed Comprehensive Income Statement

Unit: In Thousands of New Taiwan Dollars

Item \ Year	Financial Information for the Latest 5 Years					2020 up to March 31 Financial Information
	2015	2016	2017	2018	2019	
Operating Revenues	1,948,142	2,831,077	3,460,890	3,203,850	2,806,854	574,568
Gross Profit	578,660	1,010,636	1,014,164	404,352	176,614	32,121
Net Operating Profit (Loss)	295,569	633,638	592,415	(114,513)	(267,854)	(71,970)
Non-operating Income and Expense	(20,776)	(42,881)	157,340	36,008	(64,940)	28,833
Profit (Loss) Before Taxes	274,793	590,757	749,755	(78,505)	(332,794)	(43,137)
Profit (loss) from continuing operations	269,804	523,665	706,946	(96,148)	(319,339)	(42,059)
Profit (loss) from discontinued operations	—	—	—	—	—	—
Net Income (Loss)	269,804	523,665	706,946	(96,148)	(319,339)	(42,059)
Other Comprehensive Income (Loss), Net of Taxes	(110,932)	(19,039)	24,039	189,792	429,824	(601,523)
Total Comprehensive Income	158,872	504,626	730,985	93,644	110,485	(643,582)
Net Income Attributed to Owners of Parent	285,590	527,871	708,993	(100,939)	(306,643)	(39,226)
Net Income Attributable to Non-controlling Interests	(15,786)	(4,206)	(2,047)	4,791	(12,696)	(2,833)
Compressive Income Attributable to Owners of Parent	174,456	508,461	733,151	89,177	123,915	(641,339)
Compressive Income Attributable to Non-controlling Interest	(15,584)	(3,835)	(2,166)	4,467	(13,430)	(2,243)
Earnings(Deficits) per Share (NTS) (Note 1)	4.20	7.07	9.48	(1.35)	(4.18)	(0.54)

Note 1: Basic earnings (deficits) per share attributable to owner of the parent.

Note 2: The financial information from 2015 to 2019 has been audited and certified by the independent auditors; the financial information for 2020 up to the March 31 has been audited by the independent auditors.

(2) Names of Independent Auditors and Audit Opinions for the Last Five Years

Year	CPA	CPA Firm	Audit Opinion
2015	CPA, Kuang, Chun-Hsiu	KPMG	Unqualified Opinion
2016	CPA, Lu, Lily		
2017	CPA, Kuang, Chun-Hsiu CPA, Chang Chun-I		
2018	CPA, Chao, Min-Ju		
2019	CPA, Chang Chun-I		

2. Financial Analysis for the Last Five Years

(1) Financial Analysis

Analysis Item		Financial Analysis for the Last Five Years					2020 up to March 31 Financial Information
		2015	2016	2017	2018	2019	
Financial Structure (%)	Debt Ratio	49.12	50.55	65.52	67.81	69.90	75.63
	Ratio of Long-Term Capital to Property, Plants, and Equipment	102.99	92.99	168.04	130.84	101.84	97.34
Solvency (%)	Current Ratio	103.99	74.97	329.56	235.73	93.00	69.68
	Quick Ratio	84.71	62.99	307.67	216.15	75.57	49.57
	Interest Earned Ratio (Times)	1019.72	1064.20	1084.67	(105.10)	(801.39)	(567.65)
Operating Performance	Accounts Receivable Turnover (Times)	20.45	23.46	22.51	20.98	19.31	16.92
	Average Collection Period	18	16	16	17	19	22
	Inventory Turnover (Times)	15.17	14.53	12.69	13.06	13.06	9.47
	Accounts Payable Turnover (Times)	17.78	15.94	15.68	18.57	19.58	13.87
	Average Days in Sales	24	25	29	28	28	39
	Property, Plants, and Equipment Turnover (Times)	0.75	0.78	0.84	0.65	0.45	0.33
	Total Asset Turnover (Times)	0.54	0.62	0.51	0.38	0.33	0.28
Profitability	Return of Total Assets (%)	8.08	12.50	11.23	(0.77)	(3.43)	(1.77)
	Return of Shareholders' Equity (%)	14.31	22.81	25.88	(3.40)	(12.13)	(7.40)
	Pre-tax Income to Paid-in Capital (%)	37.12	79.80	100.27	(10.50)	(45.11)	(23.39)
	Profit Ratio (%)	13.85	18.50	20.43	(3.00)	(11.38)	(7.32)
	Earnings per Share (EPS) (NT\$)	4.20	7.14	9.48	(1.35)	(4.18)	(0.54)
Cash Flow	Cash Flow Ratio (%)	54.28	52.45	44.47	9.68	(11.31)	10.08
	Cash Flow Adequacy Ratio (%)	53.34	63.88	65.14	45.81	25.63	26.74
	Cash Reinvestment Ratio (%)	5.86	13.57	12.90	Note	Note	1.67
Leverage	Operating Leverage	1.33	1.26	1.34	Note	0.04	0.11
	Financial Leverage	1.11	1.11	1.15	0.75	0.88	0.99

Explanations for the Variations of Financial Ratios for the Last Two Years: (increase/decrease changes reaching 20%):

- Ratio of long-term capital to Property, Plants, and Equipment, current ratio, and quick ratio were decreased, which was mainly due to the construction of the GP III plant with the purchase of land and expansion of the plant as well as the purchase of equipment, such that the cash and cash equivalents were reduced, along with the increase of the Property, plants, and equipment as well as advance payment for equipment.
- Interest earned ratio, return on total assets, return on shareholders' equity, pre-tax income to paid-in capital, profit ratio, earnings per share, and operating leverage were increased, which as mainly due to the sales price of the single region of Southeast Asia affecting the decrease of sales revenue and the increase of market raw material cost. In addition, in the 4th quarter 2018, the energy plant fire accident of GP I caused suspension of operation and repairmen until January 2019, such that there was a loss in 2018 and 2019. Moreover, compared to last year, the increase of loss and Net cash flows from operating activities was decreased which mainly due to the impact of exchange rate fluctuation in the first three quarter 2019.
- Property, plants, and equipment turnover, cash flow ratio, and cash flow adequacy ratio, were decreased, which as mainly due to the sales price of the single region of Southeast Asia affects the decrease of sales revenue and the increase of market raw material cost. In addition, in the 4th quarter 2018, the energy plant fire accident of GP I caused suspension of operation and repairmen until January 2019, such that there was a loss in 2018 and 2019. Furthermore, due to the construction of the GP III Plant with the purchase of land and expansion of facility as well as purchase of equipment, the Property, plants, and equipment as well as the advance payment for equipment were increased.

Note: Since the value is negative, it is not applicable.

Note 1: Calculation formulas as follows:

1. Financial Structure

- (1) Debt to total assets ratio = Total debt/Total assets.
- (2) Ratio of long-term capital to Property, plants, and equipment = (Total equity + Non-current liabilities)/Net worth of Property, plants, and equipment.

2. Debt Servicing Capability

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Pre-payment)/ Current liabilities.
- (3) Interest earned ratio = Profit before income tax and interest expense/Interest expense.

3. Operating Performance

- (1) Accounts receivable (including receivable amounts and receivable bills from operation) turnover = Net sales/Average accounts receivable in each period (including receivable amounts and receivable bills from operation) balance.
- (2) Average collection period = 365/Accounts receivable turnover.
- (3) Inventory turnover = Sales cost/Average inventory amount.
- (4) Accounts payable (including payable amounts and payable bills from operation) turnover = Sales cost/Average accounts payable in each period (including payable amounts and payable bills from operation) balance.
- (5) Average days in sales = 365/Inventory turnover.
- (6) Property, plants, and equipment turnover = Net sales/Average net worth of Property, plants, and equipment.
- (7) Total assets turnover = Net sales/Average total assets.

4. Profitability

- (1) Return on assets = [Earnings after tax + Interest expenses \times (1 - Interest rate)]/Average total assets.
- (2) Return on shareholders' equity = Earnings (loss) after taxes/Average total equity.
- (3) Profit ratio = Earnings (loss) after taxes/Net sales.
- (4) Earning per share = (Earnings of parent company owner - Preference dividends)/Weighted average number of shares outstanding.

5. Cash Flow

- (1) Cash flow adequacy ratio = Net cash flow from operating activities/Current liabilities
- (2) Net cash flow adequacy ratio = Net cash flows from operating activities in the last five years/(Capital expenditure + Inventory increase + Cash dividends) in the last five years.
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends)/(Gross Property, plant and equipment + Long-term investments + Other non-current assets + Working capital).

6. Leverage:

- (1) Operating leverage = (Net sales - Variable cost)/Income from operations.
- (2) Financial leverage = Income from operations/(Income from operations - Interest expense).

3. Audit Committee's Review Report for the Most Recent Year's Financial Statements

GREEN RIVER HOLDING CO. LTD.

綠河股份有限公司

Audit Committee's Review Report

The Board of Directors prepares and submits the 2019 Business Report, Consolidated Financial Statements, and Profits Distribution Proposal, where the Consolidated Financial Statements are audited by KPMG's CPA Chao, Min-Ju and CPA Chang, Chun-I, entrusted by the Company, and the Audit Report is issued. The aforementioned Business Report, Consolidated Financial Statements, and Profits Distribution Proposal have been reviewed by the Audit Committee, considering it to be in conformity. Accordingly, the Report is prepared as disclosed above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Submitted to

The Company's 2020 Annual Meeting of Shareholders

Green River Holding Co. Ltd

Audit Committee Convener: Pai, Pei-Lin

March 19, 2020

4. 2019 Consolidated Financial Statements With Independent Auditors' Report

Independent Auditors' Report

To the Board of Directors of Green River Holding Co. Ltd.:

Opinion

We have audited the consolidated financial statements of Green River Holding Co. Ltd. (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China ("FSC").

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Green River Holding Co. Ltd. and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this account report are as follows:

Revenue recognition

Please refer to note 4(m) "Revenue" for accounting policy related to revenue recognition, and note 6(q) for the information refer to revenue of the consolidated financial statements.

Description of key audit matter:

Revenue is the key performance indicator for the management to evaluate the performance of the finance and operation of the Group and draws high attention from the public. Therefore, revenue recognition was considered to be one of the key matters in our audit.

How the matters was addressed in our audit:

- Assessing and testing the design, and the effectiveness of the internal control operation on revenue recognition.
- Performing trend analysis on operating income of the current period and of the last period, as well as the latest quarter from each top ten customer to assess the occurrence of any significant exceptions, and further identify and analyze the reasons if there is any significant variation.
- Performing test-of-detail on sales to assess the assertions of existence and accuracy, as well as the appropriateness of recognition.
- Performing sales cut-off test of a period before and after the financial position date by vouching relevant documents of sales transactions to determine whether the revenue have been appropriately recognized.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chao Min-Ju and Chang Chun-I.

KPMG

Taipei, Taiwan (Republic of China)

March 19, 2020

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 609,747	7	1,629,156	20	2100	Short-term loans (notes 6(d), (g), (h), (y), 7 and 8)	\$ 993,049	12	797,520	10
1170	Trade receivables, net (notes 6(b) and (q))	148,908	2	141,877	2	2130	Current contract liabilities (note 6(q))	21,985	-	15,348	-
1200	Other receivables (note 6(d))	82,617	1	65,529	1	2170	Trade payables	140,812	2	127,793	2
130x	Inventories (notes 6(c))	210,643	2	192,099	2	2200	Other payables	203,659	2	135,619	2
1470	Other current assets (notes 6(d), (g), (h), (j), and 8)	239,554	3	570,770	7	2322	Current portion of long-term loans (notes 6(d), (i), (y), 7 and 8)	7,573	-	14,298	-
	Total current assets	1,291,469	15	2,599,431	32	2399	Other current liabilities (notes 6(e), (k), (y), 7 and 8)	21,648	-	12,152	-
15xx	Non-current assets:						Total current liabilities	1,388,726	16	1,102,730	14
1600	Property, plant and equipment (notes 6(d), (e), (f), (h), (i), (j), 7, 8 and 9)	7,104,111	82	5,497,358	66	25xx	Non-Current liabilities:				
1755	Right-of-use assets (notes 6(d), (e) and 8)	3,539	-	-	-	2530	Bonds payable (notes 6(d), (g), (j), (y), 7 and 8)	4,486,326	52	4,473,635	54
1780	Intangible assets (notes 6(d) and (f))	46,117	1	47,691	1	2540	Long-term loans (notes 6(d), (i), (y), 7 and 8)	82,723	1	7,149	-
1840	Deferred tax assets (note 6(m))	65,268	1	21,812	-	2570	Deferred tax liabilities (note 6(m))	26,000	-	11,473	-
1915	Prepayments for equipment	673	-	16,673	-	2640	Net defined benefit plan liabilities (note 6(l))	41,642	1	28,838	-
1990	Other non-current assets (notes 6(g), (j) and 8)	112,568	1	112,406	1	2670	Other non-current liabilities (notes 6(e), (k), (y), 7 and 8)	2,407	-	953	-
	Total non-current assets	7,332,276	85	5,695,940	68		Total non-current liabilities	4,639,098	54	4,522,048	54
							Total liabilities	6,027,824	70	5,624,778	68
						2xxx	Equity attributable to owners of parent (notes 6(l), (n) and (o)):				
						31xx	Common stock	737,703	9	747,703	9
						3110	Capital reserve	937,451	11	950,159	11
						3200	Retained earnings:				
						33xx	Legal reserve	44,957	-	44,957	1
						3310	Special reserve	-	-	85,542	1
						3320	Unappropriated retained earnings	385,589	4	838,447	10
						3350		430,546	4	968,946	12
							Other equity:				
						34xx	Exchange differences on translation of foreign financial statements	541,132	6	106,635	1
						3410	Treasury shares	(45,196)	-	(98,447)	(1)
						3500	Total equity attributable to owners of parent:	2,601,636	30	2,674,996	32
							Non-controlling interests	(5,715)	-	(4,403)	-
						36xx	Total equity	2,595,921	30	2,670,593	32
1xxx	Total assets	\$ 8,623,745	100	8,295,371	100	2-3xxx	Total liabilities and equity	\$ 8,623,745	100	8,295,371	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenues (notes 6(q))	\$ 2,806,854	100	3,203,850	100
5000	Operating costs (notes 6(c), (d), (f) and (k))	2,630,240	94	2,799,498	87
5900	Gross profit from operations	176,614	6	404,352	13
6000	Operating expenses (notes 6(d), (e), (f), (k), (l), (r) and 7):				
6100	Selling expenses	252,535	9	344,562	11
6200	Administrative expenses	191,933	6	174,303	5
	Total operating expenses	444,468	15	518,865	16
6900	Net operating loss	(267,854)	(9)	(114,513)	(3)
7000	Non-operating income and expenses (income) (notes 6(d), (j), (k), (s), (t) and (u)):				
7010	Other income	42,194	2	59,899	2
7020	Other gains and losses	(31,912)	(1)	52,753	1
7050	Finance costs	(75,222)	(3)	(76,644)	(2)
	Total non-operating income and expenses	(64,940)	(2)	36,008	1
7900	Loss from continuing operations before tax	(332,794)	(11)	(78,505)	(2)
7951	Less: Income tax expenses (income) (note 6(k))	(13,455)	-	17,643	1
8200	Net loss	(319,339)	(11)	(96,148)	(3)
8300	Other comprehensive income (loss) (note 6(l)):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Losses on remeasurements of defined benefit plans	(4,295)	-	(2,120)	-
8349	Less: income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(4,295)	-	(2,120)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	434,119	15	191,912	6
8399	Less: income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	434,119	15	191,912	6
8300	Other comprehensive income (loss), net of tax	429,824	15	189,792	6
8500	Total comprehensive income	\$ 110,485	4	93,644	3
8600	Net income (loss) attributable to:				
8610	Owners of parent	\$ (306,643)	(11)	(100,939)	(3)
8620	Non-controlling interests	(12,696)	-	4,791	-
		\$ (319,339)	(11)	(96,148)	(3)
8700	Total comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ 123,915	4	89,177	3
8720	Non-controlling interests	(13,430)	-	4,467	-
		\$ 110,485	4	93,644	3
Deficits per share (Expressed in New Taiwan dollars) (note 6(p))					
9750	Basic deficits per share	\$ (4.18)		(1.35)	
9850	Diluted deficits per share	\$ (4.18)		(1.35)	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings						Exchange differences on translations	Equity			
	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Total	of foreign financial statements	Treasury shares	attributable to owner of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	\$ 747,703	950,159	44,957	111,160	1,229,864	1,385,981	(85,542)	-	2,998,301	(8,870)	2,989,431
Appropriation and distribution of retained earnings:											
Reversal special reserve	-	-	-	(25,618)	25,618	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(314,035)	(314,035)	-	-	(314,035)	-	(314,035)
Net income (loss) for the year	-	-	-	-	(100,939)	(100,939)	-	-	(100,939)	4,791	(96,148)
Other comprehensive income (loss) for the year	-	-	-	-	(2,061)	(2,061)	192,177	-	190,116	(324)	189,792
Total comprehensive income (loss) for the year	-	-	-	-	(103,000)	(103,000)	192,177	-	89,177	4,467	93,644
Increase in treasury share	-	-	-	-	-	-	-	(98,447)	(98,447)	-	(98,447)
Balance at December 31, 2018	747,703	950,159	44,957	85,542	838,447	968,946	106,635	(98,447)	2,674,996	(4,403)	2,670,593
Appropriation and distribution of retained earnings:											
Reversal special reserve	-	-	-	(85,542)	85,542	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(146,921)	(146,921)	-	-	(146,921)	-	(146,921)
Net loss for the year	-	-	-	-	(306,643)	(306,643)	-	-	(306,643)	(12,696)	(319,339)
Other comprehensive income (loss) for the year	-	-	-	-	(3,939)	(3,939)	434,497	-	430,558	(734)	429,824
Total comprehensive income (loss) for the year	-	-	-	-	(310,582)	(310,582)	434,497	-	123,915	(13,430)	110,485
Increase in treasury share	-	-	-	-	-	-	-	(50,354)	(50,354)	-	(50,354)
Decrease in treasury share	(10,000)	(12,708)	-	-	(80,897)	(80,897)	-	103,605	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	12,118	12,118
Balance at December 31, 2019	\$ 737,703	937,451	44,957	-	385,589	430,546	541,132	(45,196)	2,601,636	(5,715)	2,595,921

See accompanying notes to consolidated financial statements.

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Loss before income tax	\$ (332,794)	(78,505)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	251,381	220,764
Amortization expense	6,521	5,939
Net gain on financial liabilities at fair value through profit or loss	-	(761)
Interest expense	36,920	38,277
Interest income	(10,915)	(20,374)
Effect of exchange rate changes on bonds payable	(30,081)	35,122
Loss (gain) on disposal or scrap of property, plant and equipment	(10,366)	9,182
Items of property, plant and equipment changed to expense	-	426
Total adjustments to reconcile profit	<u>243,460</u>	<u>288,575</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Trade receivables	(7,031)	21,594
Other receivables	(28,467)	(35,260)
Inventories	(18,544)	44,496
Other current assets	(13,862)	(7,865)
Total net changes in operating assets	<u>(67,904)</u>	<u>22,965</u>
Net changes in operating liabilities:		
Contract liabilities	6,637	4,854
Trade payables	13,019	(45,923)
Other payables	32,511	(20,513)
Other current liabilities	8,067	3,056
Net defined benefit plan liabilities	6,698	4,362
Total net changes in operating liabilities	<u>66,932</u>	<u>(54,164)</u>
Net changes in operating assets and liabilities	<u>(972)</u>	<u>(31,199)</u>
Total adjustments	<u>242,488</u>	<u>257,376</u>
Cash generated from (used in) operations	(90,306)	178,871
Interest received	10,915	20,374
Interest paid	(62,872)	(56,507)
Income taxes paid	(14,855)	(35,991)
Net cash flows from (used in) operating activities	<u>(157,118)</u>	<u>106,747</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(1,374,388)	(1,071,349)
Proceeds from disposal of property, plant and equipment	253	44,053
Decrease in other receivables	6,688	-
Acquisition of intangible assets	(192)	(5,069)
Acquisition of right-of-use assets	(577)	-
Increase in other financial assets	(47,947)	(503,648)
Decrease in other financial assets	378,073	-
Increase in prepayments for equipment	(673)	(16,673)
Net cash flows used in investing activities	<u>(1,038,763)</u>	<u>(1,552,686)</u>
Cash flows from financing activities:		
Increase in short-term loans	695,874	5,765,361
Decrease in short-term loans	(520,416)	(5,864,829)
Decrease in other non-current liabilities	(228)	-
Proceeds from long-term loans	81,986	-
Repayments of long-term loans	(15,012)	(41,060)
Prepayment of lease principal	(1,409)	(915)
Cash dividends paid	(146,921)	(314,035)
Cost of increase in treasury stock	(50,354)	(98,447)
Change in non-controlling interests	12,118	-
Net cash flows from (used in) financing activities	<u>55,638</u>	<u>(553,925)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>120,834</u>	<u>37,971</u>
Net decrease in cash and cash equivalents	<u>(1,019,409)</u>	<u>(1,961,893)</u>
Cash and cash equivalents at beginning of year	<u>1,629,156</u>	<u>3,591,049</u>
Cash and cash equivalents at end of year	<u><u>\$ 609,747</u></u>	<u><u>1,629,156</u></u>

See accompanying notes to consolidated financial statements.

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Green River Holding Co. Ltd. (the "Company") was established in the Cayman Island on January 14, 2011. The establishment of the Company was completed through a group restructuring under which the Company acquired equity interests in Green River Panels (Thailand) Co., Ltd. ("GP") in December 2011 and the equity interests in Green River Wood & Lumber Manufacturing (Thailand) Co., Ltd. ("GRW") in February 2012 by way of share swap. On January 4, 2017 and February 20, 2017, the Company set up the subsidiaries named Happy Magic International Limited ("HM") and Green River Trang (Thailand) Co., Ltd. ("GPT"), respectively. On October 16, 2017, the Company acquired 85% shares of TDIC South Co., Ltd. ("TDIC") through HM.

GP, GRW, GPT and TDIC are incorporated under the laws of Thailand. The major business of GP and GPT are the manufacturing, processing, and selling particle board. The major business of GRW is the manufacturing and selling of lumber. The major business of TDIC is the manufacturing and selling of glue mainly used for particle board application. HM, incorporated under the laws of Samoa, primarily engaged in investment business.

(2) Approval date and procedures of the consolidated financial statements:

The board of directors of the Company authorized issuance of the consolidated financial statements on March 19, 2020.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRSs endorsed by the FSC which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Except for IFRS 16“Leases”, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 using the modified retrospective approach in measuring its right-of-use assets with lease liability, with no restatement of comparative information. The details of the changes in accounting policies are disclosed below,

(i) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(j).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(ii) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

- Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

(iii) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional \$5,900 thousands of right-of-use assets and \$2,265 thousands of lease liabilities, the difference in amount \$3,635 thousand was contracts of finance lease that were reclassified from property, plant and equipment to right-of-use asset. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.10%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	\$ 17,332
Recognition exemption for:	
short-term leases	(1,025)
Leases of low value assets	(14,014)
	<u>\$ 2,293</u>
Discounted using the incremental borrowing rate at January 1, 2019	\$ 2,265
Finance lease liabilities recognized as at December 31, 2018	<u>352</u>
Lease liabilities recognized at January 1, 2019	<u>\$ 2,617</u>

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

These significant accounting policies adopted in preparing the consolidated financial statements were summarized below. The following significant accounting policies have been applied consistently throughout all presented periods in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (the IFRSs endorsed by the FSC).

- (b) Basis of preparation

- (i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the net defined benefit assets, which are measured at fair value of plan assets less the present value of the defined benefit obligation, limited as explained in note 4(n).

- (ii) Functional and presentation currency

The functional currency of each individual entity of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidate financial statements comprise the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The comprehensive income from subsidiaries is allocated to the Company and its non-controlling interests, even if the non-controlling interests have a deficit balance.

Balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidate financial statements.

(ii) List of subsidiaries included in the consolidate financial statements

Name of investor	Name of subsidiary	Primary business	Percentage of ownership (%)		Remark
			December 31, 2019	December 31, 2018	
The Company	Green River Panels (Thailand) Co., Ltd. (GP)	Manufacturing, processing and selling particle board	100.00%	100.00%	
The Company	Green River Wood & Lumber Manufacturing (Thailand) Co., Ltd. (GRW)	Manufacturing and selling parawood	100.00%	100.00%	
The Company	Happy Magic International Limited (HM)	Investment activities	100.00%	100.00%	
The Company	Green River Panels Trang (Thailand) Co., Ltd. (GPT)	Manufacturing and selling particle board	100.00%	100.00%	
HM	TDIC South Co., Ltd. (TDIC)	Manufacturing and selling adhesive	85.00%	85.00%	
GRW	Green River Parawood Co., Ltd. (GRP)	Purchasing raw materials for parawood business and rendering sawmill services	48.39%	48.39%	(Note)
GRP	Thailand Nature Resource Co., Ltd. (TNR)	Manufacturing and selling parawood	100.00%	100.00%	(Note)

Note : Although the Company's ownership in GRP and TNR is less than 50%. The Company is able to dominate and govern the financial, operating and personnel policies of that investee and is deemed able to control the these investees.

All subsidiaries of the Company are included in the consolidated financial statements.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currency using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items dominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange difference are also generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average rate of the period. Exchange differences are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets not classified as current are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after at the end of the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities not classified as current are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after at the end of the reporting period even if refinancing or a revised repayment plan is arranged between the reporting date and the issuance date of the financial statements; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprise cash in hand, demand deposits and checking deposit. Cash equivalents refer to short term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments instead of investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the lifetime of the financial assets to the lifetime of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for the above stated objective. It is consistent with the Group's continuing recognition of the assets.

3) Assessment whether contractual cash flows are solely payments of principal and interest on the outstanding principal

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal amount during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

To assess whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In assessing, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivable, other receivable, guarantee deposit paid and other financial assets).

Loss allowances for cash and cash equivalents, other receivable, guarantee deposit paid and other financial assets are measured by 12-month ECL for which credit risk (i.e. the risk of default occurring over the expected lifetime of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that its credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected lifetime of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected lifetime of the instrument is less than 12 months).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Convertible bonds

The overseas convertible bonds issued by the Company give bondholders the right to convert bonds into a given number of equity instruments of the Company at a specific conversion price. However the number of shares of equity instrument of the Company to be converted is not fixed to fixed. The derivatives embedded in the convertible bonds are recognized initially at fair value in financial liabilities measured at fair value through profit or loss. The difference between the par value of the convertible bonds and the fair value of the derivatives is recognized in bonds payable.

Subsequent to initial recognition, the liability component of the convertible bonds is measured at amortized cost using the effective interest method. Convertible option is measured at fair value using Binomial Trees Model. Simulation and changes therein are recognized in profit or loss.

Transaction costs that are related to the issue of the convertible bonds are allocated to the liability component and the derivative component in proportion to their relative fair value. Transaction costs allocated to the derivative are recognized directly in profit or loss. Transaction costs allocated to the liability component are included in the initial carrying amount of the liability component and amortized using the effective interest method.

4) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

During the cancellation of treasury shares, “capital reserve — share premiums” and “share capital” should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Land improvement	5 to 20 years
Buildings	5 to 33 years
Machinery and equipment	2 to 33 years
Transportation equipment	5 to 8 years
Office equipment	3 to 10 years
Other equipment	3 to 33 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease — lessee

Applicable from January 1, 2019

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the Group has the right to direct the use of the asset throughout the period of use only if either:
 - the Group has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Applicable before January 1, 2019

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(k) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The intangible asset of the Group refers to computer software, which amortization of intangible assets is recognized in profit or loss on a straight-line basis over 3 to 20 years from the date when they are made available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment — non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss, and to reduce the carrying amounts of each assets in the CGU on a pro rata basis.

For assets other than Goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Recognition of Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional. Receipt of a prepayment from a customer is recognized as contract liability. Accumulated amount of contract liability is recognized as revenue when control over the products has been transferred to the customer.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of its transaction prices for the time value of money.

(n) Employee benefits

(i) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The weighted-average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings and capital reserve to common stock. The weighted-average outstanding shares are also retroactively adjusted when the effective date of stock dividends abovementioned is earlier than the releasing date of financial statements. The diluted earnings per share is calculated on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. Unvested restricted employee shares, convertible bonds, and employee compensation that could be settled in shares are potential ordinary shares.

(r) Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash	\$ 17,506	6,803
Demand deposits	591,351	1,591,276
Checking deposits	890	303
Time deposits	-	30,774
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 609,747</u>	<u>1,629,156</u>

Please refer to note 6(v) for interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Trade receivables

	December 31, 2019	December 31, 2018
Trade receivables	<u>\$ 148,908</u>	<u>141,877</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, including analysis of the customers' ability and willingness to repay the bills according to the terms and conditions of contracts on due, as well as incorporated forward looking information. The loss allowance for expected credit losses was determined as follows:

	December 31, 2019		
	Gross carrying amount	Expected credit during duration (%)	Loss allowance provision
T/T			
Not overdue	\$ 23,975	-	-
less than 180days past due	30,664	-	-
	<u>\$ 54,639</u>		<u>-</u>
Other trade method:			
Not overdue	<u>\$ 94,269</u>	-	<u>-</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2018		
	Gross carrying amount	Expected credit during duration (%)	Loss allowance provision
T/T			
Not overdue	\$ 36,713	-	-
less than 180days past due	29,569	-	-
	<u>\$ 66,282</u>		<u>-</u>
Other trade method:			
Not overdue	<u>\$ 75,595</u>	-	<u>-</u>

As March 19, 2020, all the receivables past due on December 31, 2019 were fully collected.

The Group changes in the loss allowance of trade receivable are as follows:

	2019	2018
Ending balance (as Beginning balance)	<u>\$ -</u>	<u>-</u>

Note: the beginning and ending balance in 2018 and 2019 were the same.

(c) Inventories

	December 31, 2019		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 57,509	1,548	55,961
Supplies and spare parts	9,587	752	8,835
Work in process	18,011	264	17,747
Finished goods	130,475	2,375	128,100
Total	<u>\$ 215,582</u>	<u>4,939</u>	<u>210,643</u>

	December 31, 2018		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 67,032	2,552	64,480
Supplies and spare parts	11,096	417	10,679
Work in process	11,636	201	11,435
Finished goods	106,488	983	105,505
Total	<u>\$ 196,252</u>	<u>4,153</u>	<u>192,099</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Details of other gains and losses arising from inventories recorded under operating costs were as follows:

	2019	2018
Cost of goods sold	2,608,997	2,779,551
Provision for devaluation and obsolescence of inventory	766	1,037
Unallocated production overheads	23,236	19,121
Revenue from sale of scrap	(2,759)	(1,359)
Loss on inventory obsolescence	-	1,148
Total	\$ 2,630,240	2,799,498

As of December 31, 2019 and 2018, no inventory items were pledged as collateral.

(d) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the year ended December 31, 2019 and 2018, were as follows:

	Land	Land improvement	Buildings	Machinery and equipment	Transportation equipment	Leased equipment	Office equipment	Other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:										
Balance at January 1, 2019	\$ 432,226	203,040	924,015	3,289,629	61,259	6,237	38,619	326,229	1,409,463	6,690,717
Additions	1,764	-	258	17,599	7	-	2,107	2	1,387,420	1,409,157
Disposals	-	-	-	(276)	(9,560)	-	(507)	-	-	(10,343)
Reclassification (note 1)	101,924	502	14,297	142,943	9,114	(6,237)	2,884	14,607	(160,646)	119,388
Effect of exchange rate changes	26,597	12,061	54,998	196,777	3,634	-	2,226	19,502	91,271	407,066
Balance at December 31, 2019	\$ 562,511	215,603	993,568	3,646,672	64,454	-	45,329	360,340	2,727,508	8,615,985
Balance at January 1, 2018	\$ 428,177	193,996	899,013	3,088,314	61,686	6,005	34,480	302,373	363,619	5,377,663
Additions	-	-	-	7,187	262	-	2,249	182	1,086,739	1,096,619
Disposals	(13,181)	(1,415)	(9,716)	(46,681)	(4,681)	-	(309)	(749)	-	(76,732)
Reclassification (note 2)	822	2,908	-	119,667	1,645	-	879	12,495	(69,671)	68,745
Effect of exchange rate changes	16,408	7,551	34,718	121,142	2,347	232	1,320	11,928	28,776	224,422
Balance at December 31, 2018	\$ 432,226	203,040	924,015	3,289,629	61,259	6,237	38,619	326,229	1,409,463	6,690,717
Accumulated depreciation										
Balance at January 1, 2019	\$ -	50,496	214,960	728,229	39,687	2,602	21,753	135,632	-	1,193,359
Depreciation	-	16,473	42,637	161,569	4,312	-	5,711	19,430	-	250,132
Disposals	-	-	-	(261)	(9,560)	-	(480)	-	-	(10,301)
Reclassification (note 1)	-	-	-	5,482	2,923	(2,602)	-	-	-	5,803
Effect of exchange rate changes	-	3,147	13,148	44,742	2,335	-	1,282	8,227	-	72,881
Balance at December 31, 2019	\$ -	70,116	270,745	939,761	39,697	-	28,266	163,289	-	1,511,874
Balance at January 1, 2018	\$ -	33,995	171,196	579,247	38,677	1,969	16,524	114,169	-	955,777
Depreciation	-	15,373	39,606	138,979	3,959	547	4,842	17,458	-	220,764
Disposals	-	(438)	(3,088)	(14,527)	(4,441)	-	(302)	(701)	-	(23,497)
Effect of exchange rate changes	-	1,566	7,246	24,530	1,492	86	689	4,706	-	40,315
Balance at December 31, 2018	\$ -	50,496	214,960	728,229	39,687	2,602	21,753	135,632	-	1,193,359
Carrying amount:										
Balance at December 31, 2019	\$ 562,511	145,487	722,823	2,706,911	24,757	-	17,063	197,051	2,727,508	7,104,111
Balance at December 31, 2018	\$ 432,226	152,544	709,055	2,561,400	21,572	3,635	16,866	190,597	1,409,463	5,497,358
Balance at January 1, 2018	\$ 428,177	160,001	727,817	2,509,067	23,009	4,036	17,956	188,204	363,619	4,421,886

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note1:1. Capitalization of interest-\$69,485.

2. Reclassification to intangible assets-\$1,963.

3. Reclassification from other current assets-\$13,873.

4. Reclassification from prepayments for equipment-\$16,673.

5. Reclassification from loss on disposal and scrap of property, plant and equipment-\$15,526.

6. Reclassification from right-of-use assets-\$3,626.

7. Reclassification to right-of use assets due to retrospectively application of new principles-\$3,635.

Note2:1. Capitalization of interest-\$60,672.

2. Reclassification to expense-\$426.

3. Reclassification from other current assets-\$8,499.

On November 24, 2018, a fire had occurred in the energy plant, Line 1 of GP, a subsidiary of the Group. As a result, the Group had recognized the loss on scrapping of the damaged machine in 2018. The difference, amounting to \$15,526, between the estimation and the actual result was treated as changes in accounting estimation, and the reversal amount was recorded under other gains and losses-loss on disposal of property, plant, and equipment in 2019. Meanwhile, the overestimate for compensation of property loss, amounting to \$5,371, was recorded under other gains and losses-loss on disposal of property, plant, and equipment in 2019. The compensation from business operation interruption for 2019 amounted to \$19,130 was recorded as other gains or losses- indemnity income. As of December 31, 2019 and 2018, the compensation to be collected was amounted to \$21,327 and \$27,976, respectively, and was recorded under other receivables.

TNR, the subsidiary of the Group, entered a sales agreement with a non-related party on May 16, 2018 to sell partial of its land, land improvement, and buildings, with the total cost to \$21,186, at the price of THB55,000 thousand. After deducting the related expenses incurred from its property, plant and equipment, the gain on disposal of the aforementioned assets was \$22,077, which was recorded as losses on disposal of property, plant and equipment under other gains and losses.

Please refer to note 8 for the disclosure of assets pledged as collateral for long-term and short-term loans, liabilities under finance lease, straight bonds and electricity guarantee as of December 31, 2019 and 2018.

(e) Right-of-use assets

The movement of the right-of-use assets in 2019 was as follows:

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2019	\$ -	-	-
Effects of retrospective application	2,265	6,237	8,502
Balance at January 1, 2019 after restatement	2,265	6,237	8,502
Additions	-	2,310	2,310
Reclassification to transportation equipment under Property, plant, and equipment	-	(6,549)	(6,549)
Effect of exchange rate changes	-	333	333
Balance at December 31, 2019	<u>\$ 2,265</u>	<u>2,331</u>	<u>4,596</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Accumulated depreciation:

Balance at January 1, 2019	\$	-	-	-
Effects of retrospective application		-	2,602	2,602
Balance at January 1, 2019 after restatement		-	2,602	2,602
Depreciation for the year		1,045	204	1,249
Reclassification to transportation equipment under Property, plant, and equipment		-	(2,923)	(2,923)
Effect of exchange rate changes		-	129	129
Balance at December 31, 2019	\$	1,045	12	1,057

Carrying amount:

Balance at December 31, 2019	\$	1,220	2,319	3,539
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The Group leases transportation equipment under the finance lease for the year ended December 31, 2018, please refer to note 6(d).

(f) Intangible assets

The cost and amortization of the intangible assets of the Group in the years ended December 31, 2019 and 2018, were as follows:

		Software
Costs:		
Balance at January 1, 2019	\$	59,568
Additions		192
Reclassification (note)		1,963
Effect of exchange rate changes		3,557
Balance at December 31, 2019	\$	65,280
Balance at January 1, 2018	\$	52,383
Additions		5,069
Effect of exchange rate changes		2,116
Balance at December 31, 2018	\$	59,568
Amortization and impairment loss:		
Balance at January 1, 2019	\$	11,877
Amortization		6,521
Effect of exchange rate changes		765
Balance at December 31, 2019	\$	19,163

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Balance at January 1, 2018	\$	5,622
Amortization		5,939
Effect of exchange rate changes		316
Balance at December 31, 2018	<u>\$</u>	<u>11,877</u>
Carrying amount:		
Balance at December 31, 2019	<u>\$</u>	<u>46,117</u>
Balance at December 31, 2018	<u>\$</u>	<u>47,691</u>
Balance at January 1, 2018	<u>\$</u>	<u>46,761</u>

Note 1: Reclassification from contraction in progress and testing equipment — \$1,963.

The amortization expenses were recognized in consolidated statements of comprehensive income, were as follows:

	2019	2018
Operating costs	<u>\$ 649</u>	<u>616</u>
Operating expenses	<u>\$ 5,872</u>	<u>5,323</u>

(g) Other current assets and non-current assets

	December 31, 2019	December 31, 2018
Restricted deposit and deposit out — current	\$ 174,460	505,665
Supplies	24,917	30,277
Prepayments expense	31,317	23,816
Other	8,860	11,012
Subtotal	<u>239,554</u>	<u>570,770</u>
Restricted deposit and deposit out non-current	<u>112,568</u>	<u>112,406</u>
	<u>\$ 352,122</u>	<u>683,176</u>

Please refer to note 8 for the disclosure of assets pledged as collateral for short-term loans, straight bonds, electricity guarantee and letters of credit as of December 31, 2019 and 2018.

(h) Short-term loans

	December 31, 2019	December 31, 2018
Unsecured loans	\$ 491,662	368,580
Secured loans	501,387	428,940
Total	<u>\$ 993,049</u>	<u>797,520</u>
Unused credit lines	<u>\$ 1,535,224</u>	<u>1,691,948</u>
Interest rate (%)	<u>1.98~3.60</u>	<u>1.78~3.70</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Please refer to note 8 for the disclosure of assets pledged as collateral for loans.

Please refer to note 6(v) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(i) Long-term loans

Details of conditions and payment terms of the Group's long-term loans were as follows:

December 31, 2019			
	Interest rate (%)	Year of maturity	Amount
Secured loans	4.65~4.8	2020~2027	\$ 90,296
Less: current portion			<u>7,573</u>
Total			<u>\$ 82,723</u>
Unused credit lines			<u>\$ 599,629</u>

December 31, 2018			
	Interest rate (%)	Year of maturity	Amount
Secured loans	4.65	2020	\$ 21,447
Less: current portion			<u>14,298</u>
Total			<u>\$ 7,149</u>
Unused credit lines			<u>\$ -</u>

(i) Loans proceeds and repayment

The Group proceeds \$81,986 and \$0 in 2019 and 2018, respectively. The due dates are on July 21, 2027 and June 30, 2020, respectively; the Group repaid \$15,012 and \$41,060 in 2019 and 2018, respectively. Please refer to note 6(u) for the information of interest expense.

(ii) Collateral for loans

Please refer to note 8 for the disclosure of assets pledged as collateral for loans.

(iii) Loan contract

TDIC, one of the subsidiaries of the Company, entered a bank loan agreement with TMB Bank Public Company Limited on August 21, 2019. The total credit of the loan agreements comprised long-term loans THB 675,730 thousand and short-term loans THB 510,000 thousand. During the agreement period, the Company commits to maintain the following financial ratios:

- 1) The debt-to-equity ratio for each year (total liabilities including intangible liabilities divided by total equity):
 - a) Year 2019 for not exceeding 3.5 times;
 - b) Year 2020 for not exceeding 6 times;

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- c) Year 2021 for not exceeding 6.5 times;
- d) Year 2022 for not exceeding 4.5 times;
- e) Year 2023 for not exceeding 3.5 times;
- f) Year 2024 for not exceeding 2.5 times;
- g) Year 2025 onward for not exceeding 2 times;
- 2) Debt service coverage ratio for not less than:
 - a) Year 2021 to year 2023 for at least 1.1 times; and
 - b) from year 2024 onward for at least 1.2 times.

As of December 31, 2019, TDIC was compliance with the above-mentioned financial covenants.

Please refer to 6(v) for the interest risk and sensitivity analysis of the financial assets and liabilities of the Group.

(j) Corporate bonds payables

- (i) The details of the Group's convertible bonds were as follow :

	December 31, 2019		December 31, 2018	
	USD (thousand)	NTD	USD (thousand)	NTD
2017 first overseas unsecured convertible corporate bonds:				
Issued amount	\$ 42,600	1,334,019	42,600	1,334,019
Less: unamortized discount on bonds payable	(2,672)	(83,673)	(3,894)	(121,951)
Effect of exchange rate changes	-	(53,304)	-	(23,223)
	<u>\$ 39,928</u>	<u>1,197,042</u>	<u>38,706</u>	<u>1,188,845</u>
2017 first domestic secured corporate bonds:				
Issued amount		\$ 3,300,000		3,300,000
Less: unamortized discount on bonds payable		(10,716)		(15,210)
		<u>3,289,284</u>		<u>3,284,790</u>
		<u>\$ 4,486,326</u>		<u>4,473,635</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Embedded derivatives call/ put option and conversion right (recorded as financial liabilities measured at fair value through profit or loss — non-current) are as follows:

	December 31, 2019		December 31, 2018	
	USD	NTD	USD	NTD
	(thousand)		(thousand)	
Initial recognized value	\$ 5,385	168,620	5,385	168,620
Gain on subsequent measurement at fair value	(5,385)	(168,620)	(5,385)	(168,620)
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2019	2018
Valuation gain on embedded derivatives — conversion right, call / put option (recorded under other gains or losses — valuation gain on financial liabilities, net)	<u>\$ -</u>	<u>761</u>
Interest expenses — convertible corporate bonds	\$ 38,278	37,106
Interest expenses — straight bonds	40,732	40,788
Total	<u>\$ 79,010</u>	<u>77,894</u>

Transaction costs of \$26,845 that relate to the issue of the aforementioned convertible bonds are allocated to the liability component and the derivatives component in proportion to their relative fair value, amounting to \$23,452 and \$3,393, respectively. Transaction costs allocated to the derivatives are recognized directly in profit or loss. Transaction costs allocated to the liability component are included in the initial carrying amount of the liability component and amortized using the effective interest method.

Transaction costs of \$22,482 that relate to the issue of the aforementioned straight bonds are amortized using the effective interest method.

(ii) Primary terms and conditions of issuing corporate bond payables are as follows:

1) First 2017 overseas unsecured convertible corporate bonds (the Bonds)

The issue of the first overseas unsecured convertible corporate bonds was approved by FSC with the approval document number Chin-Kuan-Cheng-Fa1050051022 on December 21, 2016. The issue date was January 25, 2017. The primary terms and conditions of the Bonds are as below.

- a) Principal amount: USD 42,600 thousand with the denomination of USD 200 thousand each
- b) Issue price: 100% of the principal amount of the Bonds
- c) Interest: 0%
- d) Duration: Five years. January 25, 2017 to January 25, 2022.
- e) Trustee: The Bank of New York Mellon

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- f) Redemption at maturity: Unless the Bonds have been previously converted, redeemed, repurchased and cancelled as herein provided, the Company shall redeem the Bonds by US dollars at a redemption price equal to a gross yield of 0.2% per annum for principal amount of Bonds on maturity date (101.004% of the outstanding principal amount thereof on 25 January 2022).

- g) Redemption at the Option of the Bondholders:

The Bonds may be redeemed prior to the maturity date only as provided in following conditions:

- i) In the event that the Shares of the Company cease to be listed or admitted for trading on the Taipei Exchange (the TPEx), each Bondholder shall have the right to require the Company to redeem such Bondholder's Bonds in whole, or in part, at their Early Redemption Amount. "Early Redemption Amount" of a Bond, for each U.S.\$200,000 principal amount of Bonds, is determined so that it represents for the holders of the Bonds a gross yield of 0.2% per annum, calculated on a semi-annual basis.
- ii) If a Change of Control as defined in the Green River Final Offering Circular (Offering Circular) occurs, each Bondholder shall have the right to require the Company to redeem such Bondholder's Bonds in whole or in part at their Early Redemption Amount.
- iii) In the event that the Bondholders exercise their aforementioned redemption rights on the options and the Company is required to redeem such Bondholder's Bonds, Redemption Procedures in Offering Circular shall be applied. The Company will redeem the Bond by cash on the date of payment as defined in Offering Circular.
- h) Redemption at the Option of the Company
- i) At any time on or after the day falling 12 months after the Issue Date and at least 40 days prior to the Maturity Date, the Company may redeem the Bonds in whole or in part at their Early Redemption Amount if the Closing Price of the Shares (translated into U.S. dollars at the Prevailing Rate) for 20 out of 30 consecutive Trading Days, is at least 130 % of the Conversion Price (translated into U.S. dollars at the Fixed Exchange Rate, USD 1 to NTD 31.514 based on the Taipei Forex Inc. Taiwan Dollar 11:00 Fixing rated on January 18, 2017).
- ii) Notwithstanding the foregoing, the Company may, at any time, redeem the Bonds in whole but not in part, at the Early Redemption Amount if more than 90 % of the principal amount of the Bonds have already been converted or redeemed, repurchased and cancelled.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- iii) The Company may redeem the Bonds in whole, but not in part, at their Early Redemption Amount if the Company has become obliged to pay Additional Amounts (as defined in Offering Circular) as a result of any change in, or amendment to, the laws or regulations of Cayman Islands or the ROC (or any other jurisdiction in which the Company is then organized or resident for tax purposes). For each holder of the Bonds who elects that all not to be redeemed, upon the exercise of the Non-Redemption Right, no Additional Amounts shall be payable on the payments due after the relevant date and, subject to certain conditions, such payments shall be made subject to deduction or withholding as required under applicable laws or regulations.

The bonds of the Company have not been redeemed in 2019 and 2018.

- i) Conversion to shares

- i) Conversion Period :

Unless previously converted, redeemed or repurchased and cancelled, the Bonds may be converted into fully paid ordinary shares of par value of NT\$10 each of the Company (the "Shares") at the option of the Bondholders at any time during the period from March 7, 2017 (41st calendar day after the issuance date) to January 15, 2022 (10th calendar day prior to Maturity date) except during any Closed Period under the ROC law.

- ii) Conversion Price

The conversion price will initially be \$218 dollars per share which are 110.66% of the closing price of the Shares on the TPEx on January 18, 2017. The Conversion Price of the Bonds will be adjusted in the circumstances and only to the extent provided in Offering Circular. The Conversion Price shall be subject to adjustment as formula in Offering Circular, each such adjustment, an "Antidilution Adjustment". The conversion price was adjusted to \$205.4 dollars per share since July 17, 2018 (the ex-dividend date) and \$201.1 dollars per share since July 28, 2019 (the ex-dividend date).

- iii) Number of Shares Issuable on Conversion

The number of Shares to be issued on conversion shall be the principal amount of the Bonds (translated into NT\$ at a fixed exchange rate of NT\$31.514 = U.S.\$1.00) divided by the Conversion Price. Fractions of Shares shall not be issued on conversion, and the Company shall, upon conversion of the Bonds, pay cash in U.S. dollars a sum equal to such portion of the principal amount of the Bonds deposited for conversion as corresponds to any fraction of a Share not issued as aforesaid, with U.S.\$0.50 being rounded upwards to U.S.\$1.00.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) First 2017 Domestic secured corporate bonds

The issuance of the first domestic secured corporate bonds was approved by TPEx with the approval document number Cheng-Kuei Chai 10600117641 on May 11, 2017. The issue date was May 18, 2017. The primary terms and conditions of the Straight Bonds are as below.

- a) Principal amount: \$3,300,000, with the denomination of \$1,000 thousand for each unit
- b) Issue price: 100% of the principal amount of the Straight Bonds
- c) Coupon rate: 1.10% per annum
- d) Duration: Five years. May 18, 2017 to May 18, 2022
- e) Trustee: CTBC Bank Co., Ltd
- f) Redemption at maturity: The Company shall redeem the Straight Bonds in the fifth years after the issuance date at par value.
- g) Interest paid: From the date of issuance of the convertible bond, the bond pays interest annually on a simple interest basis; interest is paid for every unit with the denomination of 1,000, rounded to the nearest dollar. If the date of interest payment on the Straight Bonds is not a business day for local banks, then the interest will be paid on the day successive to the original date without additional interest. If the interest is collected on a date later than the payment date, no additional interest will be paid to the debtors.

In addition, the Company has signed a joint guarantee agreement with four banks, including Bank of Taiwan, for the aforementioned Straight Bonds. The four banks jointly offer a guarantee for the repayments of the five-year secured corporate bonds. The total guarantee amount is \$3,336,300, including the principle, interests, and subordinated debts of the Straight Bonds. The guarantee duration covers five years from the issuance date of the Straight Bonds to the date of the principle and interest of the Straight Bonds are fully repaid. During the guarantee period, the Company shall be maintain the following financial ratios and agreements :

- a) Tangible net worth (net worth, net of intangible assets) of the Company shall not be less than \$1,500,000.
- b) The debt service coverage ratio (DSCR) [(income before tax+ amortization+ depreciation+ interest expense)/interest expense] of the Company shall not be less than 4 times
- c) Debt ratio (total liabilities (include contingent liabilities)/tangible net worth) of the Company shall not exceed 300% .

The above ratios base on the annual consolidated financial reports audited by certified public accountant.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of December 31, 2019, except for DSCR, the Company was in compliance with the above-mentioned financial covenants. The violation of DSCR obtained the waiver from the participating banks on March 19, 2020.

During the periods of the agreement, the Company shall pay an annual guarantee fee of \$38,367 to the four banks per year. The guarantee fee paid was amortized in the year and recognized as financial cost. In 2019 and 2018, the Company recognized \$38,302 and \$38,367, respectively. As of December 31, 2019 and 2018, unamortized prepaid expense was \$14,466 and \$14,400, respectively, recorded under other current asset.

Please refer to note 8 for the disclosure of assets pledged as collateral for loans.

(k) Lease liabilities

	December 31, 2019
Current	<u>\$ 1,348</u>
Non-current	<u>\$ 1,627</u>

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	<u>\$ 26</u>
Expenses relating to short-term leases	<u>\$ 15,669</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	2019
Total cash flows from operating activities	\$ 15,695
Total cash flows from investing activities	1,409
Total cash outflow for leases	<u>\$ 17,104</u>

(i) Real estate leases

As of December 31, 2019, the Group leases buildings for its office space. The leases of office space typically run for a period of 2 years.

(ii) Other leases

The Group leases vehicles, with lease terms of five years. The Group has options to purchase the assets at the end of the contract term.

(iii) The lease liabilities were classified as other current liabilities and other non-current liabilities on December 31, 2019 and 2018.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(l) Employee benefits — defined benefit plans

The reconciliation between the present value of the defined benefit obligations and the fair value of plan assets for the Group was as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefits obligations	\$ 41,642	28,838
Fair value of plan assets	-	-
Net defined benefit liabilities	<u><u>\$ 41,642</u></u>	<u><u>28,838</u></u>

(i) Movements in present value of the defined benefit obligation

The movements in present value of the defined benefit obligation for the Group were as follows:

	2019	2018
Defined benefit obligation at January 1	\$ 28,838	21,420
Current service costs and interest	4,950	4,362
Remeasurements of the net defined benefit liability (asset)		
— Actuarial gains and losses arising from changes in experience adjustments	(2,788)	2,771
— Actuarial gains and losses arising from changes in financial assumptions	7,083	(651)
Past service cost and the gains and losses on the settlement	1,968	-
Exchange differences on translation of foreign plans	1,811	936
Contributions paid by the employer	(220)	-
Defined benefit obligation at December 31	<u><u>\$ 41,642</u></u>	<u><u>28,838</u></u>

(ii) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group in 2019 and 2018 were as follows:

	2019	2018
Current service costs	\$ 4,025	3,723
Net interest on the net defined benefit liability	925	639
Past service cost and the gains and losses on the settlement	1,968	-
Administrative expenses	<u><u>\$ 6,918</u></u>	<u><u>4,362</u></u>

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iii) Remeasurements of the net defined benefit liability recognized under other comprehensive income

The Group's remeasurements of the net defined benefit liability recognized in other comprehensive income in 2019 and 2018 were as follows:

	2019	2018
Cumulative amount at January 1	\$ (6,221)	(4,101)
Recognized losses during the period	(4,295)	(2,120)
Cumulative amount at December 31	<u>\$ (10,516)</u>	<u>(6,221)</u>

- (iv) Actuarial assumptions

The principle actuarial assumptions used in calculating the present value of the defined benefit obligation as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Discount rate	1.86%	3.10%
Future salary increase rate	3.75%	3.75%

The Group does not expect to make any contributions to the defined benefit plans for the next annual reporting period.

The weighted-average duration of the defined benefit plans is 17 to 20 years.

- (v) Sensitivity analysis for actuarial assumption

When calculating the present value of the defined benefit obligation, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2019 and 2018, the effect of changes in the principle actuarial assumptions on the present value of the defined benefit obligation was as follows:

	Effect on defined benefit obligation	
	Increase of 0.25%	Decrease of 0.25%
At December 31, 2019		
Discount rate	(1,576)	1,660
Future salary fluctuation	1,624	(1,551)
At December 31, 2018		
Discount rate	(1,042)	1,097
Future salary fluctuation	1,087	(1,038)

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition or that other assumptions remain constant. However, in practice, changes in one assumption may have cross effect in other assumptions simultaneously. The method used for sensitivity analysis and calculation of net pension liability is the same in each year.

The methods and assumptions used for the sensitivity analysis are the same as for the prior period.

(m) Income taxes

- (i) The Company and HM, a subsidiary of the Company, were incorporated in the Cayman Islands, and Samoa, respectively, where there is no income taxation. GP, a subsidiary of the Company in Thailand, was approved by the Board of Investment of Thailand for exemption from income taxation for certain operations for the period from June 2016 to June 2024. However, the other operations of subsidiaries in Thailand of the Company are subject to a maximum statutory income tax rate of 20% under the tax regulations of Thailand in 2019 and 2018.

The details of income tax (income) were as follows:

	2019	2018
Current tax expense		
Current period	\$ 14,375	13,973
Adjustment to prior years	-	12,196
	<u>14,375</u>	<u>26,169</u>
Deferred tax income		
The origin and reversal of temporary differences	(27,830)	(8,526)
Income tax expense (income) from continuing operations	<u>\$ (13,455)</u>	<u>17,643</u>

In Thailand, where GP, GPT, GRW, GRP, TNR, and TDIC operate, no official approval is issued by the revenue department on completion of examination of the corporate income tax returns. The 2018 income tax have already been filed with the revenue department.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Reconciliation of income tax expense and income before income tax for 2019 and 2018 was as follows:

	2019	2018
Loss before income tax	<u>\$ (332,794)</u>	<u>(78,505)</u>
Income tax using the Company's domestic tax rate	\$ (61,656)	7,860
Tax exemption	-	(8,201)
Non-deductible expenses	1,848	541
Changes in deductible temporary difference and loss carry-forwards	31,978	(8,726)
The underestimated income tax expense in previous year	-	12,196
Tax withheld at source	14,375	13,973
Total	<u>\$ (13,455)</u>	<u>17,643</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2019	December 31, 2018
Tax losses	<u>\$ 21,069</u>	<u>14,423</u>

Based on the tax regulations in the respective jurisdictions where the subsidiaries are located, tax -losses incurred from the tax exempt business during the tax exemption period can be carried forward and deducted for income tax reporting purposes within five years after the expiry of the tax exemption period. Also, tax losses derived from non-tax exempt business can be carried forward and deducted for tax reporting purposes within five years after the year when the tax losses are incurred.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the temporary differences therefrom.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group filed or estimated its unused loss carry-forwards not recognized as deferred tax assets as of December 31, 2019 as follows:

Year of loss	Unused amount	Year of expiry
GRW:		
2017	\$ 7,781	2022
2018	9,065	2023
2019 (estimate)	7,075	2024
GRP:		
2015	15,064	2020
2018	9,080	2023
2019 (estimate)	12,253	2024
TNR:		
2015	19,016	2020
2016	11,207	2021
2017	3,121	2022
2019 (estimate)	11,685	2024
	<u>\$ 105,347</u>	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2019 and 2018 were as follows:

	Losses carryforwards
Deferred tax assets:	
Balance at January 1, 2019	\$ 21,812
Recognized in profit or loss	41,785
Effect of exchange rate changes	<u>1,671</u>
Balance at December 31, 2019	<u>\$ 65,268</u>
Balance at January 1, 2018	\$ 1,610
Recognized in profit or loss	19,812
Effect of exchange rate changes	<u>390</u>
Balance at December 31, 2018	<u>\$ 21,812</u>

	Capitalization of interest	Investment	Total
Deferred tax liabilities			
Balance at January 1, 2019	\$ 11,473	-	11,473
Recognized in profit or loss	(12,045)	26,000	13,955
Effect of exchange rate changes	<u>572</u>	-	<u>572</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>26,000</u>	<u>26,000</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Balance at January 1, 2018	\$	-	-	-
Recognized in profit or loss		11,286	-	11,286
Effect of exchange rate changes		187	-	187
Balance at December 31, 2018	\$	11,473	-	11,473

(n) Share capital and other equity

(i) Issuance of common stock

As of December 31, 2019 and 2018, the total authorized common stock amounted to \$1,500,000 divided into 150,000 thousand authorized common shares of stocks with par value of \$10 (dollars) per share. As of December 31, 2019 and 2018, the issued shares were 73,770 thousand shares and 74,770 thousand shares, respectively.

(ii) Capital reserve

The balance of capital reserve was as follows:

	December 31, 2019	December 31, 2018
Additional paid-in capital	\$ 937,451	950,159

According to the Company's articles of incorporation, when the Company reports no accumulated loss, the Company may, in accordance with the proposal recommended by the Board, and approved by the shareholders by the sanction of a Supermajority Resolution, distribute new shares or cash arising out of the Capital Reserve and the 10% reserve set aside by the Company annually before 2015, in whole or in part, to its shareholders.

(iii) Earning distribution

In accordance with the amended and restated articles of association of the Company, which was approved in the shareholders' meeting on June 16, 2016, if there are profits, in making the profit distribution recommendation, the board shall set aside out of the profits of the Company for each financial year: (1) a reserve for payment of tax for the relevant financial year; (2) an amount to offset losses incurred in previous years; (3) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules; and (4) other reserves as determined by the Board for specific purposes. Thereafter, having considered the financial, business and operational factors, including the Company being in the growth stage while competing in a mature industry, its capital expenditure, future expansion projects and financial plans for long-term development, the account to be distributed as dividends shall not be less than ten percent (10%) of remaining profits. After combining all or part of the accumulated undistributed profits in the previous years and the reversed special surplus reserve, the combined amount shall be allocated as dividends to the shareholders subject to the discretion of the directors and upon approval by the shareholders.

Dividend shall be made by way of cash dividend but may also be made by stock dividend, or a combination thereof, provided further that cash dividend shall not be less than ten percent (10%) of the total amount of dividend payable.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Earnings distributions for 2018 and 2017 were decided in resolution made by the shareholders on June 24, 2019, and June 12, 2018, respectively. The dividends distributed to shareholders were as follows:

	2018		2017	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to shareholders:				
Cash	\$ 2.00409219	<u>146,921</u>	4.20000000	<u>314,035</u>

The earnings distribution information would be available on the Market Observation Post System.

(iv) Treasury shares

The movement for the shares purchased by the Group was as follows

					Unit: shares in thousands
2019					
Reason of purchase	Beginning	Increase	Decrease	Ending	
Maintenance of company credibility and protection of shareholders' interests	\$ 950	50	1,000	-	
Transfer to employee	\$ -	460	-	460	
2018					
Reason of purchase	Beginning	Increase	Decrease	Ending	
Maintenance of company credibility and protection of shareholders' interests	\$ -	950	-	950	

With the resolution of the Board meeting on November 8, 2018, the Company repurchased 1,000 thousand shares during November 9, 2018 and January 8, 2019, with an average price of \$103.54 and a total purchase amount of \$103,544, in order to maintain the credibility of the Company and to protect the shareholders' interest. The Board meeting decided the record date of the capital reduction and that of exchange of shares to be March, 25, 2019. All the 1000 thousand shares repurchased shares were cancelled on March 29, 2019.

With the resolution of the Board meeting on January 11, 2019, the Company repurchased 460 thousand shares during January 14, 2019 and March 11, 2019, with an average price of \$98.15 and a total purchase amount of \$45,149, in order to transfer shares to employee.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. On the basis of September 30, 2018, the Company could repurchase no more than 7,477 thousand shares, with a total value of no more than \$1,740,525.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(o) Share-based payment arrangement

The details of the restricted employee stock were as follows:

	2018	2017
Date of resolution passed in shareholders' meeting	2018.6.12	2017.6.14
Numbers of shares to be issued according to the shareholders' resolution	500 thousand shares	500 thousand shares
Approval date by FSC	Not applied	Not applied
Grant date	-	-
Conditions	Note 1	Note 1

Note 1: The conditions for the restricted employee shares at no cost were as follows:

- (i) 50% of the shares are vested if the employee continues to provide service to the Company for 3 months after obtaining the restricted employee shares and the personal performance of the employee in the year prior to the vesting date hits the target set by the Company.
- (ii) 50% of the shares are vested when the employee continues to provide service to the Company for 15 months after obtaining the restricted employee shares and the personal performance of the employee in the year prior to the vesting date hits the target set by the Company.
- (iii) The aforementioned vested shares are rounded to the nearest thousand shares.
- (iv) The aforementioned personal performance means the achievement of the performance target set in the performance appraisal and development of the Company, including required contributions or special contributions for the Company during the employment periods.
- (v) The Company has the right to retrieve at no cost the unvested shares and cancel the shares thereafter unconditionally if the employee has committed a serious violation of the labor contract or the rules in the employee code of business conduct.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

With the resolution of the Board meeting on January 11, 2019, the Company decided to repurchase shares and transfer treasury stocks to employee within three years since the repurchasing date. The Company would transfer the treasure stocks on one time or several times. On the subscription date, the full time employees of subsidiaries, over 50% of which shares are owned directly or in directly by the Company, are eligible to subscribe the treasury shares. With the consideration of criterion such as the position, service years, and contribution to the Company of the employees, the total numbers of treasury shares owned by the Company while transferring, and the limit of subscription for individual employee, the Company will decide the subscribable shares for employees and will authorize the Chairman of the Company for approval. The subscription price will be the average of the repurchasing prices. The activities regarding to the subscription date, shares available for individuals etc. will be decided and announced by the Board meeting according to the Rules for Transfer Treasury Stock to Employee. As of March, 19, 2020, the Board meeting has not decided the subscription date yet.

(p) Earnings (deficits) per share

The calculation of basic and diluted deficits per share (EPS) was as follows:

	2019	2018
Net loss attributable to common shares of the Company	<u>\$ (306,643)</u>	<u>(100,939)</u>
Weighted-average number of common shares outstanding (thousand shares)	<u>73,370</u>	<u>74,679</u>
Basic deficits per share (New Taiwan dollars)	<u>\$ (4.18)</u>	<u>(1.35)</u>
Diluted deficits per share (New Taiwan dollars)	<u>\$ (4.18)</u>	<u>(1.35)</u>

For the years ended December 31, 2019 and 2018, the Group did not include its convertible bonds in the calculation of its diluted deficitis per share since those convertible bonds have antidilutive effect.

(q) Revenues from contracts with customers

(i) Details of revenue

	2019	2018
Main product:		
Particle board	\$ 2,475,339	2,644,549
Solid board	332,509	559,301
Less: sales allowance	(994)	-
	<u>\$ 2,806,854</u>	<u>3,203,850</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables	\$ 148,908	141,877	163,471
Less: loss allowance	-	-	-
Total	<u>\$ 148,908</u>	<u>141,877</u>	<u>163,471</u>
Contract liabilities (under other current liabilities at December 31, 2018)	<u>\$ 21,985</u>	<u>15,348</u>	<u>10,494</u>

For details on trade receivable and loss allowance, please refer to note 6(b).

(r) Employee and directors' compensation

In accordance with articles of association of the Company, the Company shall contribute no less than 0.1% to the pre-tax profit as employee compensation and less than 3% of the pre-tax profit as directors compensation. However, if the Company has accumulated deficits in previous years, it shall reserve an amount of the pre-tax profit for offsetting the accumulated losses. The employee compensation shall be distributed in the form of stock or cash and may be distributed to employees of the Company's Subsidiaries, if such employees satisfy certain qualifications as may be resolved by the Board from time to time.

For the years ended December 31, 2019 and 2018, the Company did not accrue for employee and directors' compensation because of deficits in the years. The Company accrued compensation to employees based on the Company's pre-tax profit excluding the compensation to employee and directors of each period, multiplied by the percentage of compensation to employee and directors as specified in the Company's articles of association. The compensation was recognized under operating expense in current years. If compensation to employee is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price of the shares on the day preceding the board of directors' meeting. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized to issue, the differences are accounted for as a change in accounting estimated and adjusted prospectively to next year's profit or loss.

Based on the resolution of the board of directors during their meeting on March 11, 2019, the Company decided not to pay 2018 compensations of employees and directors which was the same with the accrual made in 2018. Meanwhile, based on the resolution of the board of directors during their meeting on March 12, 2018, the company decided to pay 2017 compensations of employees and directors of \$750. The difference between the actual distribution and the estimated amounts of compensation of employees and directors in the financial statements amounting to \$50 will be accounted for as changes in accounting estimates and recognized as profit or loss in 2018. The related information can be accessed from the Market Observation Post System website.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(s) Other income

The details of other income are as follows:

	2019	2018
Interest income	\$ 10,915	20,374
Indemnity income	19,130	27,522
Others	12,149	12,003
Total	<u>\$ 42,194</u>	<u>59,899</u>

(t) Other gains and losses

The details of other gains and losses are as follows:

	2019	2018
Gain (loss) on disposal of property, plant and equipment	\$ 10,366	(9,182)
Net foreign exchange gain (loss)	(42,278)	61,174
Valuation gain on financial liabilities, net	-	761
Total	<u>\$ (31,912)</u>	<u>52,753</u>

(u) Finance cost

The details of finance cost are as follows:

	2019	2018
Interest expense on loans from banks	\$ 27,369	20,990
Interest expense on lease liabilities	26	65
Corporate bond guarantee fee	38,302	38,367
Interest expense on corporate bonds	79,010	77,894
Less: interest expense capitalized	(69,485)	(60,672)
Total	<u>\$ 75,222</u>	<u>76,644</u>

(v) Financial instruments

(i) Credit risk

1) Risk exposure

The book value of financial assets represents the maximum risk exposure. The maximum risk exposure amounted to \$1,128,300 and \$2,454,633 as at December 31, 2019 and 2018, respectively.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Concentration of credit risk

The Group's accounts receivable are obviously concentrated on the main customers, which accounted for 45% and 44% of the total amount of trade receivable as of December 31, 2019 and 2018, respectively. The Group controls the sales limit for each customer and also continuously monitors and evaluates each customer's credit status; therefore, the possibility of default on payment is low.

3) Credit risk of trade receivables

Please refer to note 6(b) for information on credit risk of trade receivable.

(ii) Liquidity risk

The contractual maturity of the financial liabilities excluding the impact of estimated interest were as follows:

	Carrying amount	Contractual cash flows	Within 1 year	Beyond 1 year to 2 years	Beyond 2 years
December 31, 2019					
Non-derivative financial liabilities					
Short-term bank loans	\$ 993,049	993,049	993,049	-	-
Long-term bank loans	90,296	90,296	7,573	-	82,723
Lease liabilities (under other current/ non-current liabilities)	2,975	2,975	1,348	500	1,127
Corporate bond payables (including embedded derivatives instrument)	4,486,326	4,486,326	-	-	4,486,326
Accruals	343,703	343,703	343,703	-	-
	\$ 5,916,349	5,916,349	1,345,673	500	4,570,176
December 31, 2018					
Non-derivative financial liabilities					
Short-term bank loans	\$ 797,520	797,520	797,520	-	-
Long-term bank loans	21,447	21,447	14,298	7,149	-
Finance lease liabilities (under other current liabilities)	352	352	352	-	-
Corporate bond payables (including embedded derivatives instrument)	4,473,635	4,473,635	-	-	4,473,635
Accruals	247,092	247,092	247,092	-	-
	\$ 5,540,046	5,540,046	1,059,262	7,149	4,473,635

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2019			December 31, 2018		
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
Financial assets						
Monetary items						
USD	23,693	30.24	716,569	67,775	30.77	2,085,449
Financial liabilities						
Monetary items						
USD	51,610	30.00	1,548,323	51,295	30.72	1,575,720

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from fluctuation the foreign currency exchange rate on cash and cash equivalents, trade receivables, loans, trade and other payables, and corporate bond payables, that are denominated in foreign currency.

A 5% strengthening of the NTD against the USD as at December 31, 2019 and 2018, would have increased (decrease) net profit after tax for the years ended December 31, 2019 and 2018, by \$45,217 and \$(4,940), respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases.

3) Exchange gains and losses of monetary items

The exchange rate information on the foreign exchange gain and loss (including realized and unrealized) for the years ended December 31, 2019 and 2018, arising from the translation of the Group's monetary items into the subsidiary's functional currency of Thai Baht, and the parent company's functional currency, the New Taiwan dollar, which is also the Group's presentation currency, were as follows:

	2019		2018	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
NTD	\$ 35,783	1.00	(49,048)	1.00
THB	(77,998)	1.0008	117,545	0.9377

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Interest rate analysis

The exposure to interest rate risk for financial assets and liabilities at the reporting date was as disclosed in the liquidity risk section.

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year ended at the reporting date. The Group internally reported the increases / decreases in interest rates and the exposure to changes in interest rates of 1% to the Group's key management so as to allow key management to assess the reasonableness of the changes in interest rates.

If the interest rate had increased / decreased by 1%, the Group's net income would have decreased / increased by \$9,263 and \$7,043 for the years ended December 31, 2019 and 2018, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

(v) Fair value information

1) Categories and fair value of financial instruments

The following disclosure of fair value includes fair value hierarchy information. Nevertheless, when the book value of a financial instrument not measured at fair value is a reasonable approximation of fair value or when an equity instrument investment does not have a quoted market price in an active market and its fair value cannot be reliably measured, they do not require disclosure of fair value information. The financial liabilities at FVTPL were derivative financial liabilities—non-current. The book value and fair value of the financial liabilities as of December 31, 2019 and 2018 both were 0 while the fair value were measure by level 2.

2) Valuation techniques and assumptions used in fair value measurement

The Group used methods and assumptions for financial instrument estimation were as follows:

a) Non derivatives financial instruments

The Group management team agree that the carrying amount of the Group's financial assets and financial liabilities measured at amortized cost is approximately to fair value.

b) Derivatives financial instrument

Corporate bond payables 's conversion right, redemption right and sell right follow the independent expert fair valuation report, which adopted the binomial conversion model-used inputs based on observable market (including fluctuation of share prices, risk free interest rates discount rates and liquidity risk), reflected the fair value of options.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(w) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk.
- 2) Liquidity risk.
- 3) Market risk.

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk. Please refer to other related notes for quantitative information throughout the financial report.

(ii) Risk management framework

The Group's management identifies and analyses the risks that the Group is exposed to on a regular basis. The control policies are implemented to ensure the effectiveness of risk control.

The management of the finance department monitors the risk exposure in accordance with the Group's policy in consideration of the financial risks which the Group is exposed. The Group has no derivative financial instruments transactions for speculation purposes.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

1) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the credit characteristics of each customer. The management also considers the statistical information, such as the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The finance department and sales department have established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's credit review includes financial statement analysis, external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer and need to be approved according to the Group's authorization limit and reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group set the allowance for bad debt account to reflect estimated losses for trade and other receivables. The main components of this allowance are a specific loss assessed for individually significant exposures, and a collective loss assessed for groups of similar assets in respect of losses that have been incurred but not yet reported. The collective loss allowance is determined based on historical data of collection statistics for similar financial assets.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since the Group's counterparties are financial institutions with good credit standing, there is no significant default or credit risk.

3) Guarantee

Please refer to note 13 for the disclosure on guarantees.

(iv) Liquidity risk

Liquidity risk represents the risk due to possible inability of the Group to settle its contractual obligations on maturity. In order to manage its liquidity risk, the Group expands its export sales to generate positive operating cash inflows and leverages money market and foreign currency instruments to maintain liquidity.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales that are denominated in a currency other than the functional currencies of the Group's entities, primary NTD, USD and THB. The currencies used in these transactions are the NTD, THB and USD

The Group engages in order to manage market risks. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates when necessary to mitigate any short-term gap. All such transactions are carried out within the scope of the Group's internal control policy.

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Interest rate risk

The Group's interest rate risk arises both from financial assets which are bank deposit and financial liabilities which are short and long term loans. But the fair value of related financial asset and liabilities of the company has no significant effect on the interest rate swap.

(x) Capital management

The Group manages the ability to continue as a going concern in order to provide returns to shareholders and to protect the interests of relevant parties. The board of directors monitors the return on capital and is responsible for maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, issue new shares, or dispose of assets to settle any liabilities.

The quantitative data used as a capital management tool in the relevant periods are summarized below:

	December 31, 2019	December 31, 2018
Total liabilities	\$ 6,027,824	5,624,778
Less: cash an cash equivalents	(609,747)	(1,629,156)
Total liabilities	<u>\$ 5,418,077</u>	<u>3,995,622</u>
Total equity	<u>\$ 2,595,921</u>	<u>2,670,593</u>
Debt-to-equity ratio	<u>208.72%</u>	<u>149.62%</u>

As of December 31, 2019, there were no changes in the Group's approach to capital management.

(y) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from non-cash flow transactions on the financing activities of the Group were as follows:

	January 1, 2019	Cash flows	Discount amortization	Acquisition	Foreign exchange movement	Fair value changes	December 31, 2019
Short-term loans	\$ 797,520	175,458	-	-	20,071	-	993,049
Long-term loans	21,447	66,974	-	-	1,875	-	90,296
Lease liabilities (under other current / non-current liabilities)	2,617	(1,409)	-	1,733	34	-	2,975
Bonds payables	4,473,635	-	42,772	-	(30,081)	-	4,486,326
Total liabilities from financing activities	<u>\$ 5,295,219</u>	<u>241,023</u>	<u>42,772</u>	<u>1,733</u>	<u>(8,101)</u>	<u>-</u>	<u>5,572,646</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	January 1, 2018	Cash flows	Non-cash changes			December 31, 2018
			Discount amortization	Foreign exchange movement	Fair value changes	
Short-term loans	\$ 867,504	(99,468)	-	29,484	-	797,520
Long-term loans	60,825	(41,060)	-	1,682	-	21,447
Lease liabilities (under other current liabilities)	1,235	(915)	-	32	-	352
Bonds payables	4,396,919	-	41,594	35,122	-	4,473,635
Total liabilities from financing activities	\$ 5,326,483	(141,443)	41,594	66,320	-	5,292,954

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the The Group
Other related parties	The Group's key management
Mr. Jung-Hui, Hsieh	The Group's chairman

(b) Significant transactions with related parties

For the years ended December 31, 2019 and 2018, the Group chairman Mr. Jung-Hui, Hsieh provided credit guarantees to the Group for loans and lease liabilities. The related party did not charge any rewards to the Group for the guarantees provided.

(c) Key management personnel compensation

	2019	2018
Short-term employee benefits	\$ 16,204	15,366

The Group provided cars with a cost of \$6,330 (approximately THB 6,269 thousand) and \$5,976 (approximately THB 6,269 thousand) for key management personnel use for the years ended December 31, 2019 and 2018.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(8) Pledged assets:

The book values of pledged assets were as follows:

Pledged assets	Object	December 31, 2019	December 31, 2018
Land (including land improvements)	For long-term and short-term loans and electricity guarantee and Straight Bonds	\$ 381,432	276,628
Buildings	For long-term and short-term loans and electricity guarantee and Straight Bonds	677,635	666,897
Machinery and equipment	For long-term and short-term loans and electricity guarantee and Straight Bonds	1,958,448	1,918,943
Right-of-use assets (Note)	For lease liabilities (other current liabilities / other non-current liabilities)	2,319	3,635
Other equipment	For long-term and short-term loans	122,136	121,559
Restricted deposits (recorded under other current assets)	For letters of credit and short-term loans	153,000	503,497
Restricted deposits (recorded under other non-current assets)	For electricity guarantee and Straight Bonds	111,599	111,492
		\$ 3,406,569	3,602,651

Note:Record under leased equipment at December 31,2018.

(9) Commitments and contingencies:

(a) Guarantees provided by banks were as follows:

	December 31, 2019	December 31, 2018
Electricity guarantee	\$ 27,407	22,022

As of December 31, 2019 and 2018, the Group provided land, buildings, machine and equipment and bank savings as pledge to banks , respectively, for the electricity guarantee provided by banks.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (b) Payments to be made in the future for the following transaction under the contractual agreements were as follows:

	December 31, 2019	December 31, 2018
Acquiring property, plant and equipment	<u>\$ 263,909</u>	<u>1,029,867</u>

- (c) The Group's outstanding letters of credit for assets imported were as follows:

	December 31, 2019	December 31, 2018
Outstanding letters of credit	<u>\$ 149,453</u>	<u>488,956</u>

(10) Losses due to major disasters: None

(11) Significant subsequent events: None

(12) Other:

The nature of personnel costs, depreciation, depletion and amortization charged to operating cost and operating expense was as follows:

Function Account	2019			2018		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	150,464	63,562	214,026	145,042	75,610	220,652
Health insurance	-	-	-	-	-	-
Pension	-	6,918	6,918	-	4,362	4,362
Directors compensations	-	1,400	1,400	-	1,350	1,350
Other personnel expense	17,122	22,764	39,886	8,829	8,732	17,561
Depreciation	230,907	20,474	251,381	202,411	18,353	220,764
Depletion	-	-	-	-	-	-
Amortization	649	5,872	6,521	616	5,323	5,939

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group in 2019:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	IS a related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (note 1)	Range of interest rates during the period	Nature fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 3)	Upper limit of fund financing (note 3)
													Item	Value		
0	The Company	HM	Other receivables — related parties	Yes	59,960	59,960	-	Libor+1	2	-	For increase in working capital	-	-	-	1,040,654	1,040,654
1	GP	TNR	Other receivables — related parties	Yes	244,372	113,098	113,098	1.8~2.4	2	-	For increase in working capital	-	-	-	849,874	849,874
1	GP	GRW	Other receivables — related parties	Yes	100,980	100,980	-	1.78	2	-	For increase in working capital	-	-	-	849,874	849,874
1	GP	GRH	Other receivables — related parties	Yes	100,980	100,980	87,853	2.2	2	-	For increase in working capital	-	-	-	849,874	849,874
2	HM	GP	Other receivables — related parties	Yes	1,524,798	1,524,798	1,524,798	2.03~2.14	2	-	For repayments of borrowings	-	-	-	4,452,674	4,452,674
2	HM	GPT	Other receivables — related parties	Yes	2,888,028	2,888,028	2,888,028	2.25	2	-	Payments for land, factory building and equipment	-	-	-	4,452,674	4,452,674
3	GRW	GRH	Other receivables — related parties	Yes	50,490	50,490	50,490	2.6	2	-	For increase in working capital	-	-	-	62,149	62,149

Note 1: Eliminated in the consolidated financial statements.

Note 2: The nature of financing is classified as follows:

1. business-related.
2. short-term financing

Note 3: 1. In accordance with the internal control policy "Policy Procedures for loaning of Funds and making of Endorsements and Guarantees" of the Company, the maximum amount for the lending shall not exceed 40% of the net worth of the Company in its latest financial report. Meanwhile, the total amount available for lending purposes shall not exceed 40% of the net worth of the Company in its latest financial report.

2. In accordance with the internal control policy of GP "Policy procedures for loaning of funds and management of Loans to Others" the maximum for the lending shall not exceed 40% of the net worth of GP in its latest financial report meanwhile, the total amount available for lending purpose shall not exceed 40% of the net worth of GP in its latest financial report

3. In accordance with the internal control policy of HM "Policy procedures for loaning of funds and management of Loans to Others", the maximum for the lending shall not exceed paid in capital of HM. Meanwhile, the total amount available for lending purpose shall not exceed paid in capital of HM

4. In accordance with the internal control policy of GRW " policy procedures for loaning of funds and management of Loans to Others", the maximum for the lending shall not exceed 40% of the net worth of GRW in its latest financial report, meanwhile, the total amount available for lending purpose shall not exceed 40% of the net worth of GRW in its latest financial report.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement	Relationship with the Company (note 3)	Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Upper limit for guarantees and endorsements	Guarantee provided by parent company	Guarantee provided by subsidiaries	Guarantee to china area
0	The Company	GPT	2	3,902,454	1,499,000	1,499,000	142,592	-	57.62%	7,804,910	Y	N	N
0	The Company	TDIC	2	3,902,454	1,217,546	1,217,546	82,723	-	46.80%	7,804,910	Y	N	N
1	GP	GRW	4	4,249,372	611,908	611,908	-	-	28.80%	6,374,058	N	N	N
1	GP	The Company	3	4,249,372	3,336,300	3,336,300	3,300,000	3,336,300	157.03%	6,374,058	N	Y	N

Note 1: 1) In accordance with the internal control policy "Policy and Procedures for Loaning of Funds and Making of Endorsement/Guarantees" of GRH, the aggregate endorsement/ guarantees amount and maximum amount permitted to made to any single entity shall not exceed 300% and 150% , respectively, of the net worth on the latest financial statements of GRH.

2) In accordance with the internal control policy "Policy and Procedures for Loaning of Funds and Making of Endorsement/Guarantees" of GP, the aggregate endorsement/ guarantees amount and maximum amount permitted to made to any single entity shall not exceed 300% and 150%, respectively, of the net worth on the latest financial statements of GP.

Note 2: The relationship between guarantor and guarantee is as follows:

- 1) Ordinary business relationship.
- 2) A subsidiary whose common stock is more than 50% owned by the guarantors.
- 3) An investee whose common stock is more than 50% owned by the parent company and its subsidiary in agreeable.
- 4) The parent company owns, directly or indirectly via subsidiaries, more than 50% of the guarantor's common stock.
- 5) A company in the same trade that is mutually guaranteed pursuant to the covenants of a construction contract upon contracting a project.
- 6) A company that is guaranteed proportionately according to the guarantors' ownership percentage due to co-investee by various investors.
- 7) The endorsements/guarantees that joint companies in the same industry provide among themselves and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures): None
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

USD / THB = Thousand dollars

Name of company	Counter-party	Nature of relationship	Ending balance (note 1 and 2)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
GP	TNR	Other related parties	115,322	-	-		115,322	-
HM	GP	Other related parties	1,548,204	-	-		-	-
HM	GPT	Other related parties	2,891,233	-	-		-	-

Note 1: The above transaction amounts include loan receivables.

Note 2: The amount had been eliminated in the consolidated financial statements.

- (ix) Trading in derivative instruments: Note 6(i).
- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (note 2)	Intercompany transactions			
				Account name	Amount	Trading terms (note 4)	Percentage of the consolidated net revenue or total assets
1	GP	GRH	2	Other receivables	88,438	—	1.03%
1	GP	TNR	3	Other receivables	115,322	—	1.34%
2	HM	GP	3	Other receivables	1,548,204	—	17.95%
2	HM	GPT	3	Other receivables	2,891,233	—	33.53%
2	HM	GP	3	Interest income	31,371	—	1.12%
2	HM	GPT	3	Interest income	64,401	—	2.29%
3	GRP	GRW	3	Operating revenue	84,318	—	3.00%

Note 1: 1. 0 represents parent company.

2. 1 and thereafter represent subsidiary companies.

Note 2: 1. Parent company to subsidiary company.

2. Subsidiary company to parent company.

3. Subsidiary company to subsidiary company

Note 3: Sales price between parent company for the finished goods purchased from related-parties was similar to that the Group obtained from non-related suppliers. The payment term is subject to the funding control of the Group. There were no other customers for comparison for transaction other than sales.

Note 4: The account should be disclosed if the amount is over 1% of the total assets from the statement of financial position and total operating revenue from the statement of comprehensive income.

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2019 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Net income (losses) of investee (note 1)	Share of profits/losses of investee (note 1)	Note (note 2)
				December 31, 2019	December 31, 2018	Shares (thousands)	Percentage of ownership	Carrying value (note 1)			
The Company	GP	Thailand	Manufacturing and selling particle board	1,319,947	1,319,947	10,400	100.00%	2,124,686	(150,142)	(150,142)	Subsidiary
"	GRW	"	Manufacturing and selling parawood	157,073	157,073	1,000	100.00%	155,372	(THB(150,022))	(23,197)	"
"	GPT	"	Manufacturing and selling particle board	448,900	448,900	5,000	100.00%	497,792	(THB(23,178))	(66,490)	"
"	HM	Samoa	Investment activities	4,157,508	4,157,508	137,134	100.00%	4,631,375	(THB(66,437))	75,750	"
GRW	GRP	Thailand	Purchasing and manufacturing raw parawood	48,861	48,861	484	48.39%	(30,469)	(USD75,690)	(23,942)	"
GRP	TNR	"	Manufacturing and selling parawood	(THB48,387)	(THB48,387)	600	100.00%	(THB(30,173))	(THB(23,923))	(11,615)	"
HM	TDIC	"	Glue production and sales	60,588	90,882	1,530	85.00%	(47,862)	(THB(47,397))	(2,264)	"
				(THB60,000)	(THB90,000)			(THB(151,760))	(THB(11,606))		
				152,778	83,576			151,760			
				(USD151,295)	(USD82,765)			(THB150,287)	(THB(2,262))		

Note 1: Investment gains (losses) have been recognized by the equity method based on the financial statements of the investee companies audited by auditors.

Note 2: The long-term investment and investment gain or loss have been eliminated in the preparation of the consolidated financial statements.

(c) Information on investment in mainland China: None

(Continued)

GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Group has three reportable segments, particle board, solid wood, and investment department. The production segments manufacture and sell relevant products. The investment segment controls the capital management. The Group's reportable production segments comprise business units providing different products based on clients' needs. Therefore, the production segments are reported separately. The investment segment is in charge of the capital allocation and investment.

(b) Reportable segment profit or loss (including reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliation

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The corporate taxes and extraordinary gains or losses are managed on a group basis, and are not allocated to reportable segments. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is consistent with the report used by the chief operating decision maker.

The accounting policies of the operating segments are the same as described in note 4.

The Group treated inter-segment sales, and transfers as third-party transaction and are measured at market price.

The segment information and reconciliation were as follows:

	2019				
	Particle board	Solid wood	Investment company	Other	Adjustments and eliminations
					Consolidated
Segment revenue:					
Revenue from external customers	\$ 2,474,345	332,509	-	-	-
Inter-segment revenue	321	111,789	-	-	(112,110)
Total revenue	<u>\$ 2,474,666</u>	<u>444,298</u>	<u>-</u>	<u>-</u>	<u>(112,110)</u>
Interest expense	<u>\$ 53,870</u>	<u>3,023</u>	<u>132,668</u>	<u>-</u>	<u>(114,339)</u>
Depreciation and amortization	<u>\$ 238,067</u>	<u>18,406</u>	<u>1,429</u>	<u>-</u>	<u>-</u>
Segment's profit or loss	<u>\$ (273,368)</u>	<u>(32,338)</u>	<u>(38,480)</u>	<u>(2,573)</u>	<u>13,965</u>
Segment's assets	<u>\$ 8,087,854</u>	<u>298,832</u>	<u>4,654,448</u>	<u>264,995</u>	<u>(4,682,384)</u>
Segment's liabilities	<u>\$ 5,526,957</u>	<u>175,956</u>	<u>4,982,421</u>	<u>86,455</u>	<u>(4,743,965)</u>

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GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	2018					
	Particle board	Solid wood	Investment company	Other	Adjustments and eliminations	Consolidated
Segment revenue:						
Revenue from external customers	\$ 2,644,549	559,301	-	-	-	3,203,850
Inter-segment revenue	-	140,301	-	-	(140,301)	-
Total revenue	<u>\$ 2,644,549</u>	<u>699,602</u>	<u>-</u>	<u>-</u>	<u>(140,301)</u>	<u>3,203,850</u>
Interest expense	<u>\$ 55,705</u>	<u>4,839</u>	<u>126,273</u>	<u>-</u>	<u>(110,173)</u>	<u>76,644</u>
Depreciation and amortization	<u>\$ 207,865</u>	<u>18,465</u>	<u>373</u>	<u>-</u>	<u>-</u>	<u>226,703</u>
Segment's profit or loss	<u>\$ 38,782</u>	<u>1,059</u>	<u>(136,015)</u>	<u>(539)</u>	<u>18,208</u>	<u>(78,505)</u>
Segment's assets	<u>\$ 7,804,962</u>	<u>380,577</u>	<u>4,375,488</u>	<u>94,747</u>	<u>(4,360,403)</u>	<u>8,295,371</u>
Segment's liabilities	<u>\$ 4,930,566</u>	<u>229,515</u>	<u>4,872,403</u>	<u>313</u>	<u>(4,408,019)</u>	<u>5,624,778</u>

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Revenue from external customers:

Region	2019	2018
Malaysia	\$ 1,092,441	1,128,351
China	788,242	1,109,058
Indonesia	313,737	143,329
Korea	289,690	558,793
Others	322,744	264,319
	<u>\$ 2,806,854</u>	<u>3,203,850</u>

Non-current assets:

Region	December 31, 2019	December 31, 2018
Thailand	\$ 7,152,688	5,560,828
Others	1,752	894
	<u>\$ 7,154,440</u>	<u>5,561,722</u>

Non-current assets include property, plant and equipment, intangible assets, right-of-use assets, and other assets excluding financial instruments, deferred tax assets, post-employment benefit assets, and rights arising from an insurance contract (non-current).

(Continued)

(d) Information on major customers

	2019	2018
A customer	292,807	80,559
B customer	113,265	339,872
	<u>\$ 406,072</u>	<u>420,431</u>

5. Company Individual Financial Statements audited by an independent auditor for the most recent year

Not applicable.

6. Any financial distress experienced by the Company or its affiliates and impacts on the Company's financial status in the most recent fiscal year and up to the printing date of the Annual Report

None.

VII. Review and Analysis of Financial Status and Financial Performance and Risk Management

1. Financial Status

Financial Status Comparison and Analysis Table

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2018	2019	Difference	
			Amount	Ratio (%)
Current Assets	2,599,431	1,291,469	(1,307,962)	(50.32)%
Property, Plants, and Equipment	5,497,358	7,104,111	1,606,753	29.23%
Right-of-Use Assets	—	3,539	3,539	100.00%
Intangible Assets	47,691	46,117	(1,574)	(3.30)%
Other Assets	150,891	178,509	27,618	18.30%
Total Assets	8,295,371	8,623,745	328,374	3.96%
Current Liabilities	1,102,730	1,388,726	285,996	25.94%
Non-Current Liabilities	4,522,048	4,639,098	117,050	2.59%
Total Liabilities	5,624,778	6,027,824	403,046	7.17%
Common stock	747,703	737,703	(10,000)	(1.34)%
Capital Reserve	950,159	937,451	(12,708)	(1.34)%
Retained Earnings	968,946	430,546	(538,400)	(55.57)%
Other Equity	106,635	541,132	434,497	407.46%
Treasury Shares	(98,447)	(45,196)	53,251	(54.09)%
Non-controlling Interest	(4,403)	(5,715)	(1,312)	29.80%
Total Equity	2,670,593	2,595,921	(74,672)	(2.80)%
<p>Explanation for Items of Major Change: (where the change before and after the period reaches above 20%, and the change amount reaches NT\$ 10 million)</p> <ol style="list-style-type: none"> 1. Current assets was decreased and Property, plants and equipment were increased, which was mainly due to the construction of the GP III plant with the purchase of land and expansion of the plant as well as the purchase of equipment, such that the cash and cash equivalents were reduced, along with the increase of the Property, plants, and equipment as well as advance payment for equipment. 2. Current liabilities was increased, which was mainly due to the needs of the Company's operating and foreign currency exchange which increased the short-term financing activities. 3. Retained earnings was decreased, which was mainly due to the distribution of earnings in cash dividends and the net loss after taxes in 2019. 4. Other equity was increased, which was due to the impact of exchange rate fluctuation and recognized the exchange differences on translation of foreign financial statements. 5. Treasury shares was decreased, which was mainly due to the cancellation of the treasury shares. 				

2. Financial Performance

Financial Performance Comparison Analysis Table

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2018	2019	Difference	
			Amount	Percentage
Operating Revenue	3,203,850	2,806,854	(396,996)	(12.39)%
Operating Cost	2,799,498	2,630,240	(169,258)	(6.05)%
Gross Profit from operations	404,352	176,614	(227,738)	(56.32)%
Operating Expenses	518,865	444,468	(74,397)	(14.34)%
Net Operating Loss	(114,513)	(267,854)	(153,341)	133.91%
Non-operating Income and Expense	36,008	(64,940)	(100,948)	(280.35)%
Loss From Continuing Operations Before Tax	(78,505)	(332,794)	(254,289)	323.91%
Income Tax Expense (Income)	17,643	(13,455)	(31,098)	(176.26)%
Consolidated Total Net Loss	(96,148)	(319,339)	(223,191)	232.13%
Net Loss Attributable to Owners of Parent	(100,939)	(306,643)	(205,704)	203.79%
<p>Explanation for Items of Major Change: (where the change before and after the period reaches above 20%, and the change amount reaches NT\$ 10 million)</p> <ol style="list-style-type: none"> 1. Gross profit from operations was decreased, net operating loss, loss from continuing operations before tax, consolidated total net loss, and net loss attributable to owners of parent were increased, which was mainly due to the decrease of sales revenue from the impact of the sales price in the single region of Southeast Asia and the increase of market raw material cost; in addition, the fire accident in the energy plant of GP I occurred in the 4th quarter 2018 causing suspension of operation for repair until January 2019, such that occurred by decrease in net operating revenue and increase in operating cost in 2019. 2. Non-operating income and expense were decreased, which was mainly due to recognizing the loss on exchange rate from the impact of exchange rate fluctuation. 3. Income tax expenses were decreased, which was mainly due to the loss before taxes in 2019; therefore, relevant income tax expenses are calculated with a decrease. 				

Expected Sales Quantity and Basis Thereof, and the Possible Impact on the Future Financial Business of the Company and Responsive Plan

The sales forecast value for 2020 of the Company is made based on the recent order status of the Company and is established according to the factors of the market demand and industry development trend, etc., and the sales target is established according to the production capacity scale of the Company. In view of the adjustment of the environmental protection policy in China, it is expected that there will be a demand for at least 20 million cubic meters in the future China PB market. The latest plant of the Company-GP III plant will officially operate since the end of June 2020 which the Company expects that the sales quantity in 2020 will be significantly higher than in 2019.

3. Cash Flow

(1) Analysis of Cash Flow Change for the Most Recent Year

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2018	2019	Difference	
			Amount	Percentage
Net Cash Flows From (Used in) Operating Activities	106,747	(157,118)	(263,865)	(247.19)%
Net Cash Flows Used in Investing Activities	(1,552,686)	(1,038,763)	513,923	(33.10)%
Net Cash Flows From (Used in) Financing Activities	(553,925)	55,638	609,563	(110.04)%
Effect of Exchange Rate Change on Cash and Cash Equivalents	37,971	120,834	82,863	218.23%
Net Decrease in Cash and Cash Equivalents	(1,961,893)	(1,019,409)	942,484	(48.04)%
1. Operating Activities:	Net cash flows from operating activities was decreased, which was mainly due to the impact of the sales price in the single region of Southeast Asia and the increase of market raw material cost; in addition, the fire accident in the energy plant of GP I occurred at the 4 th quarter in 2018 causing the examination and repairmen were finished until January 2019 and the suspension of operation, such that loss occurred in 2019.			
2. Investing Activities:	Net cash flows used in investing activities was decreased, which was mainly due to the construction of GP III plant with the purchase of land and the adjustment in the payment schedule of expansion of the plant as well as the purchase of equipment.			
3. Financial Activities:	Net cash flows from financing activities was increased, which was mainly due to the Company's operating and the needs of foreign currency exchange which increased the short-term and long-term financing activities.			

(2) Improvement Plan for Insufficient Liquidity:

Cash flow in operating activities of the Company in 2019 indicates net cash outflow. The Company expected that the net cash inflow from operating activities would be generated when the GP III plant has officially operated; alleviate the influence of insufficient liquidity.

(3) Cash Liquidity Analysis for the Next Year

Unit: In Thousands of New Taiwan Dollars

Cash Balance at the Beginning of the Year	Annual Net Cash Flows from Operating Activities	Annual Net Cash Used In Investing Activities	Annual Net Cash Flows from Financing Activities	Cash Surplus (Deficit) Amount	Remedy for Cash Deficit	
					Investment Plan	Financing Plan
609,747	669,444	(639,414)	425,457	1,065,234	—	—
1. Operating Activities:	Compared with last year, the net cash provided by operating activities has increased by NT\$826,562 thousand. This increase is primarily due to the new particle board factory is completed, and it starts production in June 2020 for responding accordingly to environmental friendly protection policies in China that have resulted in a greater demand for the importation of particle boards.					
2. Investing Activities:	Compared with last year, the net cash used in investment activities has decreased by NT\$399,349 thousand. This decrease is primarily due to the new particleboard factory is completed, and it starts production in June 2020, reducing the expenditure for requiring property, plant and equipment.					
3. Financing Activities:	Compared with last year, the net cash used in financing activities has increased by NT\$369,819 thousand. This increase is primarily due to the groundbreaking of a new glue plant has been carried out in 2019. Expect to borrow the long-term loan from the cooperative bank for the cash flow gap in middle and late-stage construction in 2020.					

4. Impacts on Financial Operations of any Major Capital Expenditures for the Most Recent Fiscal Year

Major Capital Expenditure Utilization Status and Source of Capital

Unit: In Thousands of New Taiwan Dollars

Plan Items	Source of Capital	Expected Completion Date	Capital Needed Total	Actual or Expected Capital Utilization Status
Purchase of Land and Expansion of Plants, Purchase of Equipment	Issued Secured Ordinary Corporate Bonds, and Deficient Amount to be Covered by the Own Fund and Loan from Banks	2 nd Quarter of 2017 to 4 th Quarter of 2019	3,381,620 (THB 3.8 billion)	Please refer to (d) Plan Item and Fund Utilization Progress of Section IV, Item 8, Sub-item (1) of this Annual Report.

Expected Benefits Possibly Generated

Please refer to (e) Expected Benefits Possibly Generated of Section IV, Item 8, Sub-item (1) of this Annual Report.

5. Investment Policy for the Last Year, Main Causes of Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year

(1) Investment Policy of the Company

The current investment policy of the Company focuses on the investment subject matters related to the core business of the Company, and not investing in other businesses. The relevant executing department follows the regulations of the ‘Investment Cycle’ and

“Policies and Procedures for Acquisition or Disposal of Assets”, etc. of the internal control system. The aforementioned policies and procedures have been approved through the discussion of the Board of Directors meeting and shareholders meeting.

(2) Main Cause of Profits or Losses of Investments in the Last Year, Improvement Plans, and Investment Plans for the Coming Year

Unit: In Thousands of New Taiwan Dollars

Invested Business Entity Name	Profit or Loss (2019)	Main Cause of Profit or Loss	Improvement Plan	Future Other Investment Plan
GP	(150,142)	The loss occurred in 2019 which is mainly due to the impact of the sales price in the single region of Southeast Asia and the increase of market raw material cost; moreover the fire accident in the energy plant of GP I occurred at the 4 th quarter in 2018 causing the examination and repairmen were finished until January 2019 and the suspension of operation.	Continue to monitor the market trend. Enhance the responsiveness of production and sales strategy	Low Formaldehyde Resin Research and Development
GPT	(66,490)	Exchange loss on valuation of plant construction fundraising.	None	PB Plant Construction investment Plan
HM	75,750	Investment established in January 2017, interest income from investment business, and group capital allocation.	None	Presently, there is no specific investment plan.
TDIC	(2,264)	Established in January 2017, plant construction in preparation, actual operation not yet started; therefore, there is no profit.	Adjustment according to the actual circumstances in a timely manner in order to complete the construction plan.	Resin Plant Construction Plant Investment Plan
GRW	(23,197)	Loss occurred due to product market price fluctuation and recognized investee company's net loss based on the equity method.	Continue to monitor the market trend. Enhance the responsiveness of production and sales strategy	Presently, there is no specific investment plan.
GRP	(23,942)	Investment loss is recognized investee company's net loss based on the equity method.	None	Presently, there is no specific investment plan.
TNR	(11,615)	Production unit cost increase and streamline the scale of production	Continue to monitor the market trend. Enhance the responsiveness of sales strategy	Presently, there is no specific investment plan.

6. Analysis and Assessment on Risk Matters for the Most Recent Year and up to the Printing Date of the Annual Report

(1) Impact of Interest Rate, Exchange Rate Fluctuation, and Inflation Conditions on the Profit/Loss of the Company and Future Countermeasures:

A. Interest Rate:

The main source of interest income of the Company is bank deposit interest, and interest expenses mainly refers to interest expenses incurred due to bank loans and issuance of corporate bonds. The interest income of the Company for the year of 2018 and 2019 is NT\$ 20,374 thousand and 10,915 thousand respectively, accounting for the ratio of net loss before tax for that year of (25.95) % and (3.28) % respectively. In addition, the interest expenses incurred due to the bank loans and the corporate bonds for the same period are NT\$ 38,277 thousand and NT\$ 36,920 thousand respectively, accounting for the ratio of net income loss before taxes for that year of (48.76)% and (11.09)% respectively. The bank loans of the Company mostly adopt the floating interest rate for the calculation of interest; therefore, the change of interest rate can have an impact on the interest expenses of the Company.

Countermeasures:

The Company has always maintained excellent relationships with corresponding banks in order to obtain relatively advantageous loan interest rates. Nevertheless, the Company still makes efforts in reducing the interest expenses and the dependence on banks. Consequently, in January 2017, the Company issued corporate bonds on the Singapore Exchange and the full amount had been used for repaying the long-term bank loan. As a result, it is expected an average interest amount of NT\$ 34,558 thousand can be saved annually. In addition, since the Company is current executing the GPT plant construction plan, and the demand for funds is relatively greater, consequently, the Company also issued ordinary corporate bonds at a fixed annual interest rate of 1.10% in May 2017 in order to cover the fund needs. The Company pays attention to interest rate changes at all times in order to reduce the long-term and short-term financing risk due to changes of interest rates.

B. Exchange Rate:

Presently, the main operating region of the Company is in the southern region of Thailand, and the export percentage of such region accounts for more than 96% of the total revenue in the last three years. The main export regions include Malaysia, China, and Korea, and the main transaction currency is in USD. In addition, raw materials are mainly purchased from suppliers in the region of Thailand, and the main transaction currency is in THB. The profit (loss) on foreign exchange of the Company for the years of 2017, 2018, and 2019 are NT\$ 55,659 thousand, NT\$ 61,174 thousand, and NT\$ (42,278) thousand respectively, accounting for net income (loss) before taxes for each year of 7.42%, (77.92) %, and 12.70% respectively.

In recent years, the fluctuation of the exchange rate of THB was greater; also it generated an exchange rate change risk. In addition, the Company issued overseas corporate bonds in January 2017 in USD. In addition, the Company may issue dividends in NTD to domestic investors in the future or may obtain NTD from domestic financing. The exchange rate change risk is possibly generated for the exchange between NTD to THB or to USD.

Countermeasures:

- (a).Maintaining a sufficient level of foreign currency reserve based on the determination of financial personnel on the predicted exchange rate in order to provide for subsidiaries' operating activities and to reduce the impact on adverse exchange rate fluctuations to the net income of the Company.
- (b).Maintain close contacts with corresponding banks in order to monitor the foreign exchange market changes at all times, thereby facilitating the financial manager to sufficiently understand the exchange rate change direction and to cope with sudden market circumstances.

C. Inflation:

The gain/loss of the Company in the past has not been greatly affected by inflation. In the case of inflation such that the purchase cost is increased, the Company will also appropriately adjust the sales price; therefore, inflation will not have major impacts on the Company. In addition, the Company also regularly or irregularly reviews the economic data and reports of the government and research institutions in order to review and collect relevant information to provide references for decision making.

- (2) Policies on Engaging in High Risk, High Leverage Investments, Loaning Funds to Others, Endorsement and Guarantee, as well as Derivative Transactions, Main Causes of Profit and Loss, as well as Future Countermeasures:

The Company focuses on the operation of its core business based on the principle of stability and a practical business philosophy. Presently, the Company does not engage in high risk, high leverage investments, and does not provide any loaning of funds or endorsement/guarantee to parties outside the Group. In addition, to control financial transaction risk, the Company has established the "Policies and Procedures for Loaning of Funds and Making of Endorsements/Guarantees Regulations for Loaning of Funds and Making Endorsements/Guarantees" according to relevant laws in order to provide guidance for the execution of relevant business in the future. In the future, where there is a need to perform forward exchange transaction due to the aversion of exchange rate risk, the Company has also established the "Regulations for Acquisition and Disposal of Assets" for compliance, in which it explicitly specifies the transaction handling procedures for the execution of derivatives in order to be used as a risk control basis during hedging operations.⁶

- (3) Future R&D Projects and Expected Investment in R&D Budget:

Under the condition of stable production capacity and quality, the Company performs research and development of manufacturing process technologies, develops and uses low formaldehyde resin in order to reduce the hazard of formaldehyde to the environment, thereby making life healthier, and improves the waterproof and mechanical properties of boards significantly. As PB production technology has been applied in fields internationally for a long period time, the production technology is relatively mature, and products are mostly at the large lot of mass production stage. However, since different manufacturers have different levels of skills in the handling of the technology, there are still great differences in the stability of PB product quality. The core technology of the Company mainly relies on the control of the indices of manufacturing quality of resin for

PB, PB formaldehyde emission amount, dimension stability, cross-section density, water absorption swelling rate, etc., and the improvement and application aspects of new technologies of production line equipment, electrical equipment, etc. In addition, the technology equipped with production performance and environmental friendliness are the direction sought by the Company. Employs a professional technical team for assistance in order to expedite the upgrade of the PB products, thereby continuously increasing the competitiveness of the Group.

(4) Impacts of Domestic/Foreign Important Policies and Changes to Laws on the Financial Business of the Company and Countermeasures:

The registration country of the Company is the Cayman Islands, and the main operating country is Thailand. The Cayman Islands is mainly used for the economic activities with financial services, and Thailand is one of the main economies in Southeast Asia. Except for the investment restriction on foreigners, the products manufactured and sold by the Company do not belong to special permission or restricted business, and the execution of all businesses of the Company have been handled according to the local important policies and laws. In addition, the Company also pays attention to domestic and foreign important policy development trends and legal change status at all time. In the case of any occurrence of change, the Company consults with relevant units of attorneys and CPAs, etc. or entrusts them to perform evaluation and to plan countermeasures. For the most recent year and up to the printing date of the Annual Report, the Company has not been subject to major events affecting the financial business due to the change of important laws in the Cayman Islands or Thailand, etc.

(5) Impacts of Changes in Technology and Industry on the Financial Business of the Company and Countermeasures:

The Company periodically pays attention to the change of relevant industries for the businesses of the Company, in order to understand the latest market trends, and evaluates the impact of any changes on the operation of the Company. For the most recent year and up to the printing date of the Annual Report, the Company has not been subject to any events having major impacts on the financial business of the Company due to major technology changes or industrial changes.

(6) Impacts of Change of Corporate Image on Corporate Crisis Management and Countermeasures:

To cope with the global warming issue and the increasing environmental protection awareness of users, many countries have started to value forest resources and environmental protection issues. The product raw material of the Company is an agricultural economic crop of rubber woods, which is not classified as forest trees. When the rubber wood harvesting period is due, and the output of natural rubber woods significantly decreases, rubber woods are logged due to a lack of economic value, and the Company will recover and further process the woods in order to completely utilize the residual value of rubber woods, which is of note in green environmental protection and sustainable operation. In addition, the Company's equipment continues to upgrade and the Company has installed a wet electrostatic precipitator system surpassing the national

regulatory requirements in Thailand, thereby implementing environmental protection properly. Such core values are able to assist the Company to improve the corporate image, which also enhances the trust of customers in the Company. For the most recent year and up to the printing date of the Annual Report, the Company has not been subject to change of corporate image or any event affecting the corporate image.

(7) Expected Benefits, Possible Risks, and Countermeasures for Merger:

For the most recent year and up to the printing date of the Annual Report, the Company has no on-going mergers. Nevertheless, if the Company is subject to mergers in the future, the Company will perform careful evaluation in order to consider whether the merger is able to bring specific synergy to the Company in order to ensure the rights and benefits of shareholders.

(8) Expected Benefits, Possible Risks, and Countermeasures for Expansion of Facilities:

Expected Benefits

The Company is currently performing the GPT PB plant construction plan, and such plant expansion is beneficial to the Company to continue to increase PB production capacity and to create value of an economy of scale in the future. The total capital amount required for the PB plant expansion plan is expected to be THB 3.8 billion, and the source of capital is from the issuance of secured ordinary corporate bonds. For the deficient amount, own funds or bank loans will be used to cover the deficiency. Such corporate bonds have been issued on May 18, 2017. According to the actual progress, the capital amount for relevant lands, construction works, and equipment purchase have been obtained, it is expected to complete the commissioning stage and start to mass production in June 2020. It is expected to provide approximate production capacity of 528 thousand cubic meters.

Possible Risks and Countermeasures

The possible risk for the significant increase of production capacity after the expansion of the plant is the subsequent market sales being weaker than expected such that excessive production capacity results. For such risk, the Company continues to develop the existing Malaysia and Indonesia markets in order to secure the PB sales network in Southeast Asia; in addition, the Company also plans to develop key areas in China and is committed to market development in Vietnam, India, and the Middle East regions, in order to further expand the PB product sales market, thereby coping with the risk associated with the increase of production capacity.

(9) Risks Faced During Material Incoming and Sales Centralization as well as Countermeasures:

Risks Faced During Material Incoming Centralization and Countermeasures

The main incoming items of the Company are resin, impregnated papers, and rubber woods (including different sizes of raw woods, shoots, branches, skins, roots, sawdust, cores, blocks...) and solidwood semi-products, Fresh Timber, etc. For the resin, there are many raw material suppliers for selection, and the quality and source are not in supply shortage at all. Suppliers of impregnated papers cooperate with the manufacturing process

of the Company to continuously adjust the formula and provide stable supply, and presently, there are approximately two to three main suppliers. For rubber woods (including Fresh Timber), they are supplied by farmers of rubber woods in various areas, and the wood material supply source is broad. The Company and subsidiaries have been in business relationships with the main raw material suppliers for a long period of time. In addition to the maintenance of an excellent collaborative relationship, the Company also maintains more than two suppliers for the purchase of primary materials. Therefore, the source of supply is stable, and there is no risk due to centralized incoming materials.

Risks Faced During Product Sales Centralization and Countermeasures

The Company mainly operates the business of manufacturing and sales of solidwood boards and PB. The products are widely used in building decoration and furniture manufacturing, etc., and customers are mainly distributed in Malaysia, Indonesia, and China. The type of customers include furniture manufacturers, face bonding processing manufacturers, panel manufacturers, traders, and manufacturers with adjunct trading. For 2018 and 2019, the sales percentage of the No. 1 largest customer was 10.61% and 10.43% respectively. To reduce the possible operating risk due to dependency on one single customer, in addition to trader type customers, the Company also actively seeks orders from downstream customers, such as furniture manufactures, face bonding processing manufacturers, and panel processing manufacturers, as well as expands the markets in other countries. In addition, the Company also plans the development of diverse production lines and application fields. The production line has been expanded from solidwood boards and PB to face bonding boards. For the application end, it has been expanded from furniture to interior decoration. Through the expansion of both production line and application fields, the Company is able to spread the sales to various customer groups. Consequently, in the most two recent years, despite there still being of sales percentage to the No. 1 largest customer exceeding 10%, there is no risk due to overly centralized sales.

- (10) Impacts, Risks, and Countermeasures of Directors, Supervisors, or Shareholders with Shareholding Percentage Exceeding 10%, Large Equity Transfer, or Change to the Company:

In the recent year and up to the printing date of the Annual Report III, for the information of the transfer of equity of directors and major shareholders with shareholding exceeding 10% of the Company, please refer to the explanation of 8. Transfer or Pledge of Shares Owned by Directors, Supervisors, Managerial Officers, Shareholders with a Stake of More than 10 Percent During the Most Recent Fiscal Year or During the Current Fiscal Year up to the printing date of the Annual Report. The aforementioned event has not caused any major impacts on the management rights and financial business of the Company.

- (11) Impacts, Risks, and Countermeasures of Change in Management Rights to the Company:

For the most recent year and up to the printing date of the Annual Report, the Company has not been subject to any change of management right. In addition to the enhancement of various corporate governance measures, the Company also introduces independent directors and has established the Audit Committee in light of improving the overall

protection of the rights and benefits of shareholders. In addition, the business management of the Company relies on the operation strategy, objectives, accumulated customer relationship, and business execution of professional managerial officers. Presently, the management team has achieved a certain level of contribution to the operation performance of the Group.

- (12) The Company and Directors, Supervisors, President, Substantial Responsible Person of the Company, Major Shareholder with shareholding Percentage Exceeding 10% and Affiliate of the Company that has Received any Affirmative Ruling or is Involved in any Pending Major Litigation, Non-contentious Case, or Administrative Dispute Event, and the Result Thereof May Have Major Impacts on the Shareholders' Rights or Stock Price; Relevant Dispute Facts, Subject Matter Amount, Litigation Starting Date, Main Parties Involved in the Litigation, and the Handling Status up to the Printing Date of Annual Report Required to be Disclosed: None.

- (13) Other Significant Risks and Countermeasures:

Limitation on Investment Incentive

The Company and the subsidiary of the Company, HM, are registered in the Cayman Islands and Samoa respectively, such that they are not obligated to pay the business income taxes. GP in the consolidated company is entitled to tax exemption benefits for parts of the business items according to the Investment Promotion Act in Thailand and based on the approval of the Investment Promotion Committee of the Ministry of Industry in Thailand. The tax exemption period is from June 2016 to June 2024. The business income tax of the rest of subsidiaries in Thailand is calculated according to the tax law in Thailand. The business income tax in Thailand for the years of 2018 and 2019 were both 20%.

Natural Disaster

Due to possible climate abnormalities caused by the greenhouse effect, the southern Thailand area may have flood for the rainy season from October to November, such that the harvesting of rubber woods may be difficult and cause shortage of supply, and short-term price fluctuation may result.

Countermeasures:

- A. The Company has a relatively complete wood distribution network. Therefore, despite parts of the area possibly suffering from floods, in comparison to other operators in the same industry, the Company is still able to properly manage the raw material supply risk.
- B. Since the Company owns both solidwood boards and PB businesses at the same time, during acquisition of rubber wood raw materials, the Company is able to purchase in lots, such that the Company has purchase advantages over operators in the same industry. Since the purchase source is greater, shortage of raw materials has less impact on the Company in comparison to operators in the same industry.

Increase of Labor Cost

The main operating areas of the Company are mainly distributed in the Level 4 areas in Thailand, and the Thailand government has recently increased the basic wage to THB 325/day. Such policy also affects some parts of the employees' salary.

Countermeasures:

For the future operation strategy, the Company will gradually head toward a capital-intensive automatic production industry, and the demand for the number of director laborers will decrease; consequently, the increase of the basic wages will have less impact on the Company. Wages for the indirect personnel will be increased according to the government policy, and production capacity will be expanded, production efficiency will be increased, and loss will be reduced in order to mitigate the impact of the increase of wages.

Market Scale Affected by the Economic Cycle

Products of the Company are mainly used in the manufacturing of furniture and interior decoration, which can be generally classified into the building material and furniture related industries. Consequently, the market scale can be varied due to the real estate market and global economic system risk.

Countermeasures:

The Company updates market information at all times, and periodically reviews and predicts possible circumstances as well as implements rigorous cost control. In addition, the Company actively develops new markets, and develops new product application fields, such as the development of downstream MFC processing, thereby expanding market demand through new product applications. The Company expands the market scope and vertical extension of product fields such that the Company shall be able to reduce the impacts of the economic cycle on the industry of the Company.

Information Security Risk

To control or maintain important corporate operating functions, including operation and accounting, etc. functions, of the Company, the Company relies on a network system. However, the network system may be subject to network attack such that confidential information of the Company may be stolen, such as exclusive information of customers or other stakeholders, as well as personal information of employees. Malicious hackers may also try to introduce computer viruses, destructive software, or ransomware into the Company's network system, interfering with the operation of the Company in order to regain control rights of the computer system such that it may perform ransom or steal confidential information from the Company.

Countermeasures:

- A. Announce relevant information regulations on the corporate intranet in order to allow all employees to perform inquiry and compliance. Perform major updates of systems irregularly. In the case of major information security risks, announcement is made and corresponding measures are adopted.

- B. To strengthen network security, cope with the popularity of the Internet of Things and the information security issues associated. Reduce hazards caused by viruses, worms, and other network attacks, adopt various network security preventive measures, including the technologies of firewalls, intrusion detection systems, anti-virus software, etc., in order to respond to and reduce harm caused by various network attacks in a timely manner.
- C. The information system infrastructure has been established with host machine redundancy and remote data backup mechanisms of high availability in order to ensure uninterrupted service and to store backup media at a remote site for preservation and storage. Enhance various simulation tests of the machine room and emergency drills in order to ensure the normal operation of information system and data security, thereby reducing system interruption risks caused by unexpected natural disasters and human errors, such that the expected system recovery target time can be satisfied. In the future, the Company will perform upgrade on selected systems for system infrastructure, expansion flexibility and disaster recovery, information security, etc. According to the risk level, design is planned and appropriate software/hardware equipment is upgraded. In addition, the cloud storage space of remote data backup is evaluated.

Up to the printing date of the Annual Report, the Company has not discovered any major network attack or event, already or possibly causing major adverse impacts on the business and operation of the Company. In addition, the Company has not been involved in any relevant legal case or investigation of the supervisory authority.

7. Other Important Matters

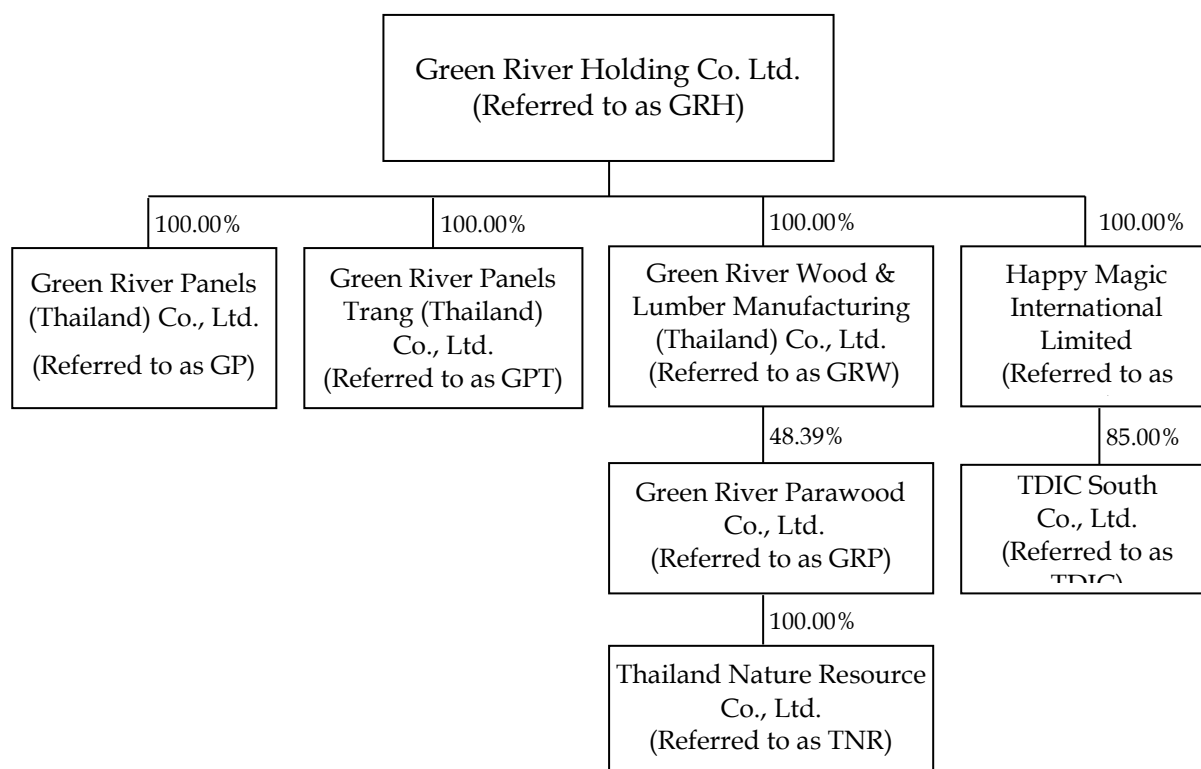
None.

VIII. Special Disclosure

1. Affiliated Enterprise Related Information

(1) Affiliated Enterprise Consolidated Business Report

A. Affiliated Enterprise Consolidated Organizational Chart



B. Affiliated Enterprise Basic Information

May 08, 2020; Unit: In Thousand THB/ USD

Enterprise Name	Establishment Date	Address	Capital	Primary Business or Production Item
GP	2004/07/15	222 Moo 4, T.Thachang, A.Bangklum, Songkhla 90110, Thailand	THB 1,040,000	Manufacturing, Processing, and Sales of PB
GPT	2017/02/20	222 Moo 4, T.Thachang, A.Bangklum, Songkhla 90110, Thailand	THB 500,000	Manufacturing and Sales of PB
HM	2017/01/04	Portcullis Chambers, P.O. Box 1225, Apia, Samoa.	USD 135,934	Investment Business
TDIC	2017/01/13	238/6 Moo. 14, T. Thachang, A. Bangklum, Songkhla 90110, Thailand	THB 100,000	Manufacturing and Sales of Resin
GRW	2000/01/10	222 Moo 4, T.Thachang, A.Bangklum, Songkhla 90110, Thailand	THB 100,000	Manufacturing and Sales of Rubber Solidwood boards
GRP	2002/07/05	222 Moo 4, T.Thachang, A.Bangklum, Songkhla 90110, Thailand	THB 100,000	Purchase and Trimming of Rubber Wood Raw Material
TNR	2010/06/24	131 Moo 7, T.Prik, A.Thungyai, Nakornsrihammarat 80240,Thailand	THB 60,000	Manufacturing and Sales of Rubber Solidwood boards

C. Information of Identical Shareholders for Affiliated Enterprises Inferred to Have Control and Dominance-subordinate Relationship: Not applicable.

D. Businesses Covered by the Business Operated by the Overall Affiliated Enterprises: Please refer to B. Main Business Items of Affiliated Enterprises Basic Information Table of Section VIII, Item 1, Sub-item (1) of this Annual Report.

E. Name of Directors, Supervisors, and President of Each Affiliated Enterprise and Their Shareholding or Capital Contribution Status on Such Affiliated Enterprise

May 08, 2020

Enterprise Name	Job Title	Name or Representative	Shareholding	
			Shares Held	%
GP	Director and Chairman	Hsieh, Jung-Hui	1	0.00%
	Director and CEO and COO	Huang, Teng-Shih	1	0.00%
	Director	Piya Samutchochuang	—	—
GPT	Director and Chairman	Hsieh, Jung-Hui	1	0.00%
	Director and CEO and COO	Huang, Teng-Shih	1	0.00%
	Director	Kitti Teranasthiarphan	1	0.00%
HM	Chairman	Hsieh, Jung-Hui	—	—
	Chief Executive Officer (CEO)	Huang, Teng-Shih	—	—
TDIC	Director and Chairman and CEO	Huang, Teng-Shih	18	0.00%
	Director	Li, Mu-Wen	—	—
	Director	Kitti Teranasthiarphan	—	—
	Director	Boonchoke Khanabkeo	—	—
	Director	Chanchai Charoonkiatkamjon	—	—
GRW	Director and Chairman	Hsieh, Jung-Hui	1	0.00%
	Director and CEO and COO	Huang, Teng-Shih	1	0.00%
	Director	Piya Samutchochuang	—	—
GRP	Director and Chairman	Hsieh, Jung-Hui	1	0.00%
	Director and CEO and COO	Huang, Teng-Shih	1	0.00%
	Director	Piya Samutchochuang	1	0.00%
TNR	Director and Chairman	Hsieh, Jung-Hui	1	0.00%
	Director and CEO and COO	Huang, Teng-Shih	1	0.00%
	Director	Piya Samutchochuang	1	0.00%

F. Operation Summary of Each Affiliated Enterprise

December 31, 2019; Unit: In Thousand of New Taiwan Dollars

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit	Profit or Loss
GP	1,050,192	4,665,408	2,540,723	2,124,686	2,475,659	(185,883)	(150,142)
GPT	504,900	3,422,446	2,986,235	436,211	—	(11,243)	(66,490)
HM	4,452,674	4,631,436	61	4,631,375	—	(178)	75,750
TDIC	181,764	264,996	86,455	178,541	—	(2,519)	(2,264)
GRW	100,980	200,916	45,544	155,372	333,884	(24,417)	(23,197)
GRP	100,980	30,133	93,097	(62,965)	110,415	(14,878)	(23,942)
TNR	60,588	67,783	115,645	(47,862)	—	(9,632)	(11,615)

Note 1: 2019 financial statements audited by CPA.

Note 2: Balance Sheet Exchange Rate: THB 1 = NTD 1.0098.

Income Statement Exchange Rate: THB 1 = NTD 1.0008.

(2) Affiliated Enterprise Consolidated Financial Statement Declaration

Affiliated Enterprise Consolidated Financial Statement Declaration

Our Company hereby declares that the companies required to be incorporated into the preparation of the Consolidated Financial Statement of the affiliates according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” are identical with the companies required to be incorporated into the preparation of the Consolidated Financial Statements of parent and subsidiary companies according to the “International Financial Reporting Standards 27 (IFRS 27)” for the year of 2019 (from January 1 to December 31, 2019); in addition, relevant information required to be disclosed in the Consolidated Financial Statement of the affiliates has been disclosed completely in the Consolidated Financial Statements of parent and subsidiary companies. Accordingly, no separate Consolidated Financial Statement of the affiliates is further provided.

Declared By

Company Name: Green River Holding Co. Ltd.

Responsible Person: Hsieh, Jung-Hui

March 19, 2020

(3) Affiliation Report: Not applicable.

2. Carrying out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

None.

3. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

None.

4. Other Necessary Supplemental Explanations

The Company declares in the “Regulations for Acquisition or Disposal of Assets” that “The Company shall not give up the future capital increase of Green River Panels (Thailand) Co., Ltd. (GP) and Green River Wood & Manufacturing (Thailand) Co., Ltd. (GRW) each year. GRW shall not give up the capital increase of Green River Parawood Co., Ltd. (GRP) in the coming years. GRP shall not give up the capital increase of Thailand Nature Resource Co., Ltd. in the coming years; if in the future, a company is required to give up one of the companies capital increase or punishment on the basis of the policy alliance investigation or other agreement of the OTC, it must be approved by the special resolution of the Board of Directors of the Company.” In addition, if there is any amendment to these Regulations, it shall be input into the MOPS material information for disclosure, and shall be reported to the TPEx for recordation.

The Company has issued the declaration, and the proposal for amendment of the “Policies and Procedures for Acquisition or Disposal of Assets” has been approved in the Shareholders’ Meeting on June 16, 2016. Up to the printing date of the Annual Report, there are no capital increases for the aforementioned subsidiaries and investees, such that there is no violation of the declaration.

5. A company (foreign company) listed on the emerging stock market for the first time shall include explanation on the major differences from the regulations for the protection of shareholders’ interests in our nation.

In addition to the following differences, the listed company has established specific content for the protection of shareholders’ rights in the charter and Articles of Incorporation of the listed company according to the “Protection of Interests of Shareholders of Foreign Issuer Checklist” announced by the TPEx on January 21, 2015. In addition, the Articles of Incorporation of the Company have been revised according to the amendment of the “Protection of Interests of Shareholders of Foreign Issuer Checklist” announced by the TPEx on December 25, 2019; please refer to the 2020 Shareholders’ Meeting Handbook for detail. According to the Cayman Islands’ Company Law, it does not restrict Cayman Island companies from incorporating the articles and provisions specified in the “Protection of Interests of Shareholders of Foreign Issuer Checklist”.

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
<ol style="list-style-type: none"> 1. Shareholders' Meetings shall be convened in the jurisdiction of the R.O.C. For a Shareholders' Meeting convened in the R.O.C., it shall be reported to the TPEx for consent within two days after the resolution of the Board of Directors' Meeting or obtaining the convention approval of the competent authority. 2. For a shareholder continuously holding more than 3% of total outstanding shares for more than one year, such shareholder may submit a written proposal matter and reason to request the Board of Directors to convene an Extraordinary Shareholders' Meeting. Within 15 days after the submission of the request, if the Board of Directors provides no convention notice, the shareholder may report to the competent authority for approval in order to execute convention of meeting on its own. 	<ol style="list-style-type: none"> 1. For a Shareholder's Meeting convened by the shareholder, since the Cayman Islands' Company Act has no specific regulations on the convention of a Shareholders' Meeting by a shareholder, consequently, Article 19.6 of the Articles of Incorporation of the Company does not specify the requirement that prior to the convention of an Extraordinary Shareholders' Meeting by shareholder, it is required to report to the competent authority for approval. In addition, if a shareholder convenes a Shareholders' Meeting outside the jurisdiction of the R.O.C., since an Extraordinary Shareholder's Meeting convened by a shareholder is not required to obtain the approval of the local competent authority in the Cayman Islands, consequently, Article 18.3 of the Articles of Incorporation of the Company only specifies that it is required to report to the R.O.C. TWSE or TPEx (depending upon the situation) for approval, rather than the content of the Protection of Shareholders' Interest Checklist requesting "report to the TPEx for consent within two days after the shareholder obtains the convention approval of the competent authority". For this part, it shall not cause any substantial impact on the shareholders' interests in the R.O.C.
<p>During the convention of Shareholders' Meetings, the Company may exercise voting rights in writing or via electronic method; however, where the Company satisfies the criteria specified in the "applicable scope for companies required to adopt electronic voting" announced by the competent authority of securities in the R.O.C., then the electronic method shall be listed as one of the methods for exercising the voting rights. When the Company convenes Shareholders' Meetings outside the jurisdiction of the R.O.C., the written method or electronic method for exercising voting rights shall be provided to shareholders. When the Company exercises voting rights in writing or via electronic methods, the exercise method shall be indicated on the Shareholders' Meeting convention notice. A shareholder exercising</p>	<p>Regarding the exercise of voting rights in writing or via electronic method by shareholders, the Cayman Islands' Company Act does not specify whether the shareholders exercising voting rights in writing or via electronic method can be deemed to have attended the Shareholders' Meeting in person, and the attorney in the Cayman Islands has not discovered any relevant previous case examples. To provide further arrangement, Article 25.4 of the Articles of Incorporation of the Company specifies that "When a shareholder exercises his/her voting rights in a Shareholders' Meeting in writing or via electronic method according to the aforementioned requirement, he/she is deemed to entrust the meeting Chairperson to be his/her proxy to exercise voting rights in the Shareholders' Meeting according to the method instructed on the written or electronic document. The meeting Chairperson, based on its position as a proxy, for matters not mentioned or not specified in the written or electronic document, and/or amendments to the original proposal submitted in the Shareholders' Meeting, the Chairperson shall not have the right to exercise the</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
<p>voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</p>	<p>voting right for such shareholder. To clarify doubts, such shareholder using said methods to exercise voting rights shall be deemed to have waived the exercise of voting rights on the extraordinary motion and/or amendment of original proposal submitted in such Shareholders' Meeting". In addition, Article 26.3 of the Articles of Incorporation of the Company specifies that such voting rights exercised by the Chairperson of the Shareholders' Meeting on behalf of the shareholder shall not be subject to the restriction of not exceeding 3% of the voting rights of total number of outstanding shares.</p>
<p>For the following proposals related to major interests of shareholders, it is required to have shareholders representing more than two-thirds of the total number of outstanding issues attending the meeting, and shall be executed based on the consent of a majority of voting rights of attending shareholders. Where the total number of shares of attending shareholders is less than the aforementioned quantity specified, it may be executed based on the attendance of shareholders representing a majority of the total number of outstanding shares and based on the consent of more than two-thirds of the voting rights of attending shareholders:</p> <ol style="list-style-type: none"> 1. Where the Company establishes, changes, or terminates a contract related to the lease of all business, commissioned for operation or common joint operation with others, transfers all or the major parts of business or property, or acquires all business or property from others such that major impact on the operation of the Company occurs; 2. Where the Articles of Incorporation are changed; 3. Where the change of Articles of Incorporation damages the rights of shareholders of preferred stocks, the resolution of the Shareholders' Meeting for preferred stocks shall be 	<ol style="list-style-type: none"> 1. For the resolution method of a Shareholders' Meeting, in addition to the ordinary resolution and major resolution under the laws of the R.O.C., Article 1.1 of the Articles of Incorporation specifies the "Special Resolution" defined under the Cayman Islands' Company Act, i.e. in a Shareholders' Meeting of a company, with the attendance of shareholders with the rights to participate in voting in person, or through voting with authorization letters, or through voting by an attending representative legally authorized by corporate shareholders or non-natural person shareholders, after the calculation of the number of voting rights of each shareholder, the resolution shall be based on the approval of at least two-thirds of the voting rights of the attending shareholders. 2. According to the regulations of the Cayman Islands' Company Act, the following matters shall be handled via the special resolution method: <ol style="list-style-type: none"> (1) Change of the Articles of Incorporation; <p>According to the laws of the Cayman Islands, the change of the Articles of Incorporation shall be based on the special resolution specified in the Cayman Islands' Company Act. Therefore, for a resolution passing criteria in Article 12.1 of the Articles of Incorporation of the Company, it is not revised to be a major resolution matter under the laws of the R.O.C. according to the requirements specified in the Protection of Shareholders' Interests Checklist. In addition, according to Article 13 of the Articles of Incorporation of the Company, if any revision or change of the Articles of Incorporation will damage the priority rights of any type of shares, then relevant revision or change shall be passed through special</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
<p>approved;</p> <p>4. Where all or a portion of dividends and bonuses are issued via the method of issuance of new shares;</p> <p>5. Where there is resolution on dissolution, merger, or slip-up;</p> <p>6. Where new restricted employee shares are issued.</p>	<p>resolution, and shall be approved through the special resolution of a Shareholders' Meeting further convened for the shareholders of such type of damaged shares.</p> <p>(2) Dissolution; According to the laws of the Cayman Islands, when a company reaches the resolution for voluntary liquidation and dissolution due to failure to make repayment upon the maturity of debts, the dissolution shall be made based on the resolution of a Shareholders' Meeting. However, if the Company performs voluntary liquidation and dissolution due to reasons other than the above, the dissolution shall be made based on the special resolution specified in the laws of the Cayman Islands. Consequently, for a resolution passing criteria for the company dissolution in Article 12.4 of the Articles of Incorporation of the Company, it is not revised to be a major resolution matter under the laws of the R.O.C. according to the requirements specified in the Protection of Shareholders' Interests Checklist.</p> <p>(3) Merger; Since the Cayman Islands' Company Act specifies compulsory requirements on the voting method for the "merger defined under the laws of the Cayman Islands", Section (b) of Article 12.3 of the Articles of Incorporation of the Company specifies that "merger" (in addition to compliance with the approval through special resolution for the "acquisition and/or merger" defined under the Cayman Islands' Company Act" shall be approved through major resolution.</p> <p>3. The difference between the aforementioned matter and the Protection of Shareholders' Interests Checklist relies on the matters required to be passed through major resolution according to the Protection of Shareholders' Interests Checklist being further specified as matters for major resolution and matters for special resolutions respectively in the Articles of Incorporation of the Company. Since such differences arises from the laws of the Cayman Island, and since the Articles of Incorporation of the Company have listed the major resolution matters specified in the Important Matters for Protection of Shareholders' Interests as the major</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
	<p>resolution matters and special resolution matters in the Articles of Incorporation of the Company, the impact of such part of the Articles of Incorporation of the Company on the interests of shareholders shall be considered to be limited.</p>
<ol style="list-style-type: none"> 1. Where a company has supervisors, supervisors shall be elected by the Shareholders' Meeting, and at least one supervisor shall have a domicile in the R.O.C. 2. The term of office of supervisors shall not exceed three years. However, re-election shall be applicable. 3. When all of the supervisors are dismissed, the Board of Directors shall convene an Extraordinary Shareholders' Meeting for election within 60 days. 4. Supervisors shall supervise the execution of the Company's business, and may examine the Company's business and financial status, audit books and documents, and request the Board of Directors or managerial officers to submit reports at any time. 5. Supervisors shall perform audit on various statements prepared by the Board of Directors and submitted in the Shareholders' Meeting, and shall report opinions to the Shareholders' Meeting. 6. Supervisors performing audit affairs may represent the Company to appoint a CPA and attorneys for review. 7. Supervisors may attend the Board of Directors' Meeting to express their opinions. Where the Board of Directors or a director violates the law during the execution of duties, or performing actions based on the Articles of Incorporation or resolution of a Shareholders' Meeting, the supervisors shall inform the Board of Directors or the director to stop its action immediately. 	<p>The Cayman Islands' Company Act does not specify the concept of 'supervisor', and a publicly listed company establishes the Audit Committee and has no supervisors; therefore, there are no relevant requirements for supervisors in the Articles of Incorporation.</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
<p>8. Each supervisor may exercise his/her supervisory right independently.</p> <p>9. Supervisors shall not concurrently take on the roles of director, managerial officer, or other employee of the Company.</p>	
<p>1. For a shareholder holding more than 1% of the total number of outstanding shares of the Company for more than three months consecutively, he or she may request the supervisors to file litigation against a director on behalf of the Company, and the Taiwan Taipei District Court may be the competent court of first instance.</p> <p>Within 30 days after the shareholder submits such request, where the supervisors fail to file litigation, the shareholder may file litigation on behalf of the Company, and the Taiwan Taipei District Court may be the competent court of first instance.</p>	<p>Since the laws of the Cayman Islands have no concept equivalent to supervisors, and since the Company has established the Audit Committee, there are no requirements related to supervisors in the Articles of Incorporation of the Company. However, with reference to the regulations on the minority shareholders' request to file litigation against a director according to Article 214 of the Company Act of the R.O.C., Article 48.3 of the Articles of Incorporation of the Company specifies that for a shareholder holding more than 3% of the total number of outstanding shares of the Company for more than one year consecutively, (a) he or she may request the Board of Directors in writing to authorize any one independent director of the Audit Committee to file litigation at the R.O.C. Taiwan Taipei District Court against a director on behalf of the Company; or (b) he or she may submit written request to the independent director of the Audit Committee to file litigation against a director on behalf of the Company, and the Taiwan Taipei District Court may be the competent court of first instance. Within 30 days after receiving the request from the shareholder according to the aforementioned (a) or (b), if (i) the Board of Directors fails to provide the aforementioned authorization or the independent director of the Audit Committee authorized by the Board of Directors fails to file litigation; or (ii) the independent director of the Audit Committee receiving the request fails to file litigation, within the scope permitted by the laws of the Cayman Islands, the shareholders may file litigation against the director on behalf of the Company, and the Taiwan Taipei District Court may be the competent court of first instance.</p> <p>However, for the aforementioned provision, the attorney in the Cayman Islands reminds us of the following according to the laws of the Cayman Islands:</p> <p>The Cayman Islands' laws have not provided any specific regulations on the filing of derivative</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
	<p>litigation proceeding by minority shareholders against a director at the court of the Cayman Islands. The Articles of Incorporation of the Company are not a contract between the shareholders and directors, but an agreement between the shareholders and the Company. Therefore, despite the Articles of Incorporation permitting minority shareholders to file derivative litigation against a director, the attorney in the Cayman Islands considers that such content is not binding on the director. Nevertheless, under the Common Law, all shareholders (including minority shareholders), regardless of their shareholding percentage or period of shareholding, have the right to file derivative litigation (including litigation against a director). Once a shareholder files a lawsuit, the court in the Cayman Islands has the full power to determine whether the shareholder may continue with the lawsuit. In other words, despite the Articles of Incorporation of the Company specifying that minority shareholders (or shareholders with required shareholding percentage or shareholding period) may represent the Company to file litigation against a director, nonetheless, whether such litigation can be continued to proceed, the final determination shall still be based on the decision of the court in the Cayman Islands. According to relevant judgments made by the Grand Court in the Cayman Islands, when the court in the Cayman Islands is determining whether to permit the continuing of a derivative lawsuit, the applicable rules are based on whether the court in the Cayman Islands believes and accepts that the request submitted by the plaintiff representing the Company has superficial substance, and the illegal action claimed is made by a party having control of the Company, and such party having controls is able to cause the Company to not file litigation against the defendant. The court in the Cayman Island makes determination on the facts of individual cases (although the court may still consider the requirements of the Articles of Incorporation, this is not the decisive factor).</p> <p>According to the laws of the Cayman Islands, the Board of Directors shall make decision based on its entirety (rather than an individual director) on behalf of the Company. Therefore, the Board of Directors shall authorize any one director based on the resolution of the Board of Directors' Meeting according to the Articles of Incorporation in order to</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
	<p>file litigation against another director on behalf of the Company.</p> <p>The Cayman Islands' Company Act does not specify regulations for a shareholder to request the Board of Directors to convene a Board of Directors' Meeting for resolution of specific matters. Nevertheless, the Cayman Islands' Company Act does not prohibit companies to specify relevant requirements for Board of Directors' Meeting procedures (including the requirements for convention of Board of Directors' Meetings).</p> <p>The Company expects to pass the amended Articles of Incorporation in the ordinary Shareholders' Meeting in 2019. According to the Company Act, the content of "a shareholder holding more than 3% of total number of outstanding shares of the Company for more than one year consecutively" is revised into "a shareholder holding more than 1% of total number of outstanding shares of the Company for more than six months consecutively".</p>
<ol style="list-style-type: none"> 1. A director of the Company shall perform duties in good faith and act as a prudent administrator with good care in the fulfillment of obligations. In the case of violation such that the Company suffers damages, he or she shall bear the damage indemnification liability. Where such action is made by the director or others, the Shareholder's Meeting may treat the income gained from such action as the income of the Company through resolution. 2. Where a director violates the law during the execution of Company duties such that others suffer from damages, he or she shall bear the joint liability with the Company for others. 3. The managerial officers and supervisors of the Company, within the scope of duty execution, shall bear the damage indemnification liability identical to that of the directors of the Company. 	<p>Although Article 48.4 of the Articles of Incorporation has specified that "under the condition where general director's responsibilities borne by a director of the Company for the Company and shareholders under the Common Law principles and laws of the Cayman Islands are not affected, when the director is performing the business operation of the Company, he or she shall perform duties with royalty and fulfill the due care of a prudent administrator. In the case of any violation such that the Company suffers damages, he or she shall bear the damage indemnification liability within the maximum limitation permitted under the law. When a director conducts action violating the aforementioned requirements to obtain any benefits for his/her own self or others, through an ordinary resolution of the Shareholders' Meeting, the Company shall adopt all appropriate actions and steps within the maximum limitation permitted by the law in order to allow the such benefits to be vested in the Company from the director. When a director of the Company violates the laws or orders during the execution of the business operation such that the Company is subject to any indemnification or damage liability for any one, the director shall bear the joint liability for such indemnification or damage together with the Company. In addition, in the case of any reasons such that the director is not obligated to bear the joint liability together with the</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
	<p>Company, the director shall be responsible for providing compensation for any loss suffered by the Company due to his/her violation of his/her obligations. When a managerial officer is performing the Company duties, he or she shall bear the damage indemnification liabilities identical to those of the directors of the Company.”</p> <p>However, for the aforementioned provision, the attorney in the Cayman Islands reminds us of the following according to the laws of the Cayman Islands:</p> <p>The responsibilities of a director for his/her company under the laws of the Cayman Islands can be generally divided into the responsibilities (i.e. professional skills, awareness, and diligent responsibilities) and obligations of royalty under the Common Law. However, the directors shall still bear the statutory obligations according to the requirements of laws, and under specific circumstances, they shall also bear obligations for a third party (i.e. a creditor). If the Company has no ability for repayment or has the likelihood of no ability for repayment of debts, the directors shall consider the interests of creditors during their fulfillment of responsibilities.</p> <p>Since the Articles of Incorporation of the Company are an agreement between the shareholders and the Company, the directors are not the party of the Articles of Incorporation of the Company. Accordingly, all of claims of the damage indemnification rights against the directors for their violation of required obligations shall be specified in the service contract.</p> <p>Under the laws of the Cayman Islands, in general, managerial officers or supervisors are not required to bear liabilities for the Company or shareholders the same as the ones borne by the directors of the Company. However, if a managerial officer or supervisor is authorized to represent the senior manager's actions, then he or she will bear the same obligation as those borne by the director of the Company. To prevent doubts, a Cayman company generally specifies the responsibilities and obligations of a managerial officer or supervisor for his/her company or shareholders in the service contract of the managerial officer or supervisor.</p> <p>Similarly, since the Articles of Incorporation of the Company are an agreement between the shareholders and the Company, the managerial officers and</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
	<p>supervisors are not the party of the Articles of Incorporation of the Company. Accordingly, all of claims of damage indemnification rights against the managerial officers or supervisors for their violation shall be specified in the service contract.</p> <p>In terms of the laws of the Cayman islands, since the Articles of Incorporations of a company are an agreement between the shareholders and the issuance company, the directors (for their identity as directors of the issuance company) are not the party of the Articles of Incorporation of the Company; therefore, the attorney in the Cayman Islands is of the opinion that the Articles of Incorporation (including Article 48.4) are not binding on the directors. If the Company wishes to have contract binding effect on the directors through relevant articles, then the attorney in the Cayman Islands believes that the content of relevant rights shall be specified in the contract with each individual director, such as the service contract.</p>

IX. For the most recent year and up to the printing date of the Annual Report, whether there is any occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act (including material information in a press conference concerning material information specified in Paragraph 1 of Article 11 of the Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEx Listed Securities)

None.

Green River Holding Co. Ltd.

Chairman: Hsieh, Jung-Hui