



Stock Code: 8444

# Green River Holding Co. Ltd.

## 2021

## 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>

Printing Date: May 9, 2022

The 2021 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

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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 : Not applicable.

VI. Company Website: <http://www.greenriverholding.com>

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VIII. Board of Directors' Roster

Job Title	Name	Nationality	Profile
Chairman	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
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/ Emeritus Professor Yung Yuan Chemical Materials Corp./ Consultant
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 Intellectual Property Innovation Corporation, Director Representative Winbond Electronics Corp, Vice President
Independent Director	Chen, Yu-Hsuan	R.O.C.	Sheh Kai Precision Co., Ltd Audit Director Sheh Kai Precision Co., Ltd Chairman's Special Assistant

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## I. Letter to Shareholders

Dear Shareholders,

It has been more than two years since the COVID-19 pandemic spread all over the world. The virus variants as well as the prevention measures continue to keep changing; therefore, companies have to pay more to prevent the COVID-19. Moreover, the changes in the market environment in different industries have led to an increase in raw material costs and transportation costs. These changes have slowed down the global economic growth rate. Green River's latest particleboard factory (GPT) started production in the middle of 2020 and continued to adjust its manufacturing process to increase its production capacity. In addition, its own resin factory started mass production in the fourth quarter of this year to gather momentum to the Group's operating performance. The results of our operating performance in 2021 and the business outlook report are illustrated as follows:

### 1. 2021 Business Report

#### A. Operating Performance

The Group's consolidated revenue for 2021 was NT\$5,752,477 thousand and net profit attributable to owners of parent was NT\$394,308 thousand, with basic earnings per share of NT\$4.62. The operating revenue increased by 64.19%, consolidated net profit increased by 1,231.94% and gross profit margin increased to 23.90% compared to 2020.

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	2021	2020	Increase (Decrease) Percentage %
Operating Revenue	5,752,477	3,503,653	64.19%
Operating Costs	4,377,457	3,065,468	42.80%
Gross Profit	1,375,020	438,185	213.80%
Operating Expenses	961,189	522,433	83.98%
Net Operating Income (Loss)	413,831	(84,248)	591.21%
Profit (Loss) Before Income Tax	408,882	(55,866)	831.90%
Net Profit (Loss) After Tax	383,559	(33,885)	1,231.94%
Net Profit (Loss) Attributed to the Parent Company	394,308	(22,737)	1,834.21%

Source of Information: Financial statements audited by independent auditors.

## D. Profitability Analysis

### Important Financial Ratio Analysis

Item		2021	2020
Return on Assets (%)		5.41	0.28
Return on Shareholders' Equity (%)		18.19	(1.42)
Paid-in Capital Ratio (%)	Operating Profit	46.10	(9.94)
	Net Profit Before Tax	45.55	(6.59)
Net Profit Margin (%)		6.67	(0.97)
Earnings (Deficits) per Share (NT\$)		4.62	(0.27)

Source of Information: Financial statements audited by independent auditors.

## E. Research and Development Status

The Group continues to improve the particleboard production process to control the formaldehyde level in the panels and develop ultra-low formaldehyde and formaldehyde-free panels. In recent years, those panels have been certified by SGS and Japan Testing Center for Construction Materials (JTCCM) for formaldehyde testing, indicates the panels meet the JIS F-4star standard. The formaldehyde-free panels have also been certified by SGS and the China National Furniture and Indoor Environment Quality Supervision and Inspection Center for TVOC (Total Volatile Organic Compounds) and formaldehyde testing. The Group's resin factory started the operation in October 2021. In the future, the Group will actively improve the resin technologies and formula, thereby developing various products equipped with special application characteristics and optimizing the production efficiency in order to enhance our product competitiveness.

## 2. 2022 Business Plan Overview

### A. Operational Directives

- (a) Be committed to sustainable development by integrating the latest technology to improve production capacity and reduce environmental pollution factors, while striving for growth and environmental protection.
- (b) Reduce production costs and adjust the sales strategy to maximize profitability and growth for our shareholders.
- (c) Value our customers' opinions, follow up to market trends, and create brand value.

### B. Important Production and Sales Policies

The Group has upgraded its product development, quality control and reduced procurement costs in order to continue to provide high quality and stable quality products while reducing production costs. The Group improves its research and development technology and adjusts its production formula to accommodate customers' needs and market development. We have also built a resin factory to upgrade our resin technology and develop green, safe, non-toxic and special functional high-end particle board products. The Group has already met many international certifications and standards and will continue to develop formulas and production technologies that take into account product performance and environmental protection. We will also strengthen quality control and inspection, properly allocate product lines and arrange

production schedules to improve production efficiency and stability to reduce production costs. By closely monitoring the raw material price fluctuation, we are searching for various sources to supply raw materials. At the same time, we aim to stabilize the source and quality of raw materials and strengthen our bargaining power in order to reduce procurement costs and improve product quality as our own resin factory is completed. We are also refining our manufacturing process to increase the production capacity of the GPT factory and further create value for economies of scale.

The Group keeps track of the market trends, stays ahead of product development, offers differentiated products to accommodate customer needs and provides good after-sales services to maintain strong customer relationships. The Group has also been actively expanding its business in new markets based on the demand for high-end or environmentally friendly products in potential markets. Besides building a reputation through a sound marketing mechanism and quality products and services, the Group also actively participates in home furnishing industry exhibitions to increase brand exposure and build up Green River's brand advantages.

### 3. Company's Future Development Strategy

A. Marketing strategy: The Group has continued to improve the management and efficiency of its operations. Upon the launch of the new particle board factory and the completion of its own resin factory, the Group has carefully evaluated the workforce requirements, integrated the labor in each factory, and appropriately deployed and recruited talents to enhance management efficiency. The Group has accumulated network resources through industrial cooperation and encouraged employees to pursue external education to comprehend the current situation and future trends in the industry in order to adapt to the changes in industry and economy in each region and to understand the organizational growth needs in order to adjust the company's operation planning. At the same time, we have optimized the integration and control between our software and hardware equipment to continue refining our processes in order to add value to our products. We also use our information system to collect and monitor operation-related data to further strengthen our information integration advantage and improve business performance. The Group has also taken advantage of its geographical location in the center of Southeast Asia to strengthen our market position in Asia and the existing markets in ASEAN. The Group has also altered the market share in different regions to mitigate the impact caused by the pandemic.

B. Financial strategy: The Group mainly sells its products to foreign customers. In order to strengthen the Group's ability to respond to changes in the external environment, the Group regularly reviews the financial position of each counterparty and adjusts the terms of transactions, and reviews the adequacy of foreign currency positions to minimize the impact of the market interest rate risk on the Group. We continue to maintain good relationships with our financial institutions and make good use of direct and indirect financial instruments to improve the Group's financial



structure.

#### 4. 2022 Business Outlook

As we look ahead, the Group will continue to watch the global situation. With the new resin factory coming into operation, the production cost of particle board is expected to be reduced; to cooperate with our marketing strategy, we will deepen our market position in emerging markets to increase our competitiveness in the export market. 2022 business outlook: 1. focus on the vertical integration, 2. optimize information systems, and 3. continue to improve production formulas and processes. 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 “TDICS”) 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

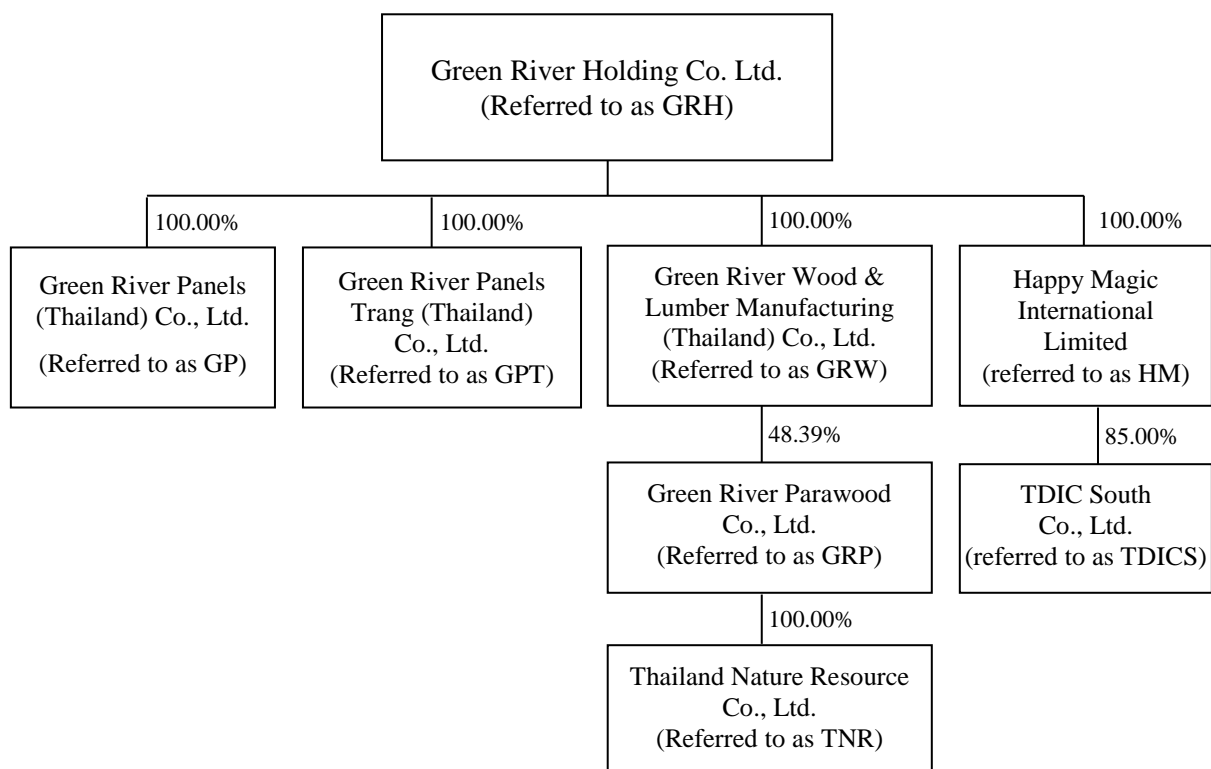
### 3. Company History

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 board’s 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"> <li>• GP qualified SGS (ISO9001:2008) quality certification.</li> <li>• GP obtained USA CARB Phase 2 quality certification.</li> </ul>
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	GP invested in automatic trimming, grinding, and sanding production lines, in order to significantly increase production capacity.
2011/12	GRH officially held 93.14% of GP’s equity through equity swap.
2012/01	<ul style="list-style-type: none"> <li>• GRH obtained 6.86% of GP’s equity from GRW.</li> <li>• GRP established the Prik branch.</li> </ul>
2012/02	<ul style="list-style-type: none"> <li>• GRH officially held 100% of GRW’s equity through equity swap.</li> <li>• TNR merged sawmill of the Fancy Wood Company in Phang Nga, Thailand.</li> </ul>
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"> <li>• Established HM to perform investment business and to increase the flexibility of the Group’s fund utilization.</li> <li>• Issued 2017 first overseas unsecured convertible corporate bonds on the Singapore Exchange.</li> </ul>
2017/02	Established GPT to expand the particle board business scale.
2017/05	Issued 2017 first domestic secured corporate bonds in the region of the R.O.C.

Year/ Month	Milestones
2017/07	SAP information system was officially put online to increase the information integration ability of the Group.
2017/10	Acquired 85% of TDICS's equity and planned the resin plant.
2019/02	Obtained Japan JIS A5908, F-3star and F-2 star quality certification.
2019/04	Obtained inspection report of JIS F-4 star Formaldehyde Emission Standard of SGS
2019/09	Obtained inspection report of JIS F-4 star Formaldehyde Emission Standard of JTCCM
2020/03	Obtained USA CARB and EPA NAF(No Added Formaldehyde-based-resin) quality certification.
2020/06	Pass the TVOC test from China National center for Quality Supervision& Inspection of Furniture and Indoor Environment.
2020/07	Pass the TVOC test from SGS.
2020/05	Obtained Japan JIS A5908, F-4star quality certification.
2021/10	TDICS Resin Factory started mass production

#### 4. Group Structure



- (1) GRH was established in the Cayman Islands on January 14, 2011, with paid-in capital of NT\$ 897,669 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 149,934 thousand, and it mainly operates investment business and the Group's fund allocation.
- (5) TDICS 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**

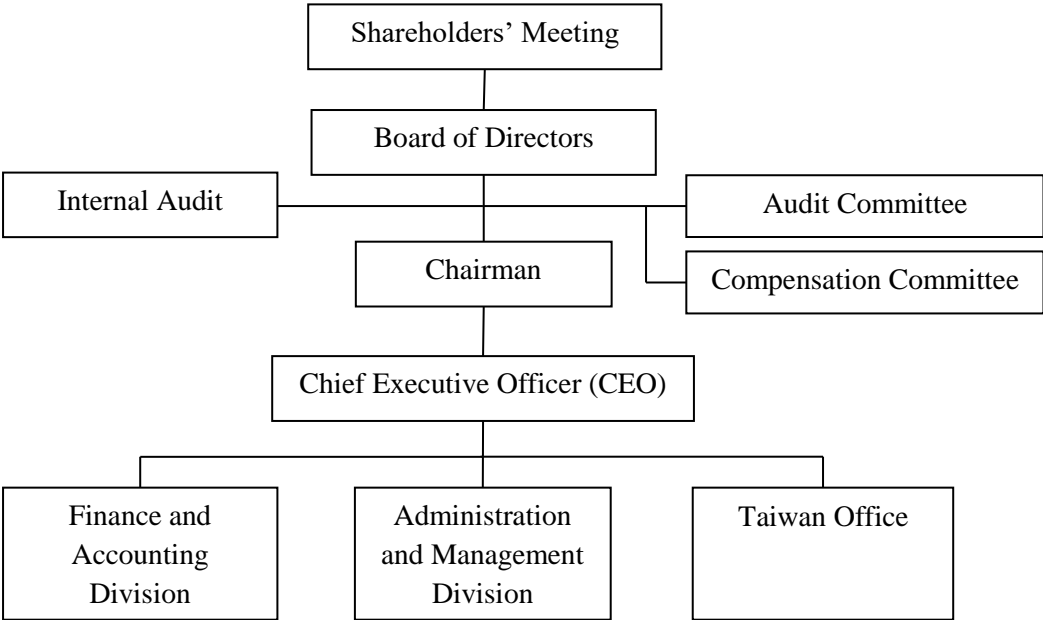
Please refer to Section VII. Item 6 of this Annual Report.

III. Corporate Governance Report

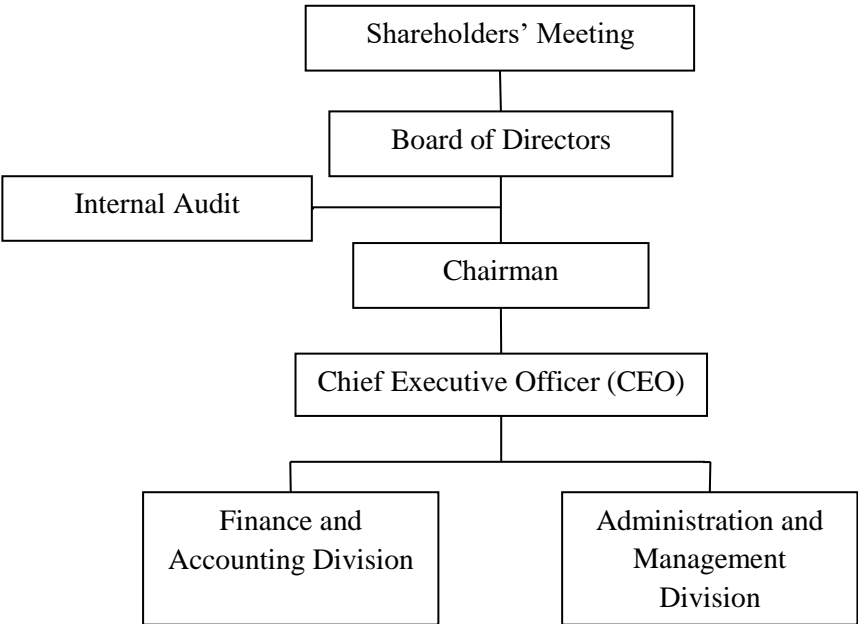
1. Organization System

(1) Organizational Structure

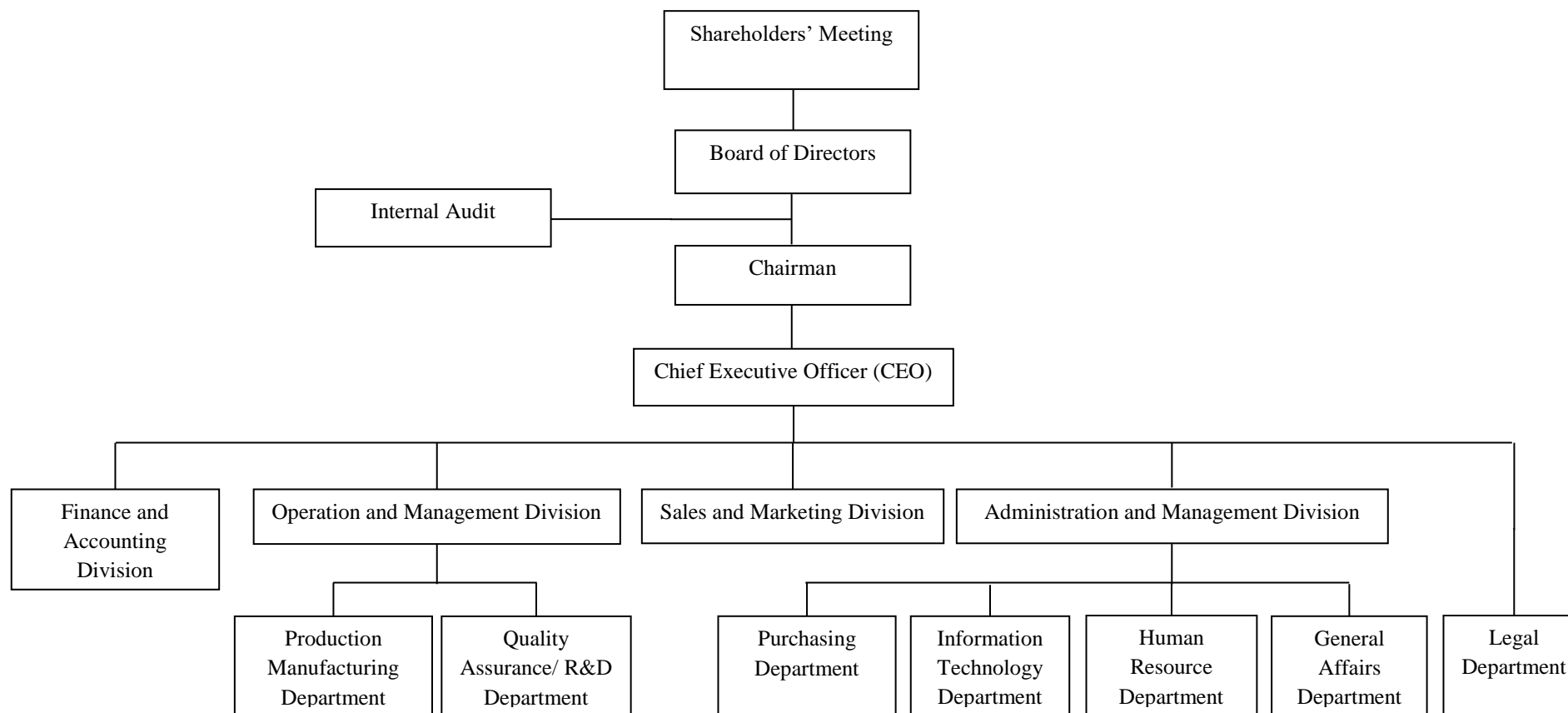
A.GRH



B. Subsidiaries HM



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



## (2) Responsibilities of Main Departments

### A. GRH

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

### B. Subsidiaries HM

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



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

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

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

Department	Responsibilities
Department	<p>product complies with the standards.</p> <p>3. New product research and development as well as testing.</p>
Purchasing Department	<p>1. Responsible for the Group's procurement of raw materials for production and general supplies.</p> <p>2. Management of suppliers.</p>
Information Technology Department	<p>1. Responsible for the planning, management, and maintenance works of the information system and hardware facilities of the Group.</p> <p>2. Responsible for the planning and establishment of the ERP system.</p>
Human Resource Department	<p>1. Responsible for the Group's organization operations and human resources planning, execution of recruiting and cultivation development.</p> <p>2. Personnel, employee salary, educational training operations, and employee relationship management.</p> <p>3. Establishment and execution of various human resources related regulations and systems.</p>
General Affairs Department	<p>1. Responsible for the Group's administrative resource planning, general affairs execution management, and property operation management.</p> <p>2. Company and factory environment and personnel operation related operation management.</p> <p>3. Establishment and execution of various relevant general affairs and environmental safety regulations and systems.</p>
Legal Department	<p>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.</p> <p>2. Handling of various related legal dispute events of the Company.</p>

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

### (1) Directors and Supervisors Information

April 25, 2022

Job Title	Nationality/ Registration Place	Name	Gender /age	Date of election / appointment	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	Relation ship
Chairman	R.O.C.	Hsieh, Jung-Hui	Male 51-60	2021/08/11	3 years	2021/08/11	6,383,592	7.53%	7,357,032	8.20%	97,774	0.11%	0	0	-Department of Civil Engineering, National Cheng Kung University -Standard Pallet International Co., Ltd. Factory Manager/ Responsible Person	- Director of the Company and 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.	-	2021/08/11	3 years	2012/09/12	4,110,548	4.85%	4,110,548	4.58%	0	0	0	0	—	—	None	None	None
	R.O.C.	Representative: Li, Mu-Wen	Male 51-60				0	0.00%	306,748	0.34%	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	-CSO of the Company and Subsidiaries GP, GPT, GRW, GRP, and TNR	None	None	None
Director	British Virgin Islands	Forward Thinking Limited	-	2021/08/11	3 years	2012/09/12	1,161	0.00%	1,161	0.00%	0	0	0	0	—	—	None	None	None
	R.O.C.	Representative: Huang, Teng-Shih	Male 61-70				0	0.00%	230,157	0.26%	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 TDICS -Chairman and CEO of Subsidiary TDICS -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	-	2021/08/11	3 years	2012/07/07	1,161	0.00%	1,161	0.00%	0	0	0	0	—	—	None	None	None
	R.O.C.	Representative Du, King-Ling	Male 71-80				0	0.00%	121,660	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 -Walsin Lihwa Corporation, Independent Director	None	None	None
Independent Director	R.O.C.	Chang, Jun-En	Male 71-80	2021/08/11	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	-Department of Environmental Engineering, National Cheng Kung University, Emeritus Professor -Cleanaway Co Ltd, Independent Director -Cheng Mei Materials Technology Corporation, Independent Director -Yung Yuan Chemical Materials Corp., Consultant	None	None	None

Job Title	Nationality/ Registration Place	Name	Gender /age	Date of election / appointment	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	Relation ship
Independent Director	R.O.C.	Pai, Pei-Lin	Male 61-70	2021/08/11	3 years	2012/07/07	0	0.00%	0	0.00%	0	0	0	0	-PhD. in Electrical Engineering, University of California, Berkeley -B.S. in 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	-Winbond Electronics Corp, Vice President -Intellectual Property Innovation Corporation, Director Representative	None	None	None
Independent Director	R.O.C.	Chen, Yu-Hsuan	Female 41-50	2021/08/11	3 years	2021/08/11	0	0.00%	0	0.00%	0	0	0	0	- Master of The Department of Asia-Pacific Industrial and Business Management, National University of Kaohsiung - Bachelor of Accounting group, Department of Business Management, National Sun Yat-sen University - Sheh Kai Precision Co., Ltd audit Director	- Sheh Kai Precision Co., Ltd audit Director and Chairman's Special Assistant - Kuan-Yi Investment Co., Ltd Supervisor - Bymit Inc. Supervisor - Tian Yu Hsuan Ltd. Representative	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 9, 2022

Name of Corporate Shareholders	Major Shareholders of Corporate Shareholders	Shareholding Percentage (%)
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 9, 2022

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

## C. Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors & Diversity and Independence of the Board of Directors

### (A) Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

Qualification Name	Professional qualifications and experience	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
[Chairman] Hsieh, Jung-Hui	Specialty: Civil Engineering, Green River Market Experience, Business Management and Board Experience -Department of Civil Engineering, National Cheng Kung University -Standard Pallet International Co., Ltd. Factory Manager/ Responsible Person - Director of the Company and Subsidiaries GP, GPT, GRW, GRP, and TNR - Chairman of the Company and Subsidiaries GP, GPT, GRW, GRP, TNR, and HM -The 22th Model of Taiwan and Oversea Entrepreneurs Awards	(4) (6) (9) (10) (11)	-
[Director] Chin Tai Holding Inc. Representative: Li, Mu-Wen	Specialty: Civil Engineering, Asia Pacific Market Experience and Board Experience -Master of Structural Engineering, The University of Arizona -Department of Civil Engineering, National Cheng Kung University -Continental Engineering Corp. / Valuation Manager/ Coordination Manager -CSO of the Company and Subsidiaries GP, GPT, GRW, GRP, and TNR	(3) (4) (6) (7) (9) (10) (11)	-
[Director] Forward Thinking Limited Representative: Huang, Teng-Shih	Specialty: Water Resources Engineering, Green River Market Experience, Business Management and Board Experience -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 -The 22th Model of Taiwan and Oversea Entrepreneurs Awards	(3) (4) (6) (9) (10) (11)	-

Qualification  Name	Professional qualifications and experience	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
[Director] Park Island Enterprises Limited  Representative Du, King-Ling	Specialty: Mechanical Engineering, Financial Management and Board Experience -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 -Walsin Lihwa Corporation, Independent Director -The 87th CIE Award-Engineering Medal	(1) (3) (4) (6) (7) (8) (9) (10) (11)	1
[Independent Director] Chang, Jun-En - Convener of Audit Committee - Convener of Compensation Committee	Specialty: Solid waste disposal, Resource Recycling, Environmental Engineering and Board Experience -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 -Department of Environmental Engineering, National Cheng Kung University, Emeritus Professor -Cleanaway Co Ltd, Independent Director -Cheng Mei Materials Technology Corporation, Independent Director -Yung Yuan Chemical Materials Corp., Consultant -The 20th TECO Award- Machinery/Energy/ Environmental Technology Category -2007 Ho Chin Tui Outstanding Honorary Award- Environment Protection	1. The company has obtained the declaration that it complies with the eligibility requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" from all independent directors, and meets the independence requirements.	2
[Independent Director] Pai, Pei-Lin	Specialty: Electrical Engineering, Business Management, Market Experience and Board Experience -PhD. in Electrical Engineering, University of California, Berkeley -B.S. in 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 -Winbond Electronics Corp, Vice President -Intellectual Property Innovation Corporation, Director Representative	2. The independent directors of the company and their spouses, minor children and Nominee Arrangement do not hold shares of the company.	-
[Independent Director] Chen, Yu-Hsuan	Specialty: Financial Accounting and Auditing - Master of The Department of Asia-Pacific Industrial and Business Management, National University of Kaohsiung - Bachelor of Accounting group, Department of Business Management, National Sun Yat-sen University - Sheh Kai Precision Co., Ltd audit Director - Sheh Kai Precision Co., Ltd audit Director and Chairman's Special Assistant - Kuan-Yi Investment Co., Ltd Supervisor - Bymit Inc. Supervisor - Tian Yu Hsuan Ltd. Representative	3. All independent directors meet all conditions of Note 2.	-

Note 1: The independent directors of the company a person who doesn't have any of the conditions defined Article 30 of the Company Law and all independent directors have signed the declaration.

Note 2: the status of independence:

- a. Not an employee of the Company or any of its affiliates.
- b. 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.)
- c. 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.

- d. 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.
- e. 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.)
- f. 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.)
- g. 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.);
- h. 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.);
- i. 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 NTD 500,000.
- j. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- k. Not been a person of any conditions defined in Article 30 of the Company Law.
- l. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

## (B) Diversity and Independence of the Board of Directors:

### a. Diversity of the Board of Directors:

The composition of the members of the Board of Directors of the Company considers the operation of the Company, business model, and development requirements. According to the "Corporate Governance Best Practice Principles" disclosed on the Company's website and MOPS, 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:

- (a) Basic requirements and values: Gender, age, nationality, and culture.
- (b) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

The members of the Board of Directors should be diversified and possess the below skills:

- |   |                                |
|---|--------------------------------|
| (a) Operational judgement skills.             | (e) Industry knowledge.        |
| (b) Accounting and financial analysis skills. | (f) Global market view.        |
| (c) Operational management skills.            | (g) Leadership skills.         |
| (d) Crisis management skills.                 | (h) Decision marketing skills. |

Please refer below table for the experience and professional ability of the members of the Board of Directors.

Items Member	Position	Age	Basic Component		Industry Knowledge					Professional Competency			
			sex	Independent Director service year	Manufacturing	Technical Research	Finance	Management	Sales	Engineering	Business Management	Finance & Accounting	Energy & Environment
Hsieh, Jung-Hui	Chairman	51-60	M		v	v		v	v	v			
Huang, Teng-Shih	Director	61-70	M		v	v		v	v	v	v		
Li, Mu-Wen		51-60	M		v	v		v	v	v			
Du, King-Ling		71-80	M		v	v		v		v		v	
Chang, Jun-En	Independent Director	71-80	M	3		v				v			v
Pai, Pei-Lin		61-70	M	9		v		v		v	v		
Chen, Yu-Hsuan		41-50	F	0			v	v				v	

The Company has 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, financial, environmental fields, etc., and their profiles cover chairman, managers, and professors. The Board Members with diverse knowledge, including industry and academic fields, match the Company's diversity goal. Therefore, Directors can provide professional opinions in different aspects, beneficial to the company's business performance and management efficiency.

Specific management objectives of the company's diversity policy:

Management Perspective	Objectives	Achievement
Female Director	at least 1 person	1 person
Speciality in Finance and Accounting	at least 1 person	2 person
Speciality in ESG	at least 1 person	1 person
Number of independent directors	3 person	3 person

b. Independence of the Board of Directors:

The company has set up 3 independent directors, accounting for 43% of all directors. The company has obtained the declaration that it complies with the eligibility requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" from all independent directors, and meets the independence requirements. The independent directors of the company and their spouses, minor children and Nominee Arrangement do not hold shares of the company.

After reviewing the filing documents of insider shareholding and the above declaration, neither the directors nor independent directors of the company have any



of the conditions stipulated in Article 26-3, Item 3 and Item 4 of the Securities and Exchange Act.

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

April 25, 2022

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	7,357,032	8.20%	97,774	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	230,157	0.26%	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 TDICS -CEO and COO of Subsidiaries GP, GPT, GRW, GRP, and TNR -Chairman and CEO of Subsidiary TDICS -CEO of Subsidiary HM	None	None	None	None
Chief Sales Officer	R.O.C.	Li, Mu-Wen	Male	2012/07/07	306,748	0.34%	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	-CSO of Subsidiaries GP, GPT, GRW, GRP, and TNR	None	None	None	None
Chief Financial Officer	R.O.C.	Wang, Sheng-Feng	Male	2014/03/29	298,106	0.33%	214,640	0.24%	0	0.00%	-Department of Accounting, Tunghai University -Samya Technology Co., Ltd./ CFO	-CFO of Subsidiaries GP, GPT, GRW, GRP, TNR, HM, and TDICS	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 or parent company 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	Hsieh, Jung-Hui	0	0	0	0	134	134	0	0	0.03%	0.03%	2,445	4,215	0	0	100	0	100	0	0.70%	1.16%	None (Note)		
Director	Chin Tai Holding Inc. Representative: Li, Mu-Wen	0	0	0	0	133	133	0	0	0.03%	0.03%	1,864	3,015	0	0	100	0	100	0	0.55%	0.85%			
Director	Forward Thinking Limited Representative: Huang, Teng-Shih	0	0	0	0	133	133	0	0	0.03%	0.03%	2,177	3,699	0	0	100	0	100	0	0.63%	1.02%			
Director	Park Island Enterprises Limited Representative : Du, King-Ling	350	350	0	0	0	0	0	0	0.09%	0.09%	0	0	0	0	0	0	0	0	0.09%	0.09%			
Independent Director	Chang, Jun-En	350	350	0	0	0	0	0	0	0.09%	0.09%	0	0	0	0	0	0	0	0	0.09%	0.09%			
Independent Director	Pai, Pei-Lin	350	350	0	0	0	0	0	0	0.09%	0.09%	0	0	0	0	0	0	0	0	0.09%	0.09%			
Independent Director	Chen, Yu-Hsuan	350	350	0	0	0	0	0	0	0.09%	0.09%	0	0	0	0	0	0	0	0	0.09%	0.09%			
<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&amp;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 the above table disclosed, please specify directors' remuneration from providing services in the most fiscal year (e.g. serving as a non-employee consultant to the parent company /any consolidated entities/investee companies) :None</div> <div>Note: Although the Company's ownership in GRP and TNR is less than 50%. The Company is deemed able to control these investees and includes these investees in the consolidated financial statements.</div>																								

**(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 or parent company 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	1,965	3,417	0	0	480	798	100	0	100	0	0.66%	1.12%	None
Chief Executive Officer and Chief Operating Officer	Huang, Teng-Shih	1,859	3,120	0	0	318	579	100	0	100	0	0.59%	0.99%	None
Chief Sales Officer	Li, Mu-Wen	1,564	2,503	0	0	300	512	100	0	100	0	0.51%	0.81%	None
Chief Financial Officer	Wang, Sheng-Feng	3,166	4,074	0	0	882	1,094	100	0	100	0	1.08%	1.37%	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 or parent company 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	1,965	3,417	0	0	480	798	100	0	100	0	0.66%	1.12%	None
Chief Executive Officer and Chief Operating Officer	Huang, Teng-Shih	1,859	3,120	0	0	318	579	100	0	100	0	0.59%	0.99%	None
Chief Sales Officer	Li, Mu-Wen	1,564	2,503	0	0	300	512	100	0	100	0	0.51%	0.81%	None
Chief Financial Officer	Wang, Sheng-Feng	3,166	4,074	0	0	882	1,094	100	0	100	0	1.08%	1.37%	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	400	400	0.10%
	Chief Executive Officer and Chief Operating Officer	Huang, Teng-Shih				
	Chief Sales Officer	Li, Mu-Wen				
	Chief Financial Officer	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

Item \ Year	2020				2021			
	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	7,096	11,117	(31.21)%	(48.90)%	8,586	13,029	2.24%	3.39%
President and Vice Presidents	9,230	14,300	(40.59)%	(62.90)%	10,934	16,497	2.85%	4.29%

The differences between the total remuneration amount in 2021 and 2020 are as follows:

In 2020, due to the Company's poor performance in recent years, the Company decided not to accrue for employee and directors' compensation; in addition, The President and Vice Presidents voluntarily had a pay cut of NTD 1.8 million. In 2021, the Company got out of the Red, which accrued for employees' compensation and directors' compensation of NTD 400 thousand, respectively, and resumed the top management's salary in 2021. It is not applicable to compare the percentage of remuneration of net income in the recent two fiscal years due to the deficit incurred by the Company in 2020; the rate in 2020 was stated as negative.

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 annual profit for compensation which indicates that the compensation correlates with operational performance. The compensation committee periodically assesses the compensation system through the "Director Compensation Policy", directors' contribution to the Company's operation and references performance appraisal results from directors by "Self-Evaluation or Peer Evaluation of the Board of Directors".</p>	<p>According to the "Compensation Manager Policy", the variable salary for managers is based on their performance which in many perspectives (e.g. financial targets, talent cultivation and quality risk etc.), and relevant overall business outcome of the Company and competitive environment of the job position as well as the standards adopted in the same industry are considered for the determination of remuneration.</p>

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

#### 4. Implementation of Corporate Governance

##### (1) Board of Directors Implementation Status:

A total of nine (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	Hsieh, Jung-Hui	8	1	88%	2021/08/11 Re-elected
Director	Chin Tai Holding Inc. Representative: Li, Mu-Wen	9	0	100%	
Director	Forward Thinking Limited Representative: Huang, Teng-Shih	9	0	100%	
Director	Park Island Enterprises Limited Representative: Du, King-Ling	9	0	100%	
Independent Director	Chang, Jun-En	9	0	100%	
Independent Director	Pai, Pei-Lin	8	1	88%	2021/08/11 Newly-appointed
Independent Director	Chen, Yu-Hsuan	5	0	100%	
Independent Director	Lin, Wang-Ling	3	1	75%	

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:

1. 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:

(1) 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 III. Corporate Governance Report of this Annual Report.

(2) 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.

2. 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
2021/12/28 2021 9 <sup>th</sup> Meeting	All seven (independent) directors in total	Proposal for 2022 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.

3. TWSE/GTSM Listed Companies shall disclose the evaluation cycles, period, scope, method and content of the evaluation of the board as a whole, individual directors and functional committees

Evaluation Cycles : Once a year.

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 evaluation was performed in 2021. The evaluation period started from 2020/12/01 to 2021/11/30.

Scope of Evaluation : The board of directors as a whole, individual board members and each functional committee.

Method of Evaluation : Internal evaluation of the board and functional committees and self-evaluation by the board members of themselves.

Evaluation indicators :

(1) For the board of directors: With five aspects and 45 indicators in total which includes 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.

(2) For Individual board members: With three aspects and 23 indicators in total which includes 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.

(3) For each functional committee: With six aspects and 24 indicators in total which includes participation in the operation of the company; awareness of the duties of a committee member; improvement of the quality of the functional committee's decision making; composition of the committee and election; ; and internal control.

Evaluation results and improvement :

(1) Due to the impact of Covid-19, directors who live abroad could not participate in the shareholders' meeting hold in Taiwan. Once the pandemic ease in the future, directors can attend the meeting to raise their attendance rate. In addition, the Company follows the

	published amendments from competent authorities actively. It would propose the amendment to the articles of association of the Company in the general shareholders meeting this year, adding video conference as an acceptable meeting form to improve the attendance rate of directors in the future.
	(2) Overall, the board of director members understand the Company's goals and missions and their respective duties, also considering the Company's development and passionately contribute their professional knowledge; the board of directors and functional committees have functioned properly in conformity with corporate governance principles. All committees have duly performed their duties and supported the board.
	(3) The evaluation results of 2021 have been submitted to the Board of directors of the Company on 2021/12/28.
4.	Assessment on objective and execution status of enhancement of the Board Meeting function in the current year and the most recent year:
	(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.
	(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 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. Evaluate directors' performance periodically since 2020
	(5) The Company provides corporate governance-related courses for directors to improve their acknowledgement and practice of corporate governance from time to time.
	(6) The Company maintains D&O Insurance for its directors.
	(7) Amend the related policies in accordance with the amendment of related laws and regulations and the Company practice.

(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	7	0	100%	2012/08/11 Re-elected
Independent Director	Pai, Pei-Lin	7	0	100%	
Independent Director	Chen, Yu-Hsuan	4	0	100%	2021/08/11 Newly-appointed
Independent Director	Lin, Wang-Ling	3	0	100%	2021/08/11 Term expiration
Other matters required to be recorded:					



1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session, meeting proposals, objections, reservations or significant suggestions expressed by the independent directors, resolutions, and the Company's response to the Audit Committee's opinions:
  - (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 III. Corporate Governance Report 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 between Independent Directors with Internal Audit Manager and CPA: The committee members comprehend and communicate with the CPA based on the audit plan, audit findings, financial report preparation and latest published accounting regulations, etc., on 2021/03/24, 2021/08/25 and 2021/12/28. The internal audit manager submits an audit report to the independent directors monthly and proposes the audit plan to the audit committee for discussion annually. In addition, the internal audit manager submits the implementation status report of the internal audit and business operating for the committee to review in every meeting and elucidate when necessary. Independent directors did not make comments on the above contents.
4. Audit Committee annual major matters and operation status
  - (1) Annual major matters
 

<ul style="list-style-type: none"> <li>• Regulatory Compliance.</li> <li>• Review financial reports.</li> <li>• Offering or issuance of securities.</li> <li>• Appointment, dismissal of CPA.</li> <li>• Regularly communicate with CPA on the auditing of financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• Material Loaning of Funds and Making of Endorsements/Guarantees.</li> <li>• Material asset or derivative transactions.</li> <li>• Appointment, dismissal of financial, accounting and internal audit officer.</li> <li>• Evaluation of the effectiveness of the internal control system.</li> <li>• Regularly communicate the results of the audit report with the internal auditor based on the annual audit plan.</li> </ul>
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  - (2) Operation status: 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 III. Corporate Governance Report of this Annual Report.

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 releases 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.
2. Company's Ownership Structure and Shareholders' Equity (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as	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.

<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) (a) The directors of the company issued a declaration of willingness to comply with the SEC law when they were elected.</p> <p>(b) The company will receive a non-disclosure agreement When hires a new employee.</p> <p>(c) 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 person who has learned the information by reason of occupational or controlling relationship to prevent any conduct possibly involving insider trading, and the Company also implements periodic audits and educational promotion. In addition, the Company arranges related courses in our orientation training for new employees and managers.</p> <p>(d) The company provides the latest laws and regulations for insiders every year, arranges relevant courses, and reminds directors not to trade in the company's stock during the closed period at the board of directors meeting from time to time.</p> <table><tr><th>Participant</th><th>Course Topics</th><th>Hours</th></tr><tr><td>Hsieh, Jung-Hui</td><td>OTC Forum-Insider Equity Change</td><td>3 hrs.</td></tr><tr><td>Du, King-Ling</td><td>Preventing Insider Trading and Case Analysis</td><td>3 hrs.</td></tr><tr><td>Chen, Yu-Hsuan</td><td>Preventing Insider Trading and Case Analysis</td><td>3 hrs.</td></tr><tr><td>Wang, Sheng-Feng</td><td>[Professional development courses for principal accounting officers] Including Law and Practice with Respect to Insider Trading and Case Analysis</td><td>12 hrs.</td></tr></table>	Participant	Course Topics	Hours	Hsieh, Jung-Hui	OTC Forum-Insider Equity Change	3 hrs.	Du, King-Ling	Preventing Insider Trading and Case Analysis	3 hrs.	Chen, Yu-Hsuan	Preventing Insider Trading and Case Analysis	3 hrs.	Wang, Sheng-Feng	[Professional development courses for principal accounting officers] Including Law and Practice with Respect to Insider Trading and Case Analysis	12 hrs.	
Participant	Course Topics	Hours																
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Chen, Yu-Hsuan	Preventing Insider Trading and Case Analysis	3 hrs.																
Wang, Sheng-Feng	[Professional development courses for principal accounting officers] Including Law and Practice with Respect to Insider Trading and Case Analysis	12 hrs.																
<p>3. Composition and Responsibility of the Board of Directors</p> <p>(1)Does the Board establish a diversity policy and specific management objectives, and how does the implementation?</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. According to the “Corporate Governance Best Practice Principles” disclosed on the Company’s website and MOPS, the composition of the board of</p>	<p>(1) No major difference.</p>															

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:

- (a) Basic requirements and values: Gender, age, nationality, and culture.
- (b) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

The members of the Board of Directors should be diversified and possess the below skills:

- (a) Operational judgement skills.
- (b) Accounting and financial analysis skills.
- (c) Operational management skills.
- (d) Crisis management skills.
- (e) Industry knowledge.
- (f) Global market view.
- (g) Leadership skills.
- (h) Decision marketing skills.

Please refer below table for the experience and professional ability of the members of the Board of Directors.

Member	Items	Position	Basic Component		Industry Knowledge				
			sex	Independent Director service year	Manufacturing	Technical Research	Finance	Management	Sales
Hsieh, Jung-Hui		Chairman	M		v	v		v	v
Huang, Teng-Shih		Director	M		v	v		v	v
Li, Mu-Wen			M		v	v		v	v
Du, King-Ling			M		v	v		v	
Chang, Jun-En		Independent Director	M	3		v			
Pai, Pei-Lin			M	9		v		v	
Chen, Yu-Hsuan			F	0			v	v	

(continue)

Member	Items	Age	Professional Competency			
			Engineering	Business Management	Finance & Accounting	Energy & Environment
Hsieh, Jung-Hui		51-60	v			
Huang, Teng-Shih		61-70	v	v		
Li, Mu-Wen		51-60	v			
Du, King-Ling		71-80	v		v	
Chang, Jun-En		71-80	v			v
Pai, Pei-Lin		61-70	v	v		
Chen, Yu-Hsuan		41-50			v	

		<p>The Company has 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, financial, environment fields, etc., and their profiles cover chairman, managers, and professors. The Board Members with diverse knowledge, including industry and academic fields, match the Company's diversity goal. Therefore, Directors can provide professional opinions in different aspects, beneficial to the company's business performance and management efficiency.</p> <p>Specific management objectives of the company's diversity policy:</p> <table><tr><th>Management Perspective</th><th>Objectives</th><th>Achievement</th></tr><tr><td>Female Director</td><td>at least 1 person</td><td>1 person</td></tr><tr><td>Finance and Accounting Major</td><td>at least 1 person</td><td>2 person</td></tr><tr><td>ESG Major</td><td>at least 1 person</td><td>1 person</td></tr><tr><td>Number of independent directors</td><td>3 person</td><td>3 person</td></tr></table>	Management Perspective	Objectives	Achievement	Female Director	at least 1 person	1 person	Finance and Accounting Major	at least 1 person	2 person	ESG Major	at least 1 person	1 person	Number of independent directors	3 person	3 person	
Management Perspective	Objectives	Achievement																
Female Director	at least 1 person	1 person																
Finance and Accounting Major	at least 1 person	2 person																
ESG Major	at least 1 person	1 person																
Number of independent directors	3 person	3 person																
(2)Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	(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.	(2) No major difference.																
(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.	(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 assesses the Board's performance annually and submits the performance evaluation results to the Board of directors, using them as a reference in determining compensation and nomination for individual directors. Please refer to (1) Board of Directors Implementation Status of 4. Corporate Governance Operation Status of III. Corporate Governance Report in this Annual Report for 2021 performance evaluation criteria and results.	(3) No major difference.																
(4)Does the company regularly evaluate the independence of CPAs?	(4) The Company assesses the suitability of the CPA yearly; the criteria and major content are listed below: Professionality- the service quality and timeliness from the CPA meet the needs. independency-the CPA does not hold shares of the Company or any affiliate of the	(4) No major difference.																

			<p>Company</p> <p>Interest avoidance-the CPA does not co-invest or share interests with the Company or any affiliate of the Company.</p> <p>Rotation- As of the latest certification, the CPA has never provided the Company with the audit service for consecutive 7 years.</p> <p>The Company shall obtain the CPA independence declaration with the assessment submit to the Board of directors together.</p> <p>The annual assessment and CPA independence declaration of 2020 and 2021 has submitted to the Board of directors on 2021/03/24 and 2022/03/25, respectively.</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 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)?	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 business execution by directors and assisting with legal compliance.</p> <p>(3) The Implementation in 2021 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</p>	No major difference.

			<p>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 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.</p>	
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 Securities Co., Ltd. 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	V		<p>(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 Traditional Chinese, English, and Simplified Chinese) to disclose relevant information.</p> <p>(2) The Company assigns dedicated personnel to be responsible for the collection</p>	(1) No major difference.

<p>information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(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?</p>		<p>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.</p> <p>(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.</p>	<p>(2) No major difference.</p> <p>(3) The Company follows relevant laws and regulations to announce and report the financial statements and operating outcome based on the prescribed deadline</p>
<p>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?</p>	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 Traditional Chinese, English, and Simplified Chinese) 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</p>	<p>No major difference.</p>



collaboration relationships with main suppliers.

(5) Rights of Stakeholders: Stakeholders may communicate with and make suggestions to the Company in order to maintain their legitimate rights and benefits.

(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.

Job Title	Name	Date	Organizer	Course	Hours
Chairman	Hsieh, Jung-Hui	2021/10/18	TPEX	OTC Forum- Insider Equity Change	3.0
		2021/09/01	FSC R.O.C.	The 13 <sup>th</sup> Taipei Corporate Governance Forum (afternoon session)	3.0
Representative of a Corporate Director	Huang, Teng-Shih	2021/09/01	FSC, R.O.C.	The 13 <sup>th</sup> Taipei Corporate Governance Forum (morning session)	3.0
		2021/09/01		The 13 <sup>th</sup> Taipei Corporate Governance Forum (afternoon session)	3.0
Representative of a Corporate Director	Li, Mu-Wen	2021/09/01	FSC, R.O.C.	The 13 <sup>th</sup> Taipei Corporate Governance Forum (morning session)	3.0
		2021/09/01		The 13 <sup>th</sup> Taipei Corporate Governance Forum (afternoon session)	3.0
Representative of a Corporate Director	Du, King-Ling	2021/11/04	TCGA	Preventing Insider Trading and Case Analysis	3.0
		2021/11/04		Corporate Social Responsibility in Corporate Governance Evaluation (CSR 、ESG)	3.0
Independent Director	Pai, Pei-Lin	2021/09/01	FSC, R.O.C.	The 13 <sup>th</sup> Taipei Corporate Governance Forum (morning session)	3.0
		2021/09/01		The 13 <sup>th</sup> Taipei Corporate Governance Forum (afternoon session)	3.0
Independent Director	Chang, Jun-En	2021/11/01	S.F.I.	Ethical Corporate Management Regulations and Corporate Social Responsibility for TWSE/GTSM Listed Companies	3.0
		2021/11/01		Explanation and case introduction of directors and supervisors' responsibilities under corporate governance	3.0
		2021/05/07		ESG new economy and sustainable finance new policy	3.0

			<table><tr><th>Job Title</th><th>Name</th><th>Date</th><th>Organizer</th><th>Course</th><th>Hours</th></tr><tr><td rowspan="4">Independent Director</td><td rowspan="4">Chen, Yu-Hsuan</td><td>2021/11/04</td><td rowspan="2">TCGA</td><td>Preventing Insider Trading and Case Analysis</td><td>3.0</td></tr><tr><td>2021/11/04</td><td>Corporate Social Responsibility in Corporate Governance Evaluation (CSR 、ESG)</td><td>3.0</td></tr><tr><td>2021/09/01</td><td rowspan="2">FSC, R.O.C.</td><td>The 13<sup>th</sup> Taipei Corporate Governance Forum (morning session)</td><td>3.0</td></tr><tr><td>2021/09/01</td><td>The 13<sup>th</sup> Taipei Corporate Governance Forum (afternoon session)</td><td>3.0</td></tr></table>	Job Title	Name	Date	Organizer	Course	Hours	Independent Director	Chen, Yu-Hsuan	2021/11/04	TCGA	Preventing Insider Trading and Case Analysis	3.0	2021/11/04	Corporate Social Responsibility in Corporate Governance Evaluation (CSR 、ESG)	3.0	2021/09/01	FSC, R.O.C.	The 13 <sup>th</sup> Taipei Corporate Governance Forum (morning session)	3.0	2021/09/01	The 13 <sup>th</sup> Taipei Corporate Governance Forum (afternoon session)	3.0	
Job Title	Name	Date	Organizer	Course	Hours																					
Independent Director	Chen, Yu-Hsuan	2021/11/04	TCGA	Preventing Insider Trading and Case Analysis	3.0																					
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		2021/09/01	FSC, R.O.C.	The 13 <sup>th</sup> Taipei Corporate Governance Forum (morning session)	3.0																					
		2021/09/01		The 13 <sup>th</sup> Taipei Corporate Governance Forum (afternoon session)	3.0																					
		<p>(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.</p> <p>(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.</p> <p>(9) Status of Liability Insurance Purchased by the Company for the Directors and Supervisors: The Company has purchased liability insurance for all Directors.</p>																								
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 8<sup>th</sup> Term (2021) Corporate Governance Assessment Result announced in April, 2022, the Company’s participation assessment score received is at the first tier of 36%-50% of the corporates.</p> <p>(1) Matters Not Received for Scores and Already Improved: Does the Company disclose the amounts of the non-audit fees paid to the attesting CPA and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services in the annual report? The Company discloses the amount and the nature of non-audit services in this annual report.</p> <p>(2) Priority Enhancement and Measures: Does the Company upload the shareholders’ meeting notice in English to the MOPS website thirty (30) days prior to a regular shareholders’ meeting? The Company will assign the competent unit to prepare the notice and upload it within the deadline.</p>	No major difference.																							

(4) Compensation Committee

A. Information of Compensation Committee Members

<div>Criteria</div> <div>Name</div>	Professional qualifications and experience	Independence (Note 2)	No. of other public companies of which the person concurrently serves as an compensation committee member
<div>[Convener ]</div> <div>[Independent Director]</div> <div>Chang, Jun-En</div>	<p>Specialty: Solid waste disposal, Resource Recycling, Environmental Engineering and Board Experience</p> <ul style="list-style-type: none"> <li>-PhD. in Civil Engineering, Tohoku University, Japan</li> <li>-Master of Civil Engineering, National Cheng Kung University</li> <li>-College of Engineering, National Cheng Kung University/ Deputy Dean</li> <li>-Environmental Protection Administration, Executive Yuan, R.O.C.(Taiwan)/ Minister</li> <li>-Formosa Association of Resource Recycling/ Chairman</li> <li>-Sustainable Environment Research Laboratories, National Cheng Kung University, Director</li> <li>-Department of Environmental Engineering, National Cheng Kung University, Professor</li> <li>-Department of Environmental Engineering, National Cheng Kung University, Emeritus Professor</li> <li>-Cleanaway Co Ltd, Independent Director</li> <li>-Cheng Mei Materials Technology Corporation, Independent Director</li> <li>-Yung Yuan Chemical Materials Corp., Consultant</li> <li>-The 20th TECO Award- Machinery/Energy/ Environmental Technology Category</li> <li>-2007 Ho Chin Tui Outstanding Honorary Award- Environment Protection</li> </ul>	<p>1. The company has obtained the declaration that it complies with the eligibility requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" from all independent directors, which meets the independence criteria.</p>	2
<div>[Independent Director]</div> <div>Pai, Pei-Lin</div>	<p>Specialty: Electrical Engineering, Business Management, Market Experience and Board Experience</p> <ul style="list-style-type: none"> <li>-PhD. in Electrical Engineering, University of California, Berkeley</li> <li>-B.S. in Department of Electrical Engineering, National Taiwan University</li> <li>-Nanya Technology Corporation, Vice President and Spokesman</li> <li>-Alpha &amp; Omega Semiconductor Co., Ltd., Vice President</li> <li>-FocalTech Systems Co., Ltd., Vice President</li> <li>-Winbond Electronics Corp, Vice President</li> <li>-Intellectual Property Innovation Corporation, Director Representative</li> </ul>	<p>2. The independent directors of the company and their spouses, minor children and nominee arrangements do not hold shares of the company.</p>	-

Criteria Name	Professional qualifications and experience	Independence (Note 2)	No. of other public companies of which the person concurrently serves as an compensation committee member
[Independent Director] Chen, Yu-Hsuan	Specialty: Financial Accounting and Auditing - Master of The Department of Asia-Pacific Industrial and Business Management, National University of Kaohsiung - Bachelor of Accounting group, Department of Business Management, National Sun Yat-sen University - Sheh Kai Precision Co., Ltd audit Director - Sheh Kai Precision Co., Ltd audit Director and Chairman's Special Assistant - Kuan-Yi Investment Co., Ltd Supervisor - Bymit Inc. Supervisor - Tian Yu Hsuan Ltd. Representative	3. All independent directors meet all criteria of Note 2.	-

Note 1: The independent directors of the company have not been a person under any conditions defined in Article 30 of the Company Law. All independent directors have signed a declaration.

Note 2: Compliance with Independence Criteria:

- (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 NTD 500,000.
- (10) Not the spouse or a relative within the second degree of kinship of 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 government agency, a juristic person or its authorized representative be elected as a director of the company as defined in Article 27 of the Company Law.

## B. Implementation Status of the Compensation Committee

- (a) The Company's Compensation Committee consists of three members.
- (b) The term of office of the fourth term of committee members was from June 12, 2018 to August 11, 2021. The fifth term of committee members were appointed after the re-election of all directors during the general shareholders' meeting held on August 11, 2021 and the term of office of the fifth term of committee members was from August 11, 2021 to August 10, 2024. The Compensation Committee held 3 meetings (A) in the most recent year and details of committee members' qualification and attendance status are as follows:

Job Title	Name	Attendance in Person (B)	Number of Attendances by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Member /Convener of the Forth Term	Pai, Pei-Lin	3	0	100%	Consecutive term of office on 2021/08/11.
Member /Convener of the Fifth Term	Chang, Jun-En	3	0	100%	Consecutive term of office and elected to be the Convener on 2021/08/11.
Member	Chen, Yu-Hsuan	2	0	100%	New Assumption of Position on 2021/08/11.
Member	Lin, Wang-Ling	1	0	100%	Term of office expired on 2021/08/11.

Note: The attendance rate (%) should be calculated based on the number of compensation committee meetings held and the number they attended in person during the period they were on the committee.

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. 2021 Compensation Committee

Meeting Date	Proposals	Resolutions and the Company's responses to directors' opinions
2021/03/24 (2021 1 <sup>st</sup> Meeting)	Proposal of 2020 Compensation of Directors and Employees' Compensation of the Company	All attended member passed the proposal without objection
2021/08/25 (2021 2 <sup>nd</sup> Meeting)	Proposal for managerial officers and directors equipped with the identity of employee to subscribe to the 2021 cash capital increase	All attended member passed the proposal without objection
2021/12/28 (2021 3 <sup>rd</sup> Meeting)	Proposal of the 2022 Compensation of Directors and Managerial Officers of the Company	All attended member passed the proposal without objection

(5) Deviation of the Company's actual promotion of sustainable development implementation status from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and cause thereof

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and cause thereof
	Yes	No	Abstract Explanation	
1. Does the Company establish the governance structure for promoting the sustainable development and set up a unit that specializes (or is involved) in the promotion of sustainable development and did the board of directors authorize the senior management for handling such matters and the supervision status of the board of directors	V		<p>The Company has assigned seed personnel of each department and the sustainable development responsible unit are in charge of the management and promotion of the execution of sustainable development and preparation of the sustainability report. The Company starts to report relevant work schedule to the board of directors in May 2022 and also reports the implementation status to the board of directors quarterly, in order to acquire opinions of the board of directors and to execute review and adjustment.</p> <p>The board of directors' supervision expectation for the sustainable development shall include but not limited to: management policy, strategy and objective establishment, as well as review measures.</p>	No major difference.
2. Does the Company implement the risk assessment of environmental, social and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?			<p>For the risk assessment, responsive actions and handling status of relevant issues of the Company (including subsidiaries of the Group), please refer to this Annual Report</p> <p>a) 6. Analysis and assessment of the risk matters for the most recent year and up to the printing date of annual report of VII. Review and Analysis of Financial Status and Financial Performance and Risk Management.</p> <p>b) 3. Environmental Issues and 4. Social Issues of this paragraph.</p> <p>c) 4. Implementation of Corporate Governance of III. Corporate Governance Report.</p> <p>The Company is expected to release the 2021 Sustainability Report in 2022 and the Company also performs review and defines material issues and relevant management policies according to relevant regulations.</p>	No major difference.
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		<p>(1) The Company establishes environmental safety management regulations and sets up environmental management dedicated unit according to the industrial environment management standards of the country where the Company is located and based on the industrial characteristics. In addition, the Company also complies with the local labor safety and health regulations, public safety and building regulations and fire control regulations, in order to maintain the</p>	No major difference.

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and cause thereof
	Yes	No	Abstract Explanation	
(2) Does the Company committed to achieving efficient use of resources and using renewable materials that produce less impact on the environment?			<p>environmental health and safety control. In addition, the Company's products also quality numerous environmental protection related international certificates.</p> <p>a) Acquisition of Chain of Custody (CoC) certificate from Forest Stewardship Council (FSC), certifying that product wood raw materials comply with the forest governance concept and supervision with rigorous environmental protection, sustainable operation and ecological protection.</p> <p>b) Products qualify the Total Volatile Organic Compounds (TVOC) and formaldehyde inspection compliance standards certified by the international SGS and China National Furniture and indoor Environmental Quality Supervision and Inspection Center, such that the health of consumers is considered and the emission of greenhouse gas is also reduced at the same time.</p> <p>c) In 2019, the Company successfully developed the No Added Formaldehyde-based-resin (NAF) board, in order to reduce air pollution and also received the formaldehyde-free certificate issued by the U.S. CARE and EPA.</p> <p>d) Qualified the toxic substance inspection certification for composite wood products formaldehyde control regulations under Title VI CARB Phase 2 of Toxic Substances Control Act (TSCA) of U.S. CARE and U.S. Environmental Protection Agency (EPA), thereby providing environmental quality assurance.</p> <p>e) Acquired the Swiss SGS certification and the formaldehyde testing certificate complying with F-4 Star Standard of Japan Testing Center for Construction Materials (JTCCM).</p> <p>f) Qualified the Japanese Industrial Standards (JIS) A5908 F-4 Star, F-3 Star and F-2 Star certifications.</p> <p>(2) The production raw materials of the Company use the rubber woods, an economic crop from Thailand, which involves no deforestation and has no adverse impact on the environment. The Company has also acquired the certificate from the Thailand Rubber Wood Association stating that the product source of the Company is rubber wood products complying with sustainable development.</p> <p>The Company is committed to environmental protection, and implements</p>	



Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and cause thereof
	Yes	No	Abstract Explanation	
<p>(3) Does the Company evaluate the climate change on the present and future potential risks and opportunities of the corporation and does the Company adopt relevant responsive actions?</p> <p>(4) Does the Company statistically analyze the greenhouse gas emission, water usage and waste total weight over the past years and does the Company establish policies for reduction of greenhouse gas emission, reduction of water usage or other waste management?</p>			<p>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 monitoring the production equipment in real time in order to reduce the loss of energy.</p> <p>Using diesel in order to reduce the carbon emission. Actual outcome: a total of approximately 148 tons of CO<sub>2</sub> carbon emission was reduced in 2020 and a total of approximately 155 tons of CO<sub>2</sub> carbon emission was reduced in 2021.</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 rubber wood 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 rubber wood 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 organizes the Energy Saving Committee, and has been committed to the promotion of energy saving and carbon reduction policy as well as the promotion of paperless measure for a long period time. The Company promotes paper recycling and re-use and electronic documents are used to replace paper documents along with the implementation on online signing and approval, in order to respond to the office energy saving and carbon reduction. In addition, the Company also implements general waste resource recycle and the process is further enhanced through waste control system, and wastes are handled by qualified contractor for complete and through processing and treatment. The Company implements management and reduction of use on oil, gas, water and electricity, in order to achieve the energy saving, carbon reduction and greenhouse gas reduction policies (the statistical information covers all subsidiaries of the Group):</p>	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and cause thereof
	Yes	No	Abstract Explanation	
			<p>a) Environmental wood debris and dust are recycled as fuel in order to reduce the external purchase of wood and use of diesel, such that the carbon emission is reduced at the same time. To achieve the goal of environmental protection, energy factory technology is improved and modified to further include the “Wood Flour Burner” nozzle, in order to use the wood skin and wood flour as the dual fuel of waste recycled fuel. Actual outcome: a total of approximately 14,621.17 tons of CO<sub>2</sub> carbon emission was reduced in 2019, a total of approximately 18,697.91 tons of CO<sub>2</sub> carbon emission was reduced in 2020 and a total of approximately 27,190.211 tons of CO<sub>2</sub> carbon emission was reduced in 2021.</p> <p>b) The Company has additionally installed the automatic warehousing system, in order to reduce the CO<sub>2</sub> generated by the use of forklift trucks. Waste gas is recycled as thermal energy in order to reduce the waste gas emission. Formaldehyde in the production waste gas is recycled and reused in order to achieve zero emission. Since 2018, the Company has implemented the wet electrostatic gas precipitator from Europe with performance superior to the national regulations of Thailand. In addition to the satisfaction of the environmental protection standards, the Company is able to achieve effective control effect on the PM 2.5 particles in the waste gas, SO<sub>3</sub> acid fog, organic pollutants, heavy metal pollutants etc., in order to create a green economy with sustainable co-existence with the environment.</p> <p>c) The Company has installed waste water quality online automatic detection system and water quality purification equipment. According to the water consumption statistical data of the Company: For 2019, 2020 and 2021, the water consumptions were 81,000 cubic meters, 92,000 cubic meters and 164,000 cubic meters, respectively.</p> <p>d) According to the non-hazardous wastes total weight statistical data of the Company: The non-hazardous wastes total weights for 2019, 2020 and 2021 were 164 tons, 124 tons and 123 tons, respectively.</p> <p>e) According to the industrial waste oil barrels and chemical barrels total quantity statistical</p>	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and cause thereof
	Yes	No	Abstract Explanation	
			data of the Company: For 2019, 2020 and 2021, the total quantities were 705 barrels, 2,300 barrels and 2,702 barrels, respectively.	
<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. Please refer to 5. Labor relations of VIII. Human Rights Policy and Specific Management Program.</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 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.</p> <p>The Company implements the equal remuneration criteria for the same job duties and equal promotion opportunity for employees of different genders. In 2021, the number of female employees accounted for 28% of all employees, and the number of female supervisors accounted for 10% of all management staff. The Company emphasizes employees' rights and welfare and also shares profit earnings with employees, as well as maintain excellent working environment. Please refer to (8) Employee Bonus and Directors' and Supervisors' Compensation of 1. Capital and Shares of IV. Status on Financing of this Annual Report for Employee Compensation</p>	No major difference.

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and cause thereof												
	Yes	No	Abstract Explanation													
(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>information. Please refer to 5. Labor relations of V. Operation Overview of this Annual Report for other employee welfare.</p> <p>(3) The Company establishes the dedicated occupational safety unit and is staffed with occupational safety personnel complying with the government license standards, and also inspects all items according to the plan as well as performs review and improvement, in order to ensure that the work environment provided complies with the regulatory standards. In addition, the Company also periodically organizes employee physical examination, work safety and environmental sanitation promotion. Please refer to 8. Employee Working Environment and Personnel Safety Protection Measures of V. Operation Overview of this Annual Report.</p> <table><tr><th>Year</th><th>Number of people educated and trained</th><th>Number of people-hours of education and training</th></tr><tr><td>2019</td><td>314</td><td>1,884</td></tr><tr><td>2020</td><td>435</td><td>2,628</td></tr><tr><td>2021</td><td>290</td><td>1,740</td></tr></table>	Year	Number of people educated and trained	Number of people-hours of education and training	2019	314	1,884	2020	435	2,628	2021	290	1,740	
Year	Number of people educated and trained	Number of people-hours of education and training														
2019	314	1,884														
2020	435	2,628														
2021	290	1,740														
(4) Does the Company have an effective career capacity development training program established for employees?			<p>(4) The Company follows the Skill Development Promotion Act and employee training program every year to implement safety, hygiene and vocation related training to employees in order to increase employees' competency in terms of occupational skills. Please refer to 5. Labor relations of V. Operation Overview of this Annual.</p>													
(5) Does the company comply with laws and international standards with regards to the customer health and safety of products and services, customer privacy, marketing and labeling of products and services and did the company establish policies and reporting procedures related to consumer or customer rights and benefit protection?			<p>(5) The Company's products are widely used in furniture and building materials and have qualified numerous international certifications and test qualification reports. The Company is committed to the reduction of organic compounds and formaldehyde volatilization, in order to achieve high quality particle boards and the sustainable development goals of eco-friendly, toxic free, healthy and clean environment, thereby protecting the health and safety of end consumers.</p> <p>The Company has established the personal information protection regulations for managing and protecting customer privacy.</p> <p>The Company and authorized dealers sign</p>													

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and cause thereof
	Yes	No	Abstract Explanation	
(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>quality commitment letter and establish penalty clauses, and provide customer identification service, in order to ensure that customers receive the legitimate Green River boards and to eliminate any counterfeit products.</p> <p>The Company provides the certificate from the Thailand Rubber Wood Association stating that the product source of the Company is rubber wood products complying with sustainable development to customers.</p> <p>According to the characteristics and sales strategies of different products, the Company understands the customer and market demands in order to establish excellent customer relationship and diverse customer complaint channels (such as e-mail and communication software), thereby providing the most optimal services. In addition, the Company complies with relevant laws and international standard requirements 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>	
5. Does the Company stipulate standards or guidelines according to the internationally accepted report, prepare sustainability reports and reports for disclosing non-financial information of the furniture Company? Have the aforementioned reports obtained the assurance or guarantee opinions from a third verification unit?	V		<p>All information of the Company adopts the transparency principle, in which several of 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.</p> <p>The company does not need to prepare an ESG report in accordance with laws and regulations. The company will prepared and publish the report in advance in 2022</p>	The company does not need to prepare an ESG report in accordance with laws and regulations.
6. When the Company establishes its own principles for sustainable development according to the "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies," please describe the difference between its operation and the rules established: The Company has established the "Corporate Social Responsibility Best Practice Principles" of the Company in the board of directors' meeting held in December 2013, and continue to review and revise. In order to enhance the implementation of corporate social responsibility. The Company examines the execution status according to the principles and implements improvements accordingly. There has been no occurrence of material difference yet.				
7. Other important information to facilitate the understanding of the execution status of promotion of sustainable development:				
(1) 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,				

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and cause thereof
	Yes	No	Abstract Explanation	
<p>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. The Company allocates budget in scholarship and senior citizen care programs every year: (1) in 2021, the company provide low-income student scholarship and outstanding student scholarship is 655 thousand Baht. The Company cooperate with schools and government institutions, including the selection process and provide the scholarship on time. The Company hopes to assist the students with financial aid and encourage them to concentrate on their studies. (2) In 2021, the budget for the senior citizen caring program is 660 thousand Baht. The Company provide food and groceries support for the elderly via monthly visits. The total amount of donation and related CSR activities in 2021 was NTD 1,879 thousand.</p> <p>(2) 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>(3) Since 2015, the Company has consecutively received various social welfare awards and social welfare service awards from the central government and local government. 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.</p> <p>(4) The Company has qualified the new version of ISO 9001:2015 certification.</p> <p>(5) To control environmental pollution, the Company has also installed relevant environmental protection equipment: waste water quality online detection system, water quality purification equipment, wet electrostatic precipitator system and Formaldehyde recycle system, etc.</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</p>	V		<p>(1) The Company has established the "Corporate Ethical Management Best Practice Principles"; it was first passed by the Board of Directors meeting on June 16, 2012, and improving and revising continuously. The Principle indicates the Company's guidance of ethical management, as well as the active commitment of the Board of Directors and management towards enforcing such policy.</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</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>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>			<p>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>	
<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 (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</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> <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>	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>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>(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)The Company handles reported misconduct followed the standard procedures and confidentiality measures from the Labor Standard Act.</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 adopted at the same time.</p>	No major difference.
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	V		<p>The Company’s Ethical Corporate Management Best-Practice Principles and the results of our implementation have been disclosed on the Company’s annual report, website (Chinese / English) and MOPS.</p>	No major difference.
<p>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.</p>				
<p>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.</p>				

(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>.

Green River Holding Co. Ltd. <https://www.greenriverholding.com/major-internal-policies/>

(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 25, 2022

The following declaration had been made based on the 2021 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, timeliness, regulatory compliance of financial reporting, and compliance with applicable laws, regulations, and bylaws, 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 assess 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, 2021. 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, timeliness, regulatory compliance 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 25, 2022. 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: None.

(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 2021 shareholders' meetings are as follows:

Major Resolutions	Execution Status		
Approval of 2020 Business Report and Financial Statements Proposal	Approved through resolution.		
Approval of 2020 Earnings Appropriation Proposal	Approved through resolution as retain all distributable 2020 profits and no distribution to shareholders.		
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 to the Rules for Election of Directors	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 "Procedures and Rules of Shareholders' Meeting"	Approved through resolution; the amended provisions shall be implemented in accordance with the resolution of the shareholders' meeting.		
Election of Directors	Category	Name of Account	Votes Received
	Directors	Hsieh, Jung-Hui	97,117,962
		Chin Tai Holding Inc.	60,791,721
		Forward Thinking Limited	60,791,721
		Park Island Enterprises Limited	60,791,721
	Independent Director	Chang, Jun En	60,791,721
		Pai, Pei Lin	60,791,721
		Chen, Yu-Hsuan	60,791,756

B. There were a total of nine Board of Director's meetings held in 2021, 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
2021/02/05 (2021 1 <sup>st</sup> 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 ratio in 2020.		None	Approved through resolution of the attending Directors
2021/03/24 (2021 2 <sup>nd</sup> Meeting)	1. Proposal for 2020 Compensation of Directors and Employees' Compensation of the Company		None	Approved through resolution of the attending Directors
	2. Relevant Matters Related to the Convention of the 2021 Annual Shareholders' Meeting of the Company			
	3. Proposal for Amendment to the Company's the Articles of Association			
	4. Proposal for Amendment to the Procedures and Rules of Board of Directors Meeting			
	5. Proposal for Amendment to the Rules of Procedure for Shareholders Meetings			
	6. Election of the Directors			
	7. The announcement and the procedure of the acceptance of nomination from shareholders.			
	8. Proposal for the 2020 Earnings Distribution of the Company	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	9. Proposal for the 2020 Business Report and Consolidated Statements of the Company	v		
	10.2020 Internal Control System Declaration of the Company	v		
	11.To release the newly-elected directors and its representatives from the non-competition restrictions	v		
2021/05/11 (2021 3 <sup>rd</sup> Meeting)	1. To confirm the qualification of directors and independent directors nominees		None	Approved through resolution of the attending Directors
2021/07/15 (2021 4 <sup>th</sup> Meeting)	1. Change Relevant Matters Related to the Convention of the 2021 Annual Shareholders' Meeting of the Company		None	Approved through resolution of the attending Directors
	2. Proposal for amend expected Benefits of 2017 First Domestic Secured Corporate Bonds			

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
	3. Proposal for sign an appointment contract and a legal compliance contract with Uni-President Securities Co., Ltd.			Approved through resolution of the attending Directors
	4. Proposal for Making of Endorsements /Guarantees of TDIC SOUTH CO., LTD.	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	5. Proposal for issue new shares for capital increase in 2021	v		
2021/08/11 (2021 5 <sup>th</sup> Meeting)	1. Proposal for the newly elected chairman of the Company		None	For this proposal, after the nomination by the directors and the consent of all attending directors as inquired by the chair of the meeting, Jung-Hui Hsieh was elected to be the chairman of the board.
	2. Proposal for appointment of the members of the 5th Compensation Committee			Approved through resolution of the attending Directors
2021/08/25 (2021 6 <sup>th</sup> Meeting)	1. Proposal for Managers and Directors with Employee Status to subscribe for the 2021 Cash Capital Increase		None	Approved through resolution of the attending Directors
	2. Proposal for the first half of 2021 Business Report and Consolidated Statements of the Company	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	3. Proposal for the first half of 2021 Earnings Distribution of the Company	v		
	4. Proposal for the Company for the record date of cash capital increase and share subscription, and other related matters in 2021	v		
2021/10/13 (2021 7 <sup>th</sup> Meeting)	1. Proposal for increasing capital to 100% subsidiary, Happy Magic International Limited	v	None	Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
2021/11/10 (2021 8 <sup>th</sup> Meeting)	None Major resolutions		None	Approved through resolution of the attending Directors



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
2021/12/28 (2021 9 <sup>th</sup> Meeting)	1. Proposal for the 2022 Business Plan of the Company		None	Approved through resolution of the attending Directors
	2. Proposal for the 2022 Budget of the Company			
	3. Proposal for the 2022 Compensation of Directors and Managerial Officers of the Company			
	4. Proposal for the 2022 Audit Plan of the Company	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	5. Proposal for amend Policies and Procedures for Loaning of Funds and Making of Endorsements and Guarantees accordingly	v		

C. Major resolutions made by the Shareholders' Meetings for 2022 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
2022/01/17 (2022 1 <sup>st</sup> 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 ratio in 2021.		None	Approved through resolution of the attending Directors
	2. Proposal for transfer treasury shares to employees			
2022/02/09 (2022 2 <sup>nd</sup> Meeting)	1. Proposal of Amendment to the Rules for the Repurchase of Shares and Transfer to Employees		None	Approved through resolution of the attending Directors
2022/03/25 (2022 3 <sup>rd</sup> Meeting)	1. Proposal for 2021 Compensation of Directors and Employees' Compensation of the Company		None	Approved through resolution of the attending Directors
	2. Relevant Matters Related to the Convention of the 2022 Annual Shareholders' Meeting of the Company			
	3. Proposal for Amendment to the Company's the Articles of Association			
	4. Proposal for Amendment to the Rules of Procedure for Shareholders Meetings			

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
	5. Proposal for entrusting Land Bank of Taiwan Co., Ltd. to perform planning and organizing the syndicated loan at an amount of US\$185 million			Approved through resolution of the attending Directors
	6. Proposal for the 2021 Earnings Distribution of the Company	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	7. Proposal for the 2021 Business Report and Consolidated Statements of the Company	v		
	8. 2021 Internal Control System Declaration of the Company	v		
	9. Proposal for Amendment to the Procedures for Acquisition and Disposal of Assets	v		
2022/04/29 (2022 4 <sup>th</sup> Meeting)	1. Relevant matters related to the syndicated loan at an amount of US\$185 million coordinated by Land Bank of Taiwan Co., Ltd. (increase/decrease within the range of US\$10 million is acceptable)		None	Approved through resolution of the attending Directors
	2. Proposal for Amendment Relevant Matters Related to the Convention of the 2022 Annual Shareholders' Meeting of the Company			
	3. Proposal for amend Policies and Procedures for Loaning of Funds and Making of Endorsements and Guarantees accordingly	v		Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	4. Proposal for Making of Endorsements /Guarantees of TDIC SOUTH CO., LTD.	v		
2022/05/09 (2022 5 <sup>th</sup> Meeting)	1. Proposal for the first quarter of 2022 Business Report of the Company	v	None	Approved through resolution of the attending Directors/ approved by attending Audit Committee members.
	2. Proposal for Amendment to the "Subsidiary Supervision and Management Regulations."	v		

- (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 2021 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	Audit fees	Non-audit fees	Total	Remarks
KPMG	Chang, Chun-I	Chao, Min-Ju	2020~2021	7,058	70	7,128	Non-audit fee: reviewing the cash capital increase

- (1) 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.
- (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.

## 6. Change of CPA's Information

None.

## 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	2021		2022 up to the Date Of April 25	
		Increase (Decrease) of Shareholding	Increase (Decrease) of Pledged Shares	Increase (Decrease) of Shareholding	Increase (Decrease) of Pledged Shares
Chairman and President	Hsieh, Jung-Hui	826,440	6,245,592	147,000	—
Director and CSO	Chin Tai Holding Inc.	—	—	—	—
	Representative: Li, Mu-Wen	40,000	—	11,000	—
Director and CEO and COO	Forward Thinking Limited	—	—	—	—
	Representative: Huang, Teng-Shih	67,209	—	11,000	—
Director	Park Island Enterprises Limited	—	—	—	—
	Representative: Du, King-Ling	5,510	—	—	—
Independent Director	Chang, Jun-En	—	—	—	—

Job Title	Name	2021		2022 up to the Date Of April 25	
		Increase (Decrease) of Shareholding	Increase (Decrease) of Pledged Shares	Increase (Decrease) of Shareholding	Increase (Decrease) of Pledged Shares
Independent Director	Pai, Pei-Lin	—	—	—	—
Independent Director	Chen, Yu-Hsuan	—	—	—	—
Major shareholder	Green Source Investments Ltd.	—	—	—	—
Chairman and President	Hsieh, Jung-Hui	826,440	6,245,592	147,000	—
CEO and COO	Huang, Teng-Shih	67,209	—	11,000	—
CSO	Li, Mu-Wen	40,000	—	11,000	—
CFO	Wang, Sheng-Feng	13,004	—	11,000	—

(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 25, 2022

	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		Re mark
		Shares Held	%	Shares Held	%	Shares Held	%	Name	Relationship	
1	Green Source Investments Ltd	36,612,348	40.79%	0	0.00%	0	0.00%	Hsieh, Jung-Hui	Note 1	—
	Representative: Hsieh, Jung-Hui	7,357,032	8.20%	97,774	0.11%	0	0.00%		—	—
2	Hsieh, Jung-Hui	7,357,032	8.20%	97,774	0.11%	0	0.00%	Green Source Investments Ltd Representative: Hsieh, Jung-Hui	Note 1	—
3	Prosperity Growth Limited	5,807,500	6.47%	0	0.00%	0	0.00%	—	—	—
	Representative: Chen, Chien-Yu	0	0.00%	0	0.00%	0	0.00%	—	—	—
4	Jetwin Holdings Limited	4,396,277	4.90%	0	0.00%	0	0.00%	—	—	—
	Representative: Cheng, Chih-Wen	390,390	0.43%	0	0.00%	0	0.00%	—	—	—
5	Chin Tai Holding Inc.	4,110,548	4.58%	0	0.00%	0	0.00%	—	—	—
	Representative: Li, Mu-Wen	306,748	0.34%	0	0.00%	0	0.00%	—	—	—
6	Citibank hosting UOB Kay Hian (HK)-Client Account	2,494,939	2.78%	0	0.00%	0	0.00%	—	—	—

	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	
7	Citibank hosting First Securities (HK) investment agent account	2,161,283	2.41%	0	0.00%	0	0.00%	—	—	—
8	Sheh Fung Screws Co., Ltd	1,756,178	1.96%	0	0.00%	0	0.00%	Hsieh, Jung-Hui	Note 2	—
	Representative: Abraham Chen	0	0.00%	0	0.00%	0	0.00%			
9	Da-Song Investment Co., Ltd.	1,325,063	1.48%	0	0.00%	0	0.00%	—	—	—
	Representative: Shu-Yan Tsai	0	0.00%	0	0.00%	0	0.00%	—	—	—
10	Taishin International Bank hosting Universal Gain Limited investment account	1,147,468	1.28%	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 9, 2022; 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	150,334,000	100.00%	—	0.00%	150,334,000	100.00%
TDICS	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%	4	0.00%	483,875	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 9, 2022; Unit: Shares

Share Type	Authorized Capital			Note
	Outstanding Capital Stock	Unissued Stocks	Total	
Common Stock	89,766,845	60,233,155	150,000,000	The Stock listed on TPEx market

##### B. Capital Stock Formation Process

May 9, 2022; 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	—	—
2020/08	10	150,000,000	1,500,000,000	84,766,845	847,668,450	Capitalization of Earnings NT\$ 109,965,450	2020/08/05	Taipei Exchange Declaration No. 109080501	—	—
2021/10	10	150,000,000	1,500,000,000	89,766,845	897,668,450	Cash Capital Increase NT\$ 50,000,000	2021/08/20	Jin-Guan-Zheng-Fa-Zi No. 1100352557 Letter	—	—

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 25, 2022; 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	—	25	867	45	944
Shareholding (shares)	211,000	507,794	—	6,565,281	23,788,905	58,693,865	89,766,845
Shareholding Percentage	0.24%	0.57%	—	7.31%	26.50%	65.38%	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 25, 2022; Unit: Number of Shareholders; Share; %

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding Percentage
1 - 999	232	26,880	0.03%
1,000 - 5,000	393	842,139	0.94%
5,001 - 10,000	79	581,009	0.65%
10,001 - 15,000	47	590,740	0.66%
15,001 - 20,000	30	526,839	0.59%
20,001 - 30,000	32	772,179	0.86%
30,001 - 40,000	18	611,012	0.68%
40,001 - 50,000	16	726,701	0.81%
50,001 - 100,000	35	2,585,374	2.88%
100,001 - 200,000	21	2,963,476	3.30%
200,001 - 400,000	19	5,517,898	6.15%
400,001 - 600,000	9	4,760,693	5.30%
600,001 - 800,000	3	2,093,269	2.33%
800,001 - 1,000,000	—	—	—
1,000,001 or Above	10	67,168,636	74.82%
Total	944	89,766,845	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 25, 2022; Unit: Shares; %

Name of Major Shareholder	Shares	Shareholding (shares)	Shareholding Percentage (%)
Green Source Investments Ltd		36,612,348	40.79%
Hsieh, Jung-Hui		7,357,032	8.20%
Prosperity Growth Limited		5,807,500	6.47%
Jetwin Holdings Limited		4,396,277	4.90%
Chin Tai Holding Inc.		4,110,548	4.58%
Citibank hosting UOB Kay Hian (HK)- Client Account		2,494,939	2.78%
Citibank hosting First Securities (HK) investment agent account		2,161,283	2.41%
Sheh Fung Screws Co., Ltd		1,756,178	1.96%
Da-Song Investment Co., Ltd.		1,325,063	1.48%
Taishin International Bank hosting Universal Gain Limited investment account		1,147,468	1.28%



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

Unit: New Taiwan Dollars

Item		Year	2020	2021	2022 up to March 31
Market Price per Share (Note 1)	Highest		76.00	146.05	138.00
	Lowest		34.00	63.30	90.00
	Average		55.25	96.88	109.49
Net Worth per Share	Before Distribution		25.78	23.09	25.20
	After Distribution		25.78	23.09 (Note 2)	25.20 (Note 2)
Earnings per Share	Weighted Average Shares (Thousand Shares)		84,307	85,375	89,398
	Earnings per Share (Loss)	Before Retroactive Adjustment	(0.27)	4.62	(0.89)
		After Retroactive Adjustment	(0.27)	4.62 (Note 2)	(0.89) (Note 2)
Dividends per Share	Cash Dividends		—	(Note 2)	—
	Free Gratis Dividends	Dividends From Retained Earnings	—	(Note 2)	—
		Dividends From Capital Surplus	—	(Note 2)	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment (ROI) Analysis (Note 3)	Price/Earnings Ratio (PER)		(204.63)	20.97 (Note 2)	—
	Price/Dividend Ratio (PDR)		—	(Note 2)	—
	Cash Dividend Yield Rate		—	(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 2022 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.

The Company, in addition to the dividends to be distributed at the end of each financial year, may distribute interim dividends to the Members on a semi-year basis. When the Company makes the interim distribution, the Company shall (i) estimate and reserve all payable taxes and (ii) offset losses incurred in previous years.

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

The proposal of the 2021 earnings distribution of the Company was approved through the resolution of the Board of Directors' meeting on March 25, 2022, and the following is proposed: No dividends will be distributed for 2021.

**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 24, 2021, employees' and Directors' compensation of NT400 thousand, respectively, was to be distributed in cash; there was no difference in the accrued amount of the Company for 2021.

- (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 24, 2021 the Company decided not to pay 2020 compensations of employees and directors which was the same with the actual made in 2020.

(9) Repurchase of the Company's Stocks:

May 9, 2022

Buyback Number	1 <sup>st</sup> Time	2 <sup>nd</sup> 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	2019/01/14~2019/03/11
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	160,000 Shares
Accumulated Number of Company Shares Held	0 Shares	300,000 Shares

Buyback Number	1 <sup>st</sup> Time	2 <sup>nd</sup> Time
Current number of shares bought back as a percentage of total outstanding shares	0.00%	0.33%

## 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	Repayment at Maturity	NT\$ 3,300,000 Thousand
Terms of redemption or advance repayment	(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	None

Corporate Bond Type		2017 First Overseas Unsecured Convertible Corporate Bonds	2017 First Domestic Secured Corporate Bonds
		<p>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>	
Restrictive Clause		None	None
Name of Credit Rating Agency, Rating Date, Rating Result of Corporate Bonds		Not Applicable	Not Applicable
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 maturity date of this Corporate Bond, the bonds of the Company have not been converted.	Not Applicable
	Issuance and Conversion (Exchange or Subscription) Method	Please Refer to the “Prospectus” on MOPS	Please Refer to the “Prospectus” on MOPS

Corporate Bond Type	2017 First Overseas Unsecured Convertible Corporate Bonds	2017 First Domestic Secured Corporate Bonds
Issuance and Conversion, Exchange, or Subscription Method, Issuing Condition, Dilution, and Impact on Existing Shareholders' Equity	Up to the maturity date of this Corporate Bond, the bonds of the Company have not been converted, such that no effect of dilution.	Not Applicable
Transfer Agent	Not Applicable	Not Applicable

### Information of Convertible Bonds

Corporate Bond Type		2017 First Overseas Unsecured Convertible Corporate Bonds	
Year		2021	2022 up to the Printing Date
Item			
Market Price of the Corporate Bond	Highest	<p>The maturity date of the corporate bond was on January 25, 2022.</p> <p>The Company could not retrieve the historical market price.</p>	
	Lowest		
	Average		
Convertible Price		NT\$ 174.30	
Issue Date and Conversion Price at Issuance		<p>Issue Date: January 25, 2017</p> <p>Conversion Price at Issuance: NT\$ 218</p>	
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 &amp; 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 9, 2022; Unit: In Thousands of Shares; in Thousands 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	0.42%	380	0	0	0.42%	0	0	0	0.00%
	CFO	Wang, Sheng-Feng										
Employee (Note 1)		Li, Ying-Hung (resigned)	50	0.06%	50	0	0	0.06%	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

- a. 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.
- b. 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 <sup>nd</sup> Quarter	2017 3 <sup>rd</sup> Quarter	2017 4 <sup>th</sup> Quarter	2018 1 <sup>st</sup> Quarter	2018 2 <sup>nd</sup> Quarter	2018 3 <sup>rd</sup> Quarter	2018 4 <sup>th</sup> Quarter	2019 1 <sup>st</sup> Q quarter	2019 2 <sup>nd</sup> Quarter	2019 3 <sup>rd</sup> Quarter	
Purchase of Land and Expansion of Plants	2019 3 <sup>rd</sup> 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 <sup>nd</sup> 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 4<sup>th</sup> 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) Revision of the Expected Benefits Possibly Generated from the Original Plan

- a. Revision Reason : The completion of the plan was expected in the third quarter of 2019, but the time of selection of contractors is later than expected, postponing the kick-off date. Also, the monsoon season caused the construction progress has been delayed. The overall construction and installation have been accomplished until the fourth quarter of 2019. The plant has officially operated since the second quarter, 2020. Due to the construction period being longer than expected and the payment schedule being delayed, the plan has to be completed in the second quarter of 2020 and revise the expected benefits possibly generated.
- b. The Revised Expected Benefits Possibly Generated : As the postponed reason mentioned above, the proposal for amend expected Benefits of 2017 First Domestic Secured Corporate Bonds has been pass through the BOD meeting on July 15,2021 which as followed :
  - (a) Purchase of Land, Equipment and Expansion of Plants: The Company adjusted the expected benefits of the original plan for the period from 2020 to 2024. By purchasing land and equipment and expanding the plants for Particleboard production, it will increase operating income by NT\$14,275,383 thousand and operating profit by NT\$3,077,159 thousand and generate cash inflow from operations of NT\$3,692,684 thousand.

Unit: Cubic Meters; In Thousands of New Taiwan Dollars

	2019 (actual)	2020 (actual)	2021 (estimation)	2022 (estimation)	2023 (estimation)	2024 (estimation)	Total
Production Quantity	-	332,047	718,906	783,600	783,600	783,600	3,401,753
Sales Quantity	-	335,264	688,732	806,600	783,600	783,600	3,397,796
Operating Revenue	-	1,107,275	3,027,952	3,469,140	3,327,844	3,327,844	14,260,055
Gross Profit	-	188,009	996,473	1,253,455	1,125,643	1,125,643	4,689,223
Operating Expenses	-	140,791	429,539	391,539	333,912	333,912	1,629,693
Net Operating Profit (A)	-	47,218	566,934	861,916	791,731	791,731	3,059,530
Non Operating Income (Expenses)	-	(39,330)	(63,682)	(52,745)	(49,802)	(43,335)	(248,894)
Net Income Before Tax	-	7,888	503,252	809,171	741,929	748,396	2,810,636
Depreciation Expenses (B)	-	75,775	133,564	135,406	135,406	135,406	615,557
Cash Flow Generated From Operations (A)+(B)	-	122,993	700,498	997,322	927,137	927,137	3,675,087

- (b) Since there are more equipment suppliers than expected to participate in the initial stage, and the proposals provided by each supplier are different, the Company carefully evaluates the pros and cons of each proposal to maximize benefits. As a result, the total purchase price of primary equipment is lower than expected; the Company centralized the purchase of reinforced cement concrete and other primary building materials; disperse projects detail for sub-biddings to further reduce the cost of plant construction. The Company reported to the board of

directors on May 8th, 2020, that the remaining fund amounting to 213,520 thousand will increase working capital to reduce bank financing activities and decrease interest expenses.

(G) Change of Plan Content: None.

(H) 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

Plan Items			Execution Status													Reason of progress advances or delays, impacts on the shareholders' rights and benefits, and improvement plan:
			2017 2 <sup>nd</sup> Quarter	2017 3 <sup>rd</sup> Quarter	2017 4 <sup>th</sup> Quarter	2018 1 <sup>st</sup> Quarter	2018 2 <sup>nd</sup> Quarter	2018 3 <sup>rd</sup> Quarter	2018 4 <sup>th</sup> Quarter	2019 1 <sup>st</sup> Quarter	2019 2 <sup>nd</sup> Quarter	2019 3 <sup>rd</sup> Quarter	2019 4 <sup>th</sup> Quarter	2020 1 <sup>st</sup> Quarter	2020 2 <sup>st</sup> 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 and commissioned completed; the plant has officially operated since June 2020. The accumulated expenditure of this plan amounted to 3,086,480 thousand. The Company has reported to the board of directors that the remaining fund amounting to 213,520 thousand will be used in increasing working capital; the fund has executed completely.
		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	16,135	
	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%	1.65%	
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	157,503	
	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%	10.69%	

##### (B) Comparison With the Original Expected Benefit

Unit: Cubic Meters; In Thousands of New Taiwan Dollars

	2019(estimation)	2019(actual)	2020(estimation)	2020(actual)	2021(estimation)	2021(actual)
Production Quantity	132,000	—	528,000	332,047	718,906	632,056
Sales Quantity	132,000	—	528,000	335,264	688,732	595,304
Operating Revenue	540,540	—	2,162,160	1,107,275	3,027,952	2,516,679
Gross Profit	216,216	—	864,864	188,009	996,473	670,003
Operating Expenses	43,214	—	172,854	140,791	429,539	421,165
Net Operating Profit (A)	173,002	—	692,010	47,218	566,934	248,838
Non Operating Income (Expenses)	(6,909)	—	(23,875)	(39,330)	(63,682)	(60,288)
Net Income Before Tax	166,093	—	668,135	7,888	503,252	188,550
Depreciation Expenses (B)	29,813	—	119,250	75,775	133,564	130,782
Cash Flow Generated From Operations (A)+(B)	202,815	—	811,260	122,993	700,498	379,620

The latest plant (GPT) officially operates in June 2020; there is no actual benefit generated available for comparison in 2019. In 2020, since particle board goes into production, the generated operating revenue, net operating profit and cash flow generated from operations are increased. But the actual benefit is lower than the estimated benefit due to the postponement of operating and the prolonging testing and adjustments. In 2021, sales volume decreased due to the lockdown in Malaysia; the impact of the rainy season and the fluctuations in international crude oil prices increased raw material costs and operating costs, resulting in lower actual benefits than the previous estimation. However, once the Malaysia lockdown is lifted and the raw material prices level off due to seasonal factors are alleviating, the operating performance should be possible to return to the original estimated situation.

(C) Financial Item Analysis

Unit: In Thousands of New Taiwan Dollars

Item	2019 (Consolidated )	2020 (Consolidated )	2021 (Consolidated )	2022 1st Quarter (Consolidated )
Property, Plants, and Equipment	7,104,111	7,497,180	6,700,256	6,889,252
Operating Revenue	2,806,854	3,503,653	5,752,477	1,303,113
Operating Cost	2,630,240	3,065,468	4,377,457	1,052,534
Net Operating Profit (Loss)	(267,854)	(84,248)	413,831	(86,611)

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. GPT officially operates in June 2020, which increases the consolidated operating revenue, operating cost, and operating profit year by year.

## 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	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
Particle Boards	2,474,345	88.15	3,218,759	91.87	5,372,661	93.40
Solid Wood Boards	332,509	11.85	284,894	8.13	379,816	6.60
Total	2,806,854	100.00	3,503,653	100.00	5,752,477	100.00

##### C. Present Products and Service Items of the Company:

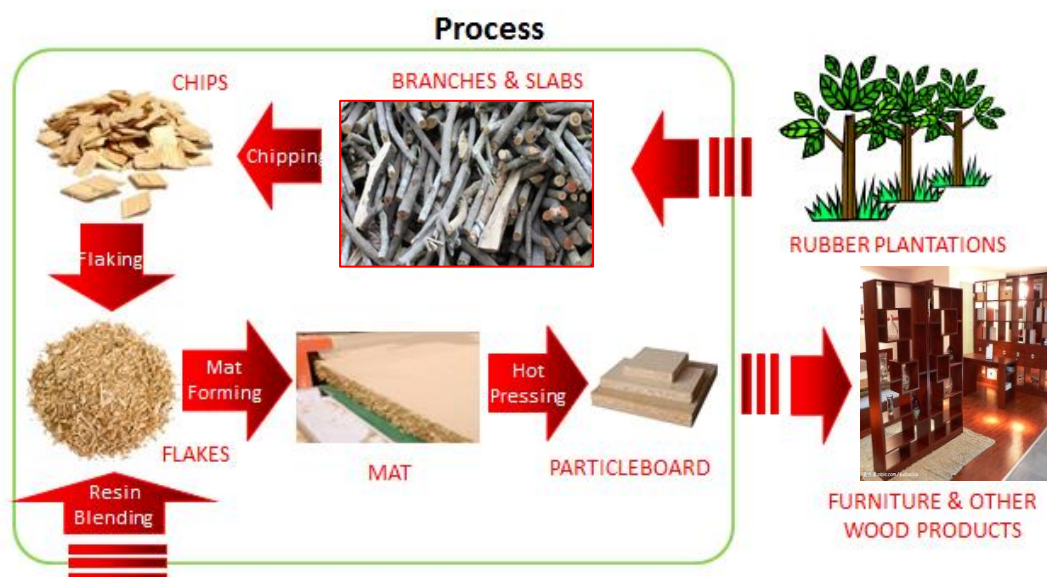
###### (a). Particle Board (referred to as PB):

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



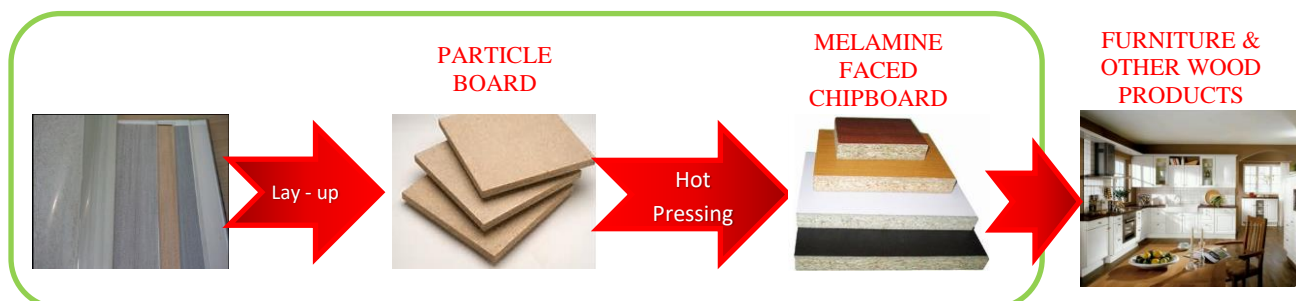
#### (b). Melamine Faced Chipboard (referred to as MFC):

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

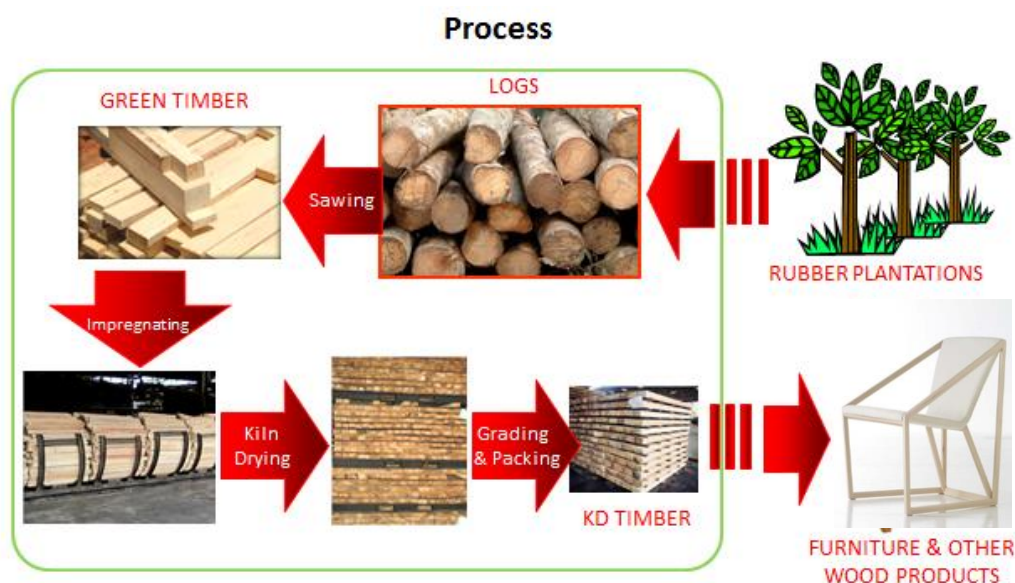


#### (c). Solid wood Boards:

Solid wood boards manufactured by the Company are obtained 100% from rubber woods. The solid wood 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 solid wood 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 Solid wood 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. GP III plant (GPT) completed the installation in 2019; after the commissioning period, the plant officially opened in June 2020. GPT with the latest equipment and a designed production capacity of 528 thousand cubic meters; with the expansion of capacity, the Company is the largest and most advanced PB manufacturer in Asia.

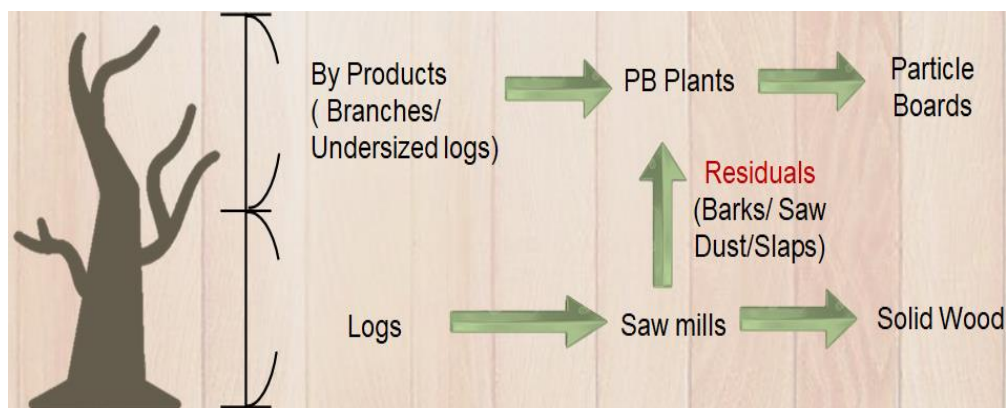
### (2) Industry Overview

#### A. Industry Current Status and Development

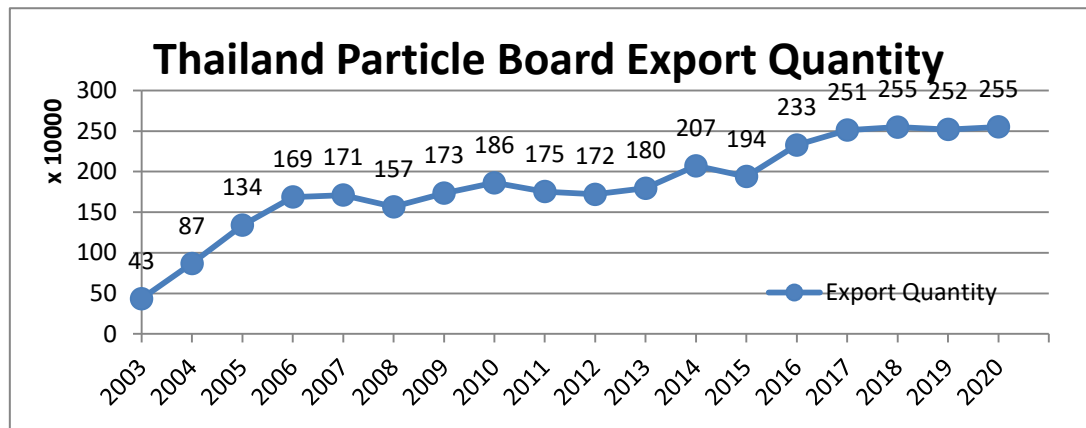


Thailand is located in a tropical area and within the Southeast Asian monsoon region, and the annual temperature is not lower than 18 °C with an average rainfall of approximately 1,000mm. Most of the areas in Thailand are low mountains and hills, such that the forest biology is diverse and plentiful, 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. 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.

Thailand is one of the biggest countries in rubber latex production. Since rubber was first introduced to Thailand in the mid-20th century, the tropical climate with efficient and advanced cultivation methods, Thailand has become the world's biggest producer and exporter of natural rubber, which is also a key material for Thailand's foreign trade; therefore, the rubber wood resources are plentiful. According to information from The Thai Rubber Association, up to the end of 2021, the tappable area for rubber plantation in Thailand is more than 3.5 million hectares. In addition, rubber wood stems account for approximately 60% of an entire tree, and after sawing and trimming, 30% become solid wood 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.

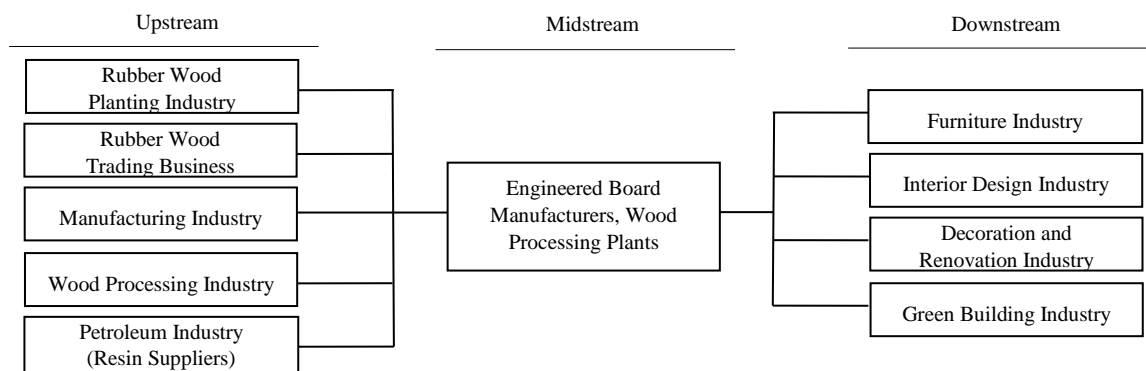


The wood industry technology level in Thailand is in line with world-class development. In addition, with its diversity of raw materials and different production quantities, different types of wood industries have developed in Thailand. In general, if the annual rubber woods supply quantity in Thailand is calculated at 11-15 million tons, then approximately 6-8 million tons can be used for the raw materials of PB; therefore, the supply of rubber woods as raw material is plenty without shortage. The PB export quantity in Thailand has demonstrated an increasing trend starting from 2003. The average export quantity has been above 2.5 million M<sup>3</sup> in recent years. In 2020, the export quantity of PB in Thailand reached 2.55 million cubic meters, and the annual compound growth rate reached 10.98%.



Source: Food and Agriculture Organization of the United Nations (FAOSTAT, 2022/05)

## 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 solid wood 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 solid wood 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 solid wood 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.

Since the solid wood 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 solid wood 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, the annual operating sales scale leapt the ranking to 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 and the plant officially operates in June 2020. The Company has 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	2021	2022 up to March 31
A. R&D Expenses	21,569	6,228
B. Operating Revenue, Net	5,752,477	1,303,113
A/B (%)	0.37	0.48

#### 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"> <li>• Effectively improved the control precision of raw board width to save wood raw material costs.</li> <li>• Successfully developed E2 level PB with quality complying with international standards and low cost in order to significantly increase product competitiveness.</li> <li>• Added a chipper to increase production efficiency and reduce outage risk.</li> <li>• Added an excessive dry flaking machine in order to increase board surface quality.</li> <li>• Received the U.S. CARB P2 product certification.</li> </ul>
2013	<ul style="list-style-type: none"> <li>• Introduced the use of sawdust to reduce surface material cost.</li> <li>• Improved book saw cutting dimensions and precision to significantly reduce waste costs.</li> <li>• Developed a sandwich resin mixing formula to effectively reduce raw material costs.</li> <li>• Successfully developed MUF E2 moisture resistant PB.</li> <li>• 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.</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Successfully developed a 12mm E1 surface layer formula with urea in order to increase production capacity.</li> <li>• Improved the efficiency of the flaker drying drum by the original manufacturer's design.</li> <li>• Successfully developed a CARB P2 sandwich resin formula in order to effectively increase production speed.</li> </ul>
2015	<ul style="list-style-type: none"> <li>• Developed PB for floors.</li> <li>• Added two sanding heads for the sanding machine in order to improve finished product thickness uniformity and to improve surface quality.</li> <li>• Applied for JIS Mark product certification.</li> <li>• Added the fourth set of fully automatic flaking machines in order to effectively improve production capacity and to improve flaker configuration, thereby improve quality.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Developed a moisture resistant, low formaldehyde MUF E1 product.</li> <li>• Introduced a new four-seat continuous precision mate forming machine in order to increase product thickness control precision.</li> <li>• Invested in GP II Plant, and introduced European advanced side flaking wind sifter in order to increase product quality and finished product cleanness.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• 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</li> </ul>

Year	Item
	<p>competitiveness.</p> <ul style="list-style-type: none"> <li>• Added highly efficient atomized resin spray equipment in order to reduce production costs and to increase production efficiency and quality.</li> <li>• Set up an automatic warehouse system and installed an automatic quality scanner in order to effectively increase quality inspection efficiency and accuracy.</li> </ul>
2018	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Obtained Japan JIS A5908 F-3 star and F-2 star quality certification.</li> </ul>
2020	<ul style="list-style-type: none"> <li>• Obtained USA CARB and EPA NAF (No Added Formaldehyde-based-resin) quality certification.</li> <li>• Obtained inspection report of JIS F-four star Formaldehyde Emission Standard of SGS and JTCCM.</li> <li>• Pass the TVOC test from SGS and China National Center for Quality Supervision &amp; inspection of furniture and Indoor Environment.</li> </ul>
2021	<ul style="list-style-type: none"> <li>• Obtained Japan JIS A5908 F-4 star quality certification.</li> </ul>

#### (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 start official mass production at June 2020. Currently, the Company continues to improve the production process in order to maximize the capacity.
- (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 and inspection reports including ISO, CARB, EPA, JIS, SGS, JTCCM, 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 current developed market and to head toward expansion to other regions of potential markets. 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.

- (b) 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.
- (c) 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	2020		2021	
	Amount	%	Amount	%
Domestic Sales (Thailand)	108,085	3.08	121,845	2.12
Export Sales	3,395,568	96.92	5,630,632	97.88
Total	3,503,653	100.00	5,752,477	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 98%, while sales to Malaysia and Korea account for 43.5% and 20.2%, respectively. In 2021, the Company's PB export volume accounted for more than 40% of Thailand's PB export volume. Based on statistical information on the export of particle boards in Thailand and PB imports in Malaysia and Korea, Malaysia's import volume of PB from Thailand accounts for more than 95% of the total import volume; since the Company is adjacent to Malaysia, the export percentage to such regions is relatively higher. In 2021, the export volume from the Company reached 75% of the entire import amount of Malaysia. Thailand is also Korea's main PB import country, accounting for 90% and above of the total import volume. In 2021, the Company's export volume to Korea reached 20% of the import volume in Korea. Therefore, it can be estimated that the export quantity of PB of the Company has reached a certain market position.

Since the PB business unit completed GPT Plant in June 2020 for official mass production, the Company is the largest PB manufacturer with the most advanced equipment in Thailand. Meanwhile, the newest plant goes into production, and by increasing the capacity, the Company can distribute the sales market with higher flexibility. Especially the demand for high-end products such as E0 and P2 from Southeast Asia is surging by the order-transfer effect of the US-China trade war. As a result, past two years, the sales volume of related products has been increasing in those countries. The Company also actively muscle for various markets, including Vietnam, India, Australia, etc., to expand the sales markets to pursue the steady sales volume and the maximum gross profit.

## 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. According to the data of the Thai Rubber Association, the annual capacity of natural rubber latex will be 4.90 million tons in 2021, accounting for 30% of the global market. In 2021, the plantation area reached 3.5 million hectares which in southern Thailand will account for 2 million hectares. The capacity in south Thailand also accounts for approximately 60% of the entire Thailand. The Company is located in the most extensive rubber plantation base in Thailand and is at the main southern logistics hub; consequently, the Company has access to rich rubberwood resources.

After 5 to 7 years of planting, farmers can tap rubber latex until the rubber tree is 25 years old. Once the tree is no residual value, it needs replanting. Therefore, the Company collects all the rubber trees from 25 to 30 years old that were cut down due to those trees having no latex that could be tapped anymore. In the past 25 years, the rubber tree plantation area has grown by 2.5 times in Thailand; therefore, access to rubber woods as raw materials 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 solid wood board and PB at the same time; therefore, it satisfies economies of scale. In July 2016, the GP II plant officially started mass production operations. Presently, GP III (GPT) officially opened in June 2020, the PB business scale is expanding, and business competitiveness is increasing. In 2015, the Company established the MFC plant to enter further face bonding processing manufacturing. In addition, the resin plant's operation starting in October 2021, is expected 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 and inspection reports, including ISO, CARB, EPA, JIS, SGS, JTCCM, 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, F-three star and F-four 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 solid wood 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 solid wood 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

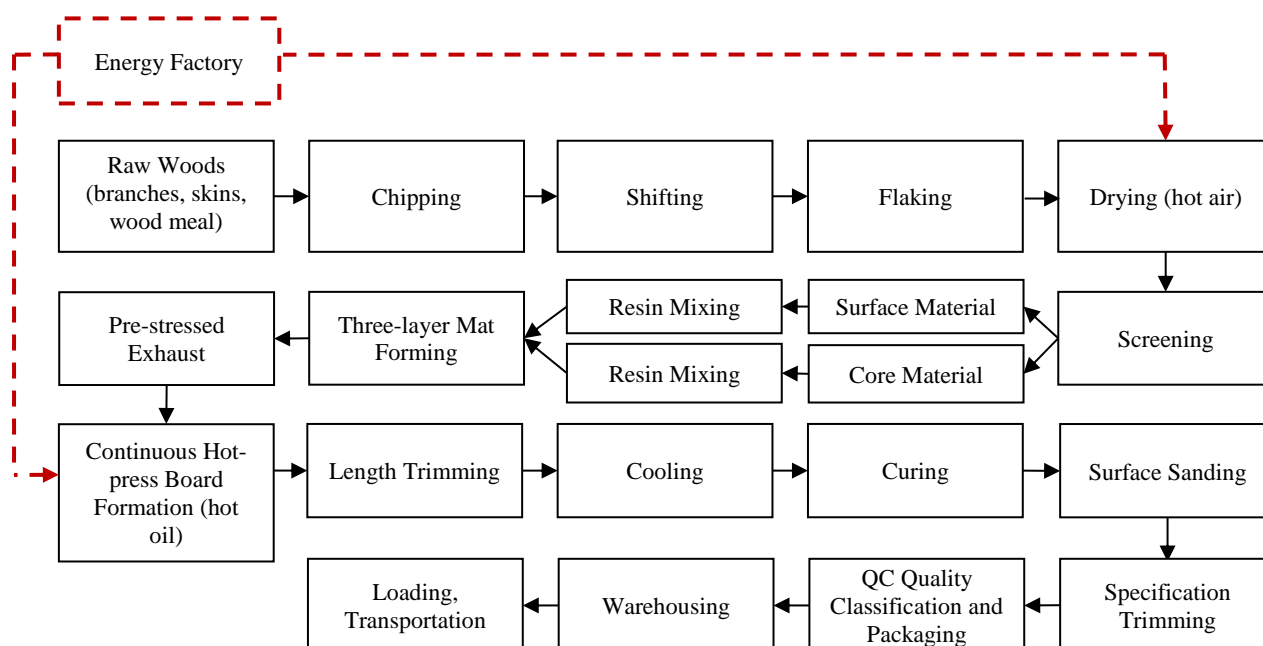
are gradually being treated as medium to high class of wood materials by the furniture industry.

(d).Urea Formaldehyde resin:

The UF Resin is produced by combining formaldehyde, urea and others and the reaction between those materials. It is the most popular resin in the market and has a wide range of applications in various products. The produced resin of the Company is mainly provided for the Group's PB production.

## B Production Process of Main Products

### PB Production Process Flowchart

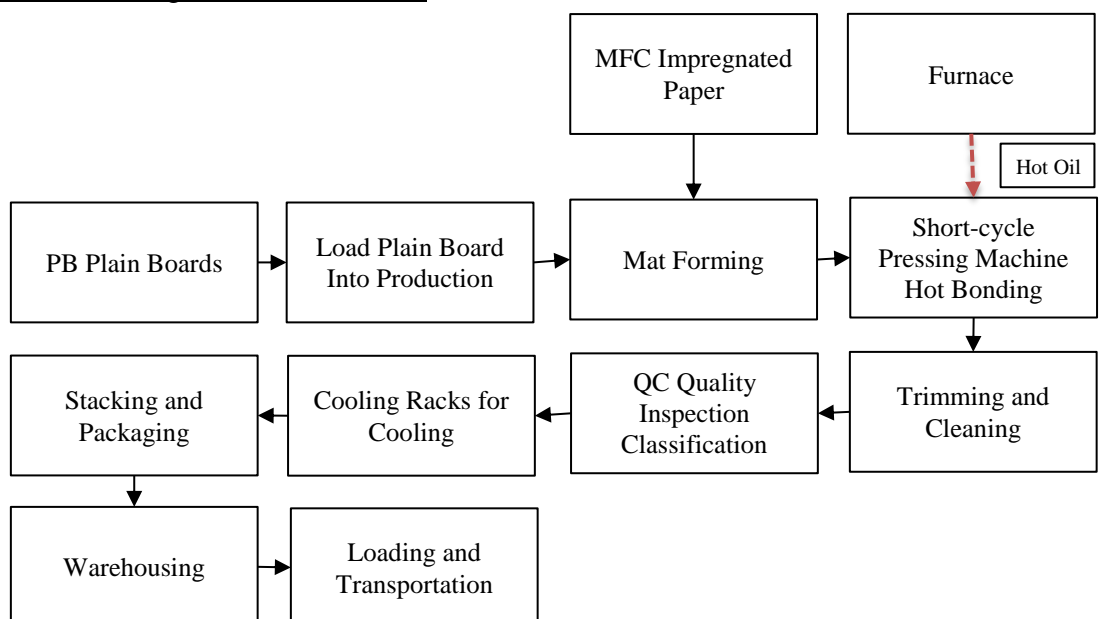


- Raw Material: Purchased rubber woods are mostly branches, slabs, and sawdust of raw woods with a diameter less than 5 inches for mixing and processing treatment.
- The chipping machine is used to break the raw material into wooden chips under 5cm.
- Then, the flaking machine is used to chip into flakes 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.



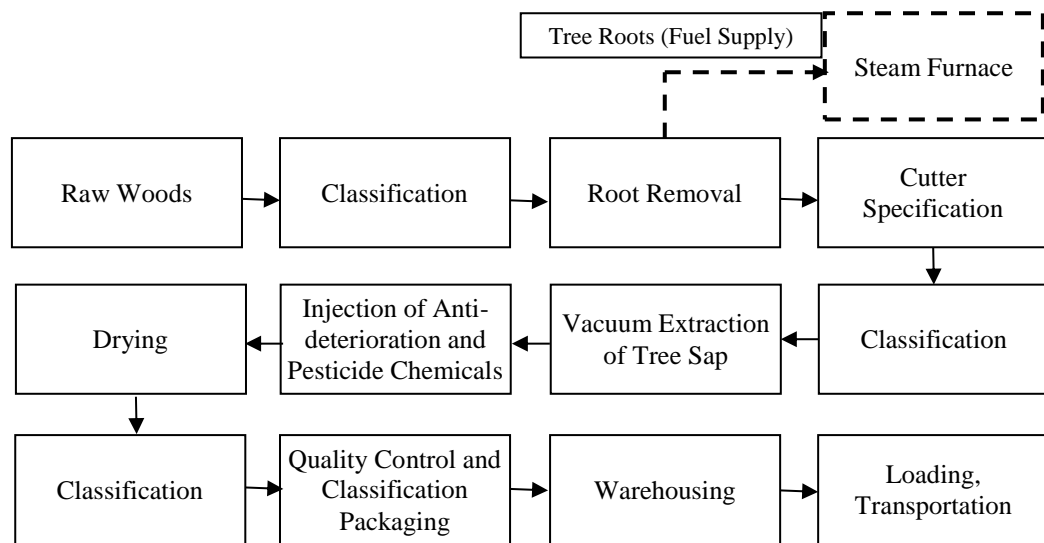
- (g) Metal Inspection—Through metal detection inspection, it is examined whether there are metal substances in order to prevent the metal from causing main press damage risks.
- (h) Pre-stressed Exhaust—Use the belt press belt to perform preliminary press forming of the master board in order to reduce its thickness and the internal gas of the master board.
- (i) 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.

### Solid wood boards Manufacturing Process Flowchart

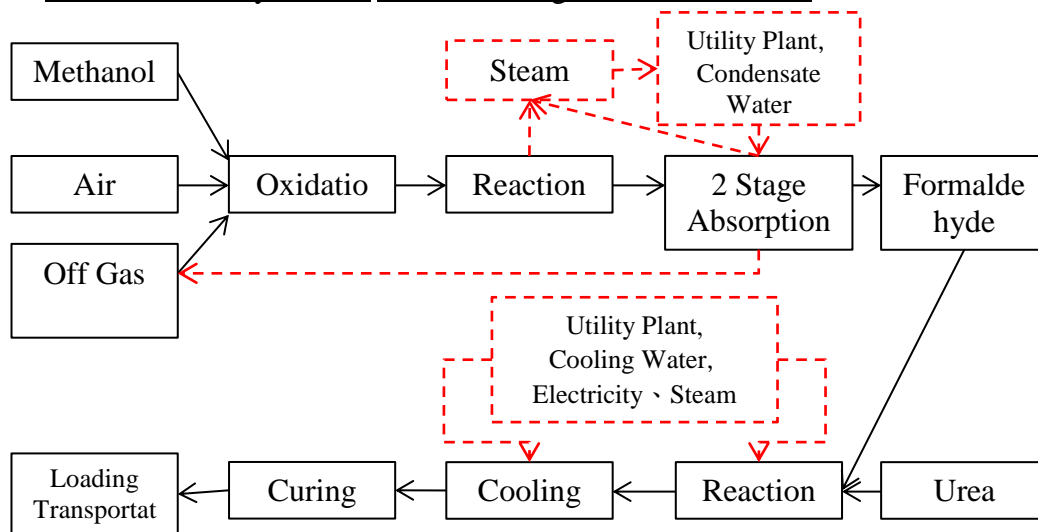


- (a) Transport raw materials into the site according to the size and quality classification.
- (b) Shifting rubber woods for raw woods of a diameter of approximately above 5 inches for processing.
- (c) Remove roots. Since the roots of raw materials are bent and strong, they can affect the subsequent 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.

#### Urea Formaldehyde resin Manufacturing Process Flowchart



- (a) Raw Material: 99.98% Methanol and 99.5% Urea °
- (b) Oxidation—Combine with methanol, air and off gas by particular recipe into an oxidizer for oxidation and mix.
- (c) Reaction—Methanol is converted into process gas using electrolytic silver as the catalyst in the reactor. The reactor temperature can reach 650 degrees, and the capacity can achieve 140 tons of formaldehyde per day.
- (d) Absorption —Transmit the process gas from the bottom of the absorption tower to the two connected absorption towers; spreading low-concentrated formaldehyde or condensate water through the top of the tower to fully absorb the formaldehyde; the concentration of the absorbed formaldehyde solution can reach 53%, and transmit to the storage tank from the bottom of the tower.
- (e) Steam (by product)— The reactor’s exothermic reaction and off gas treated by off gas treatment could generate steam after being processed. Off gas can be reused in the process circularly. The steam can turn into chilling water through the absorption chiller for the cooling process.
- (f) Transmit the formaldehyde into the storage tanks and keep the temperature at 58

degrees.

- (g) Combine 53% formaldehyde, urea and others in sequence according to the recipe and production specifications and heat up to 90 degrees to start the methylation addition reaction.
- (h) Reaction—Condensation reaction : The acid medium is used as the starting agent to activate the reaction, and then the alkaline medium is used as the terminating agent to terminate the reaction. During the reaction, the physical properties such as pH and viscosity are tested the end point of the reaction.
- (i) Addition of Stabilizers - adding dispersants, sodium hydroxide, and borates can increase storage stability.
- (j) Cooling — The final product, resin, is pumped into the cooler to reduce the temperature to 28 degrees and then transmitted to the storage tanks.
- (k) Curing—The resin is stored in the storage tanks for curing, and ready for shipment.

### (3) Primary Raw Material Supply Status:

The primary raw materials of PB products in the Company include rubber wood branches, slabs, and resin as the bonding agent. Since the resin factory opened in October 2021, the resin production volume can meet the partial demand of PB. Also, for suppliers of such type of resin, there are a lot of raw material suppliers in Thailand available for selection, with stable quality and source. Moreover, the primary raw materials of resin are common chemical materials worldwide, and the supply won't be short.

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 solid wood 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 solid wood 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

Item	2020				2021				2022 up to the End of the 1 <sup>st</sup> Quarter			
	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 HATYAI CO.,LTD	292,778	13.28	None	AICA HATYAI CO.,LTD.	473,969	13.53	None	PCM (Thailand) Company Limited	113,439	13.87	None
2	-	-	-	-	PCM (Thailand) Company Limited	72,048	2.06	None	SABIC Asia Pacific Pte Ltd	93,024	11.38	None
3	-	-	-	-	SABIC Asia Pacific Pte Ltd	59,758	1.71	None	AICA HATYAI CO.,LTD.	55,230	6.75	None
	Others	1,912,450	86.72		Others	2,896,420	82.70		Others	556,021	68.00	
	Net Purchase Amount	2,205,228	100.00		Net Purchase Amount	3,502,195	100.00		Net Purchase Amount	817,714	100.00	

The resin factory officially operated in October 2021; the increased purchase volume and the relatively high price of raw materials resulted in the net purchase amount of up-mentioned suppliers accounting for more than 10% of the total purchase amount.

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												
	2020				2021				2022 up to the End of the 1 <sup>st</sup> 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	-	-	-	None	HOA THIEN WOOD COMPANY LIMITED	122,201	2.12	None	HOA THIEN WOOD COMPANY LIMITED	218,947	16.80	None
	Others	3,503,653	89.57		Others	5,630,276	97.88		Others	1,084,166	83.20	
	Net Sales Amount	3,503,653	100.00		Net Sales Amount	5,752,477	100.00		Net Sales Amount	1,303,113	100.00	

The net sales amount of this customer accounts for more than 10% of the total sales amount as the result of expanding markets of high-end products and new regions.

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

Unit: Cubic Meters/Ton; Unit: In Thousands of New Taiwan Dollars						
Year	2020			2021		
Production Main Products	Production Capacity	Production Quantity	Production Amount	Production Capacity	Production Quantity	Production Amount
PB	1,043,000	860,643	3,014,256	1,383,000	1,254,693	4,661,083
Solid wood Boards	47,000	19,092	274,439	47,000	24,185	297,738
Urea Formaldehyde resin	-	-	-	27,000	8,051	133,162
TOTAL	1,090,000	879,735	3,288,695	1,457,000	1,286,929	5,091,983

GPT and TDICS officially opened in June 2020 and October 2021, respectively. Therefore, the production quantity and amount of Particle Board and Urea-Formaldehyde Resin has increased.

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

Unit: Cubic Meters; In Thousands New Taiwan Dollars

Year	2020				2021			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
Sales Main Products	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
PB	12,088	50,716	885,775	3,168,043	18,931	89,496	1,173,910	5,283,165
Solid wood Boards	3,836	57,369	13,387	227,525	3,200	32,349	20,590	347,467
TOTAL	15,924	108,085	899,162	3,395,568	22,131	121,845	1,194,500	5,630,632

GPT officially opened in June 2020, so the sales quantity and amount of particle board has increased.

TDICS supplies all produced resin to PB factories in the group, which did not sell to others.

**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		2020	2021	2022 up to March 31
Number of Employees	Managerial Officer	4	4	4
	Management Level Personnel	41	46	47
	General Employees	157	179	190
	Production Line Employees	865	866	862
	Total	1067	1095	1103
Average Age		34.45	34.58	34.71
Average Service Years		3.88	4.32	4.38
Educational Level Distribution Percentage	PhD	0.19	0.18	0.18
	Master's Degree	1.78	1.74	1.72
	Bachelor's Degree	46.86	48.77	49.41
	Senior High School	9.00	9.41	9.61
	Below Senior High School	42.17	39.91	39.08

**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/water 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, SO<sub>3</sub> acid fog, organic pollutants, heavy metal pollutants, etc., in order to create a green economy with sustainable co-existence with the environment.

## **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, mobile 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 based on the achievement of department targets and individual performance, travel subsidy, lunch and dinner 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.

- (f) Leaves: Employees are entitled to 6 ~15 days of annual leaves once be employed for more than one year. Employees are entitled to 30 days of sick leaves with pay, six days of personal leaves with pay, three days of marriage leave with pay, three days of bereavement leave with pay, 98 days of maternity leaves, and seven days of sterilisation leaves. If an employee who has encountered situations involving parental issues, major injury or sickness, or major incidents needs to take a certain period off; in that case, the employee could also apply for leaves without pay to concentrate on personal or family business.

#### 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, Finance 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 2021, there were a total of 57 educational training courses organized internally by the Company, the total number of course hours was 261 hours, and the number of trainees reached 918 employees. There were a total of 77 external educational courses for employees assigned for participation, the total number of course hours was 610 hours, and the number of trainees reached 197 employees. The training expense total was approximately THB 530 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. Cyber security management**

- (1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

- A. Under Administration and Management Division, the IT department periodically checks the information security of the Company, which is led by the IT department head. The IA department audits the computer cycle-information security annually and reports the audit results to the Audit Committee and Board of Directors.
- B. Information Security Policy established by the Company which includes (1) Data redundancy, (2) Data storage, (3) System security, (4) level of risk, (5) authorization and (6) regulations of the system and email usage. The Company announces the policy on the intranet in order to allow all employees to access and to comply. IT department periodically evaluate the information security in compliance with the policy and report to the CEO.
- C. Perform major updates of systems irregularly. In the case of major information security risks, the announcement is made, and corresponding measures are adopted. Arrange information security courses every year for training an employee to identify fishing emails. The system is protected by password, and the authentication scheme is Single sign-on which is easy to maintain and manage.
- D. 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 security preventive measures and update periodically, 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.
- E. 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. Perform daily data backup and store the backup at a remote site for preservation. 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 storage space of remote data backup is evaluated.

F. In 2021, the IT department sent at least five newsletters or notifications to all employees, reminding employees to be alert to any abnormal letters and immediately notify IT personnel. The head of the IT department also arranges information security training courses for the IT personnel. In addition, updates and exchanges of the latest information on cyber security from related manufacturers at any time.

(2) For most recent year and up to the printing date of the Annual Report, losses due to significant information security matters, the estimated possible impacts and countermeasures. If it cannot be reasonably estimated, an explanation of facts for such failure of reasonable estimation shall be described: None.

## 7. Important Contracts

Contract Type	Involved Parties	Contract Starting and End Date	Major Content	Restrictions
Equipment Purchase and Installation Contract	Zhuzhou NTE-EWK Environmental Protection Technology Co.,Ltd and GPT	2020.10.19-	Electrostatics Precipitator and Relevant Accessories	None
Financing Contract	TTB Bank and TDICS	2019.08.21-2027.08.21	Loan agreement	During the agreement period, the TDICS 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; 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 (the total of income before tax including amortization, depreciation and interest expense, divided by the total of principal and interest on the outstanding principal from the previous reporting period) for not less than: a) Year 2021 to year 2023 for at least 1.1 times; b) From year 2024 onward for at least 1.2 times.
Financing Contract	Land Bank of Taiwan and other Lenders and GRH	2022.05.10-2025.05.10	Syndicated Loan agreement	During the agreement period, the GRH commits to maintain the following financial ratios: (1) Debt Ratio: Before December 31, 2022, it shall not be higher than three hundred and twenty percent (320%); after December 31, 2023 (inclusive), it shall not be higher than two hundred and fifty percent (250%). (2) Interest Coverage Ratio: not less than four times. (3) Net Tangible Assets: not less than NT\$1.5 billion.

## 8. 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, night patrol, and security maintenance operation 24-hour.
	Factory Safety Management	<ol style="list-style-type: none"> <li>1. According to the work regulations and annual plan, hiring qualified inspectors to check and maintain the electricity, machine unit, fire prevention, water tower, drinking fountain etc. equipment implementation and execution on-site to ensure personnel safety.</li> <li>2. Entrust the local health office to perform plant site cleaning and disinfection operations every year.</li> <li>3. Depends on the cumulative mileage, perform maintenance and care to company cars and forklift periodically. Also, provide periodic operating training for drivers.</li> </ol>
	Disaster Prevention and countermeasures	<ol style="list-style-type: none"> <li>1. Entrust a qualified professional institution to handle fire prevention and escape training, and disaster prevention and countermeasures practical drills once a year.</li> <li>2. Prepare employment safety equipment (safety helmets, safety boots, masks, gloves, reflective vest...).</li> </ol>
Employee Insurance	Social Insurance	<ol style="list-style-type: none"> <li>1. Apply for labor insurance according to the law and the insurance enrollment range table requirements.</li> <li>2. Apply for social insurance for expatriates according to the local laws.</li> </ol>
	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	<ol style="list-style-type: none"> <li>1. The entire office area is a non-smoking area, and smoking areas are additionally set up.</li> <li>2. Entrust the health office to perform general first-aid training once a year.</li> <li>3. Set up an employee cafeteria (with seat partitions) and entrust the local hospital to perform periodic inspection on the dietary hygiene.</li> <li>4. Organize various types of sports contests irregularly.</li> <li>5. Setting up facial recognition time clock terminals, providing masks, alcohol and hand sanitizers, and demanding employee to wear a mask and measuring body temperature every entry.</li> </ol>

## **9. Human Rights Policy and Specific Management Program**

### **Human Rights Policy**

Green River Holding Co. Ltd. (Green River) is dedicated to protecting its employees' rights and interests, and it strictly complies with labor-related laws and regulations in all countries where we operate. The Company follows the United Nations Global Compact (UNGC), the Universal Declaration of Human Rights (UDHR), the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, as well as the spirit and fundamentals of protecting human rights embodied in such international human rights treaties. At the Company, we place the utmost value on human rights, and we treat all employees, including contractors and interns, with the same dignity and respect. This Human Rights Policy applies to the Company and its subsidiaries in Taiwan and Thailand.

### **Recruiting Policy**

Commit to creating a diverse, open and equal work place. Zero tolerance on any differential treatments in language, attitude, behavior or any forms of discrimination in respect of an employee's gender (including sexual orientation), race, social status, age, marital status, language, belief, religion, political affiliation, place of origin, place of birth, appearance, facial features, and mental or physical disabilities.

No child labor (age under 15) is employed in our operation; disallow the employment of forced, bonded (including debt bonded), indentured or involuntary labor.

Eliminate all forms of forced labor, eliminate employment and employment discrimination, prohibit harassment, and respect privacy rights,

Commit to creating an equal employment opportunity with dignity, safety, equality and a harassment-free work environment.

Respects human rights and implement humane workplace management. Employees should not be corporally punished, threatened, insulted, harassed, abused, or inhumanely treated by any means.

### **Reasonable Work hours**

To establish the norms of regular and extending working hours, and cares and manages employees' attendance regularly.

### **Healthy Work Environment**

Providing employees with a safe and healthy work environment and the necessary emergency facilities. The Company is striving to eliminate all hazardous factors that threaten employees' safety and health, conduct regular training on occupational safety, and to minimize the occupational injuries risk; promoting employees' mental and physical health by regularly offering free physical checkups and other benefits.

### **Friendly and Harmonious Labor-Management Communication**

To improve communication between Labor-Management and address issues effectively, the Company sets up suggestion boxes and holds Labor-management meetings

For the relevant employee benefits and specific management measures, please refer to 5. Labor Relations and 8. Employee Working Environment and Personnel Safety Protection Measures of V. Operational Overviews of the annual report.

## 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					2022 up to March 31 Financial Information
		2017	2018	2019	2020	2021	
Current Assets		4,085,837	2,599,431	1,291,469	1,048,566	1,595,721	1,563,803
Property, Plants, and Equipment		4,421,886	5,497,358	7,104,111	7,497,180	6,700,256	6,889,252
Right-of-use assets		—	—	3,539	22,583	9,911	8,932
Intangible Assets		46,761	47,691	46,117	42,920	33,529	33,630
Other Assets		115,722	150,891	178,509	198,246	73,712	89,208
Total Assets		8,670,206	8,295,371	8,623,745	8,809,495	8,413,129	8,584,825
Current Liabilities	Before Distribution	1,239,772	1,102,730	1,388,726	1,704,903	6,288,445	5,789,106
	After Distribution	1,553,807	1,249,651	1,388,726	1,704,903	Note 2	Note 2
Nom- Current Liabilities		4,441,003	4,522,048	4,639,098	4,936,269	76,193	566,923
Total Liabilities	Before Distribution	5,680,775	5,624,778	6,027,824	6,641,172	6,364,638	6,356,029
	After Distribution	5,994,810	5,771,699	6,027,824	6,641,172	Note 2	Note 2
Total equity attributable to owners of parent		2,998,301	2,674,996	2,601,636	2,185,011	2,073,159	2,261,919
Common stock		747,703	747,703	737,703	847,669	897,669	897,669
Capital reserve		950,159	950,159	937,451	937,451	1,275,062	1,278,462
Retained Earnings	Before Distribution	1,385,981	968,946	430,546	300,660	702,411	623,255
	After Distribution	1,071,946	822,025	320,580	300,660	Note 2	Note 2
Other Equity		(85,542)	106,635	541,132	144,427	(756,787)	(507,991)
Treasury Shares		—	(98,447)	(45,196)	(45,196)	(45,196)	(29,476)
Non-controlling Interest		(8,870)	(4,403)	(5,715)	(16,688)	(24,668)	(33,123)
Total Equity	Before Distribution	2,989,431	2,670,593	2,595,921	2,168,323	2,048,491	2,228,796
	After Distribution	2,675,396	2,523,672	2,595,921	2,168,323	Note 2	Note 2

Note 1: The financial information from 2017 to 2021 has been audited and certified by the independent auditors; the financial information for 2022 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					2022 up to March 31 Financial Information
	2017	2018	2019	2020	2021	
Operating Revenues	3,460,890	3,203,850	2,806,854	3,503,653	5,752,477	1,303,113
Gross Profit	1,014,164	404,352	176,614	438,185	1,375,020	250,579
Net Operating Profit (Loss)	592,415	(114,513)	(267,854)	(84,248)	413,831	(4,424)
Non-operating Income and Expense	157,340	36,008	(64,940)	28,382	(4,949)	(94,136)
Profit (Loss) Before Taxes	749,755	(78,505)	(332,794)	(55,866)	408,882	(98,560)
Profit (loss) from continuing operations	706,946	(96,148)	(319,339)	(33,885)	383,559	(86,611)
Profit (loss) from discontinued operations	—	—	—	—	—	—
Net Income (Loss)	706,946	(96,148)	(319,339)	(33,885)	383,559	(86,611)
Other Comprehensive Income (Loss), Net of Taxes	24,039	189,792	429,824	(393,713)	(891,002)	247,796
Total Comprehensive Income	730,985	93,644	110,485	(427,598)	(507,443)	161,185
Net Income Attributed to Owners of Parent	708,993	(100,939)	(306,643)	(22,737)	394,308	(79,156)
Net Income Attributable to Non-controlling Interests	(2,047)	4,791	(12,696)	(11,148)	(10,749)	(7,455)
Compressive Income Attributable to Owners of Parent	733,151	89,177	123,915	(416,625)	(499,463)	169,640
Compressive Income Attributable to Non-controlling Interest	(2,166)	4,467	(13,430)	(10,973)	(7,980)	(8,455)
Earnings (Deficits) per Share (NTS) (Note 1)	9.48	(1.35)	(4.18)	(0.27)	4.62	(0.89)

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

Note 2: The financial information from 2017 to 2021 has been audited and certified by the independent auditors; the financial information for 2022 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
2017	CPA, Kuang, Chun-Hsiu CPA, Chang Chun-I	KPMG	Unqualified Opinion
2018	CPA, Chao, Min-Ju		
2019	CPA, Chang Chun-I		
2020	CPA, Chang Chun-I		
2021	CPA, Chao, Min-Ju		

## 2. Financial Analysis for the Last Five Years

### (1) Financial Analysis

Analysis Item		Financial Analysis for the Last Five Years					2022 up to March 31 Financial Information
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt Ratio	65.52	67.81	69.90	75.39	75.65	74.04
	Ratio of Long-Term Capital to Property, Plants, and Equipment	168.04	130.84	101.84	94.76	31.71	40.58
Solvency (%)	Current Ratio	329.56	235.73	93.00	61.50	25.38	27.01
	Quick Ratio	307.67	216.15	75.57	38.49	15.67	15.35
	Interest Earned Ratio (Times)	1084.67	(105.10)	(801.39)	23.78	496.36	(148.50)
Operating Performance	Accounts Receivable Turnover (Times)	22.51	20.98	19.31	17.35	14.77	10.82
	Average Collection Period	17	18	19	21	25	34
	Inventory Turnover (Times)	12.69	13.06	13.06	10.70	9.41	6.97
	Accounts Payable Turnover (Times)	15.68	18.57	19.58	15.95	14.19	15.02
	Average Days in Sales	29	28	28	34	39	52
	Property, Plants, and Equipment Turnover (Times)	0.84	0.65	0.45	0.48	0.81	0.77
	Total Asset Turnover (Times)	0.51	0.38	0.33	0.40	0.67	0.61
Profitability	Return on Total Assets (%)	11.23	(0.77)	(3.43)	0.28	5.41	(2.58)
	Return on Shareholders' Equity (%)	25.88	(3.40)	(12.13)	(1.42)	18.19	(16.20)
	Pre-tax Income to Paid-in Capital (%)	100.27	(10.50)	(45.11)	(6.59)	45.55	(43.92)
	Profit Ratio (%)	20.43	(3.00)	(11.38)	(0.97)	6.67	(6.65)
	Earnings per Share (EPS) (NT\$)	9.48	(1.35)	(4.18)	(0.27)	4.62	(0.89)
Cash Flow	Cash Flow Ratio (%)	44.47	9.68	Note 1	10.20	7.28	Note 1
	Cash Flow Adequacy Ratio (%)	65.14	45.81	25.63	23.99	19.44	Note 1
	Cash Reinvestment Ratio (%)	12.90	Note 1	Note 1	1.98	11.53	Note 1
Leverage	Operating Leverage	1.34	Note 1	0.04	Note 1	1.96	Note 1
	Financial Leverage	1.15	Note 2	Note 2	Note 2	1.33	Note 2

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

1. Ratio of Long-Term Capital to Property, Plants, and Equipment, Current ratio, quick ratio, and Cash Flow Ratio were decreased which was mainly due to the reclassify Current portion of long-term loans to current liability .
2. The increase in Interest earned ratio, Property, Plants, and Equipment Turnover, Total Asset Turnover, Return on Total Assets, Return on Shareholders' Equity, Pre-tax Income to Paid-in Capital, Profit Ratio, Earnings per share, and Cash Reinvestment ratio was led by the selling price rally in 2021 and the growth of sales volume due to the GPT plant officially operating since June 2020, improving net sales and profit before taxes.

Note 1: Since the ratio is negative, it is not applicable.

Note 2: Since the Net Operating Profit is a loss, it is not calculated.

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 2021 Business Report, Consolidated Financial Statements, and Profits Distribution Proposal, where the Consolidated Financial Statements are audited by KPMG's CPA Chang, Chun-I and CPA Chao, Min-Ju, 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 2022 Annual Meeting of Shareholders

Green River Holding Co. Ltd

Audit Committee Convener: Chang, Jun-En

March 25, 2022

## 4. 2021 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 balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years 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 developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### 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 the Group 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 of 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:

##### 1. Revenue recognition

Please refer to note 4(m) "Revenue" for accounting policy related to revenue recognition, and note 6(q) for the information related 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 one of the key matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included:

- Assessed and tested the design, and the effectiveness of the internal control operation on revenue recognition.
- Performed trend analysis on operating income of the current period and of the last period, as well as the latest quarter from each top ten customers to assess the occurrence of any significant exceptions, and further identified and analyzed the reasons if there was any significant variation.
- Performed tests of details on sales to assess the assertions of existence and accuracy, as well as the appropriateness of recognition.
- Performed sales cut-off test of a period before and after the balance sheet date by vouching relevant documents of sales transactions to determine whether the revenue has 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 with IFRSs, IASs, IFRC, SIC endorsed and issued into effect 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.

### **Auditors' 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 auditors' 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 auditors' 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 Chang Chun-I and Chao Min-Ju.

KPMG

Taipei, Taiwan (Republic of China)  
March 25, 2022

#### **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.

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

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****December 31, 2021 and 2020****(Expressed in thousands of New Taiwan Dollars)**

		<b>December 31, 2021</b>		<b>December 31, 2020</b>				<b>December 31, 2021</b>		<b>December 31, 2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Assets</b>						<b>Liabilities and Equity</b>					
11xx	<b>Current assets:</b>					21xx	<b>Current liabilities:</b>				
1100	Cash and cash equivalents (note 6(a))	\$ 344,813	4	276,506	3	2100	Short-term loans (notes 6(b), (e), (h), (y), 7 and 8)	\$ 498,080	6	1,084,515	12
1137	Current financial assets at amortized cost (notes 6(b) and 8)	48,837	1	53,826	1	2130	Current contract liabilities (note 6(q))	39,209	1	69,934	1
1170	Trade receivables, net (notes 6(c) and (q))	523,998	6	254,866	3	2170	Trade payables	373,609	5	243,547	3
1200	Other receivables	56,004	1	54,934	1	2200	Other payables (note 6(r))	281,357	3	256,280	3
130x	Inventories (notes 6(d))	568,470	6	362,076	4	2321	Current portion of bonds payable (notes 6(b), (e), (j), (y) and 8)	4,474,407	53	-	-
1470	Other current assets (notes 6(e) and (j))	53,599	1	46,358	-	2322	Current portion of long-term loans (notes 6(e), (i), (y), 7 and 8)	582,070	7	18,990	-
	<b>Total current assets</b>	<b>1,595,721</b>	<b>19</b>	<b>1,048,566</b>	<b>12</b>	2280	Current lease liabilities (notes 6(k) and (y))	8,737	-	11,438	-
15xx	<b>Non-current assets:</b>					2399	Other current liabilities	30,976	-	20,199	-
1536	Non-current financial assets at amortized cost (notes 6(b) and 8)	1,238	-	112,643	1		<b>Total current liabilities</b>	<b>6,288,445</b>	<b>75</b>	<b>1,704,903</b>	<b>19</b>
1600	Property, plant and equipment (notes 6(e), (g), (u), 7, 8 and 9)	6,700,256	80	7,497,180	86	25xx	<b>Non-Current liabilities:</b>				
1755	Right-of-use assets (note 6(f))	9,911	-	22,583	-	2530	Bonds payable (notes 6(b), (e), (j), (y) and 8)	-	-	4,466,846	51
1780	Intangible assets (notes 6(e) and (g))	33,529	-	42,920	-	2540	Long-term loans (notes 6(e), (i), (y), 7 and 8)	20,032	-	399,181	5
1840	Deferred tax assets (note 6(m))	72,207	1	85,565	1	2570	Deferred tax liabilities (note 6(m))	20,487	-	16,300	-
1915	Prepayments for equipment (note 6(e))	267	-	38	-	2580	Non-current lease liabilities (notes 6(k) and (y))	732	-	10,675	-
	<b>Total non-current assets</b>	<b>6,817,408</b>	<b>81</b>	<b>7,760,929</b>	<b>88</b>	2640	Net defined benefit plan liabilities (note 6(l))	34,524	1	42,789	-
						2670	Other non-current liabilities	418	-	478	-
							<b>Total non-current liabilities</b>	<b>76,193</b>	<b>1</b>	<b>4,936,269</b>	<b>56</b>
						2xxx	<b>Total liabilities</b>	<b>6,364,638</b>	<b>76</b>	<b>6,641,172</b>	<b>75</b>
						31xx	<b>Equity attributable to owners of parent (notes 6(n) and (o)):</b>				
						3110	Common stock	897,669	10	847,669	9
						3200	Capital reserve	1,275,062	15	937,451	11
						33xx	Retained earnings:				
						3310	Legal reserve	44,957	1	44,957	-
						3350	Unappropriated retained earnings	657,454	8	255,703	3
								702,411	9	300,660	3
						34xx	Other equity:				
						3410	Exchange differences on translation of foreign financial statements	(756,787)	(9)	144,427	2
						3500	Treasury shares	(45,196)	(1)	(45,196)	-
							<b>Total equity attributable to owners of parent</b>	<b>2,073,159</b>	<b>24</b>	<b>2,185,011</b>	<b>25</b>
						36xx	<b>Non-controlling interests</b>	<b>(24,668)</b>	<b>-</b>	<b>(16,688)</b>	<b>-</b>
							<b>Total equity</b>	<b>2,048,491</b>	<b>24</b>	<b>2,168,323</b>	<b>25</b>
1xxx	<b>Total assets</b>	<b>\$ 8,413,129</b>	<b>100</b>	<b>8,809,495</b>	<b>100</b>	2-3xxx	<b>Total liabilities and equity</b>	<b>\$ 8,413,129</b>	<b>100</b>	<b>8,809,495</b>	<b>100</b>

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, 2021 and 2020****(Expressed in thousands of New Taiwan Dollars , except for earnings per share)**

		<b>2021</b>		<b>2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenues (notes 6(q))</b>	\$ 5,752,477	100	3,503,653	100
5000	<b>Operating costs (notes 6(d), (e), (f), (g) and (k))</b>	4,377,457	76	3,065,468	87
5900	<b>Gross profit from operations</b>	1,375,020	24	438,185	13
6000	<b>Operating expenses (notes 6(c), (e), (f), (g), (k), (l), (r) and 7):</b>				
6100	Selling expenses	773,763	14	335,909	10
6200	Administrative expenses	186,780	3	186,524	5
6450	Expected credit loss	646	-	-	-
	<b>Total operating expenses</b>	961,189	17	522,433	15
6900	<b>Net operating income (loss)</b>	413,831	7	(84,248)	(2)
7000	<b>Non-operating income and expenses (notes 6(e), (j), (k), (s), (t) and (u)):</b>				
7010	Other income	12,532	-	8,663	-
7020	Other gains and losses	124,150	2	131,449	4
7050	Finance costs	(141,631)	(2)	(111,730)	(3)
	<b>Total non-operating income and expenses</b>	(4,949)	-	28,382	1
7900	<b>Profit (loss) from continuing operations before tax</b>	408,882	7	(55,866)	(1)
7951	<b>Add: income tax benefit (expenses) (note 6(m))</b>	(25,323)	-	21,981	-
8200	<b>Net profit (loss)</b>	383,559	7	(33,885)	(1)
8300	<b>Other comprehensive income (note 6(l)):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans	7,525	-	2,757	-
8349	Less: income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	7,525	-	2,757	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(898,527)	(16)	(396,470)	(11)
8399	Less: income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	(898,527)	(16)	(396,470)	(11)
8300	<b>Other comprehensive income, net of tax</b>	(891,002)	(16)	(393,713)	(11)
8500	<b>Total comprehensive income (loss)</b>	<u>\$ (507,443)</u>	<u>(9)</u>	<u>(427,598)</u>	<u>(12)</u>
8600	<b>Net profit (loss) attributable to:</b>				
8610	Owners of parent	\$ 394,308	7	(22,737)	(1)
8620	Non-controlling interests	(10,749)	-	(11,148)	-
		<u>\$ 383,559</u>	<u>7</u>	<u>(33,885)</u>	<u>(1)</u>
8700	<b>Total comprehensive income (loss) attributable to:</b>				
8710	Owners of parent	\$ (499,463)	(9)	(416,625)	(12)
8720	Non-controlling interests	(7,980)	-	(10,973)	-
		<u>\$ (507,443)</u>	<u>(9)</u>	<u>(427,598)</u>	<u>(12)</u>
<b>Earnings (deficits) per share (expressed in New Taiwan Dollars) (note 6(p))</b>					
9750	Basic earnings (deficits) per share	<u>\$ 4.62</u>		<u>(0.27)</u>	
9850	Diluted earnings (deficits) per share	<u>\$ 4.27</u>		<u>(0.51)</u>	

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, 2021 and 2020**  
(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Exchange differences on translations of foreign financial statements	Treasury shares	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital reserve	Legal reserve	Retained earnings	Total					
<b>Balance at January 1, 2020</b>	\$ 737,703	937,451	44,957	385,589	430,546	541,132	(45,196)	2,601,636	(5,715)	2,595,921
Appropriation and distribution of retained earnings:										
Stock dividends of ordinary share	109,966	-	-	(109,966)	(109,966)	-	-	-	-	-
Net loss for the year	-	-	-	(22,737)	(22,737)	-	-	(22,737)	(11,148)	(33,885)
Other comprehensive income (loss)	-	-	-	2,817	2,817	(396,705)	-	(393,888)	175	(393,713)
Total comprehensive income (loss)	-	-	-	(19,920)	(19,920)	(396,705)	-	(416,625)	(10,973)	(427,598)
Balance at December 31, 2020	847,669	937,451	44,957	255,703	300,660	144,427	(45,196)	2,185,011	(16,688)	2,168,323
Net profit (loss) for the year	-	-	-	394,308	394,308	-	-	394,308	(10,749)	383,559
Other comprehensive income (loss)	-	-	-	7,443	7,443	(901,214)	-	(893,771)	2,769	(891,002)
Total comprehensive income (loss)	-	-	-	401,751	401,751	(901,214)	-	(499,463)	(7,980)	(507,443)
Capital increase by cash	50,000	337,611	-	-	-	-	-	387,611	-	387,611
<b>Balance at December 31, 2021</b>	<b>\$ 897,669</b>	<b>1,275,062</b>	<b>44,957</b>	<b>657,454</b>	<b>702,411</b>	<b>(756,787)</b>	<b>(45,196)</b>	<b>2,073,159</b>	<b>(24,668)</b>	<b>2,048,491</b>

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 Cash Flows**  
**For the years ended December 31, 2021 and 2020**  
(Expressed in thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Profit (loss) before income tax	\$ 408,882	(55,866)
Adjustments:		
Adjustments to reconcile profit or loss:		
1. Depreciation expense	389,311	337,478
2. Amortization expense	6,235	6,282
3. Expected credit loss	646	-
4. Interest expense	103,159	73,297
5. Interest income	(270)	(1,058)
6. Effect of exchange rate changes on bonds payable	(37,679)	(63,467)
7. Loss on disposal of property, plant and equipment	1,496	515
8. Property, plant and equipment changed to expense	571	152
Total adjustments to reconcile profit or loss	463,469	353,199
<b>Changes in operating assets and liabilities:</b>		
Net changes in operating assets:		
Trade receivables	(269,778)	(105,958)
Other receivables	(329)	27,049
Inventories	(206,394)	(151,433)
Other current assets	(7,241)	(4,696)
Total net changes in operating assets	(483,742)	(235,038)
Net changes in operating liabilities:		
Contract liabilities	(30,725)	47,949
Trade payables	130,062	102,735
Other payables	48,067	35,378
Other current liabilities	7,818	603
Net defined benefit plan liabilities	4,511	6,116
Total net changes in operating liabilities	159,733	192,781
Net changes in operating assets and liabilities	(324,009)	(42,257)
Total adjustments	139,460	310,942
Cash generated from operations	548,342	255,076
Interest received	270	1,058
Interest paid	(76,822)	(71,334)
Income taxes paid	(13,894)	(10,952)
Net cash flows from operating activities	457,896	173,848
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at amortised cost	(213)	(36,084)
Proceeds from disposal of financial assets at amortised cost	113,817	151,076
Acquisition of property, plant and equipment	(525,729)	(1,018,240)
Proceeds from disposal of property, plant and equipment	625	417
Acquisition of intangible assets	(2,014)	-
Increase in prepayments for equipment	(267)	(38)
Net cash flows used in investing activities	(413,781)	(902,869)
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	1,214,612	1,341,724
Decrease in short-term loans	(1,725,676)	(1,196,886)
Proceeds from long-term loans	252,452	337,754
Repayments of long-term loans	(2,109)	(7,122)
Repayment of lease principal	(10,641)	(8,754)
Decrease in other non-current liabilities	-	(258)
Capital increase by cash	387,611	-
Net cash flows from financing activities	116,249	466,458
Effect of exchange rate changes on cash and cash equivalents	(92,057)	(70,678)
Net increase (decrease) in cash and cash equivalents	68,307	(333,241)
Cash and cash equivalents at beginning of year	276,506	609,747
Cash and cash equivalents at end of year	<u>\$ 344,813</u>	<u>276,506</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2021 and 2020**

**(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. ("TDICS") through HM.

The major business activities of the Company's subsidiaries are described in note 4(c).

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

The board of directors of the Company authorized the issuance of the consolidated financial statements on March 25, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards ( "IFRSs" ) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2022, are expected to have the following impacts:

- (i) Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to ensure if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, shall be recognized in profit or loss.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after January 1, 2021. The Group may need to adjust the amount of property, plant and equipment costs, depreciation expenses and profit or loss from selling samples, and will continue to assess the impacts of this amendment on its consolidated financial position and financial performance.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018 – 2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

The actual impacts of adopting the standards may change depending on economic conditions and events which may occur in the future.

(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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: <ul style="list-style-type: none"> <li>● requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.</li> </ul>	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

#### (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, with the limit 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.

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**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 consolidated financial statements comprise the Company and subsidiaries. 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 consolidated financial statements.

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

Name of investor	Name of subsidiary	Major business	Percentage of ownership (%)		Remark
			December 31, 2021	December 31, 2020	
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. (TDICS)	Manufacturing and selling resin	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 those investees and is deemed able to control 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 exchange 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 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 the end of the reporting period; 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 on 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 (except for a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, in the case of a financial assets or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset or financial liability. 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 receivables, other receivables and refundable deposit).

Loss allowances for cash and cash equivalents, other receivables, 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.

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 debtor;
- a breach of contract such as a default or being more than 365 days past due;

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- the lender of the debtor, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the debtor a concession that the lender would not otherwise consider;
- it is probable that the debtor 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 the equity instruments of the Company. However the conversion price for a fixed amount of the Company's shares is not fixed. The derivatives embedded in the convertible bonds are recognized initially at fair value and reported as financial liabilities measured at fair value through profit or loss. The difference between the proceeds of the bonds issuance 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. Changes in fair value 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 reserve or retained earnings (if the capital reserve is not sufficient to be written down).

During the cancellation of treasury shares, "capital reserve — share premiums" and "share capital" should be debited proportionately. Excess on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Shortfall 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 differences 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 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.

(Continued)

**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 30 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

(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.

(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;

(Continued)



**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 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 which will change the assessment on the period of a lease; or
- there is any lease modifications

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 property and lease liabilities as a separate line item respectively in the balance sheet.

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.

(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.

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Amortization

The intangible asset of the Group refers to computer software.

The amortizable amount is the cost of an asset less its residual value. The amortization of intangible assets is recognized in profit or loss on a straight-line basis over 3 to 10 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 cash generating units (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.

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(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.

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 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.

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

When the benefits of a plan are modified 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.

(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 record date or the subscription date when the board of directors authorized the capital increase for share-based payment.

(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. 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;

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) temporary differences related to investments in subsidiaries 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.

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.

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.

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.
- (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. Convertible bonds that could be settled in shares and employee compensation distributed in the form of 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 discrete financial information.

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(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.

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**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash	\$ 4,632	5,333
Demand deposits	339,783	270,572
Checking deposits	398	601
Cash and cash equivalents in consolidated statement of cash flows	<u><u>\$ 344,813</u></u>	<u><u>276,506</u></u>

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

**(b) Financial assets at amortized cost**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current:		
Restricted deposit	\$ 47,694	33,487
Refundable deposit	1,143	20,339
	<u><u>\$ 48,837</u></u>	<u><u>53,826</u></u>
Non-current		
Restricted deposit	\$ 354	111,630
Refundable deposit	884	1,013
	<u><u>\$ 1,238</u></u>	<u><u>112,643</u></u>

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these financial assets were classified as financial assets measured at amortized cost.

(Continued)

**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 short-term loans, straight bonds, electricity guarantee and letter of credit deposits.

(c) Trade receivables

	December 31, 2021	December 31, 2020
Trade receivables	\$ 524,609	254,866
Less: loss allowance	(611)	-
	<u><b>\$ 523,998</b></u>	<u><b>254,866</b></u>

The Group applies the simplified approach to assess 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, 2021		
		Gross carrying amount	Expected credit loss during duration (%)	Loss allowance provision
T/T				
	Current	\$ 45,025	1.02	457
	less than 180 days past due	89,299	0.17	154
		<u><b>\$ 134,324</b></u>		<u><b>611</b></u>
Other payment terms:				
	Current	<u><b>\$ 390,285</b></u>	-	<u><b>-</b></u>
		December 31, 2020		
		Gross carrying amount	Expected credit loss during duration (%)	Loss allowance provision
T/T				
	Current	\$ 68,123	-	-
	less than 180 days past due	82,085	-	-
	181 to 365 days past due	895	-	-
		<u><b>\$ 151,103</b></u>		<u><b>-</b></u>
Other payment terms:				
	Current	<u><b>\$ 103,763</b></u>	-	<u><b>-</b></u>

As of March 25, 2022, the past due receivables on December 31, 2021 amounting to \$89,286 had been collected.

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>2021</b>	<b>2020</b>
Balance at the January 1	\$ -	-
Impairment losses recognized	646	-
Foreign exchange gain	(35)	-
Balance at the December 31	<b>\$ 611</b>	<b>-</b>

(d) Inventories

	<b>December 31, 2021</b>		
	<b>Cost</b>	<b>Allowance for loss</b>	<b>Net realizable value</b>
Raw materials	\$ 157,928	988	156,940
Supplies and spare parts	18,148	1,024	17,124
Work in process	32,163	618	31,545
Finished goods	369,762	6,901	362,861
Total	<b>\$ 578,001</b>	<b>9,531</b>	<b>568,470</b>

	<b>December 31, 2020</b>		
	<b>Cost</b>	<b>Allowance for loss</b>	<b>Net realizable value</b>
Raw materials	\$ 131,902	688	131,214
Supplies and spare parts	11,215	1,106	10,109
Work in process	21,480	54	21,426
Finished goods	204,100	4,773	199,327
Total	<b>\$ 368,697</b>	<b>6,621</b>	<b>362,076</b>

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

	<b>2021</b>	<b>2020</b>
Cost of goods sold	4,375,209	3,037,369
Provision for devaluation and obsolescence of inventory	3,962	1,935
Unallocated production overheads	-	28,010
Revenue from sale of scrap	(2,311)	(1,846)
Loss on inventory obsolescence	597	-
Total	<b>\$ 4,377,457</b>	<b>3,065,468</b>

No inventory items were pledged as collateral for bank credit facilities.

(Continued)



## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (e) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Land	Land improvement	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:									
Balance at January 1, 2021	\$ 532,427	279,238	1,406,928	5,699,962	60,589	54,189	618,584	602,764	9,254,681
Additions	-	247	356	3,642	519	2,153	174,169	333,943	515,029
Disposals	-	-	-	(2,797)	(3,128)	(313)	-	-	(6,238)
Reclassification (note 1)	-	11,443	405,562	318,990	250	2,293	63,625	(785,817)	16,346
Effect of exchange rate changes	(67,361)	(35,959)	(199,900)	(729,662)	(7,539)	(6,849)	(91,092)	(50,971)	(1,189,333)
Balance at December 31, 2021	<b>\$ 465,066</b>	<b>254,969</b>	<b>1,612,946</b>	<b>5,290,135</b>	<b>50,691</b>	<b>51,473</b>	<b>765,286</b>	<b>99,919</b>	<b>8,590,485</b>
Balance at January 1, 2020	\$ 562,511	215,603	993,568	3,646,672	64,454	45,329	360,340	2,727,508	8,615,985
Additions	108	305	1,022	8,393	921	3,741	61,570	959,555	1,035,615
Disposals	-	-	-	(2,719)	(1,328)	(875)	-	-	(4,922)
Reclassification (note 2)	-	74,431	462,736	2,229,659	4	8,261	214,271	(2,929,121)	60,241
Effect of exchange rate changes	(30,192)	(11,101)	(50,398)	(182,043)	(3,462)	(2,267)	(17,597)	(155,178)	(452,238)
Balance at December 31, 2020	<b>\$ 532,427</b>	<b>279,238</b>	<b>1,406,928</b>	<b>5,699,962</b>	<b>60,589</b>	<b>54,189</b>	<b>618,584</b>	<b>602,764</b>	<b>9,254,681</b>
Accumulated depreciation									
Balance at January 1, 2021	\$ -	84,450	306,643	1,102,792	39,934	32,923	190,759	-	1,757,501
Depreciation	-	17,952	53,710	236,959	2,360	6,693	61,030	-	378,704
Disposals	-	-	-	(780)	(3,054)	(283)	-	-	(4,117)
Reclassification (note 1)	-	-	-	52	-	-	-	-	52
Effect of exchange rate changes	-	(11,652)	(41,693)	(151,826)	(5,015)	(4,297)	(27,428)	-	(241,911)
Balance at December 31, 2021	<b>\$ -</b>	<b>90,750</b>	<b>318,660</b>	<b>1,187,197</b>	<b>34,225</b>	<b>35,036</b>	<b>224,361</b>	<b>-</b>	<b>1,890,229</b>
Balance at January 1, 2020	\$ -	70,116	270,745	939,761	39,697	28,266	163,289	-	1,511,874
Depreciation	-	17,985	50,113	214,402	3,261	6,893	36,006	-	328,660
Disposals	-	-	-	(2,260)	(908)	(822)	-	-	(3,990)
Effect of exchange rate changes	-	(3,651)	(14,215)	(49,111)	(2,116)	(1,414)	(8,536)	-	(79,043)
Balance at December 31, 2020	<b>\$ -</b>	<b>84,450</b>	<b>306,643</b>	<b>1,102,792</b>	<b>39,934</b>	<b>32,923</b>	<b>190,759</b>	<b>-</b>	<b>1,757,501</b>
Carrying amount:									
Balance at December 31, 2021	<b>\$ 465,066</b>	<b>164,219</b>	<b>1,294,286</b>	<b>4,102,938</b>	<b>16,466</b>	<b>16,437</b>	<b>540,925</b>	<b>99,919</b>	<b>6,700,256</b>
Balance at December 31, 2020	<b>\$ 532,427</b>	<b>194,788</b>	<b>1,100,285</b>	<b>4,597,170</b>	<b>20,655</b>	<b>21,266</b>	<b>427,825</b>	<b>602,764</b>	<b>7,497,180</b>
Balance at January 1, 2020	<b>\$ 562,511</b>	<b>145,487</b>	<b>722,823</b>	<b>2,706,911</b>	<b>24,757</b>	<b>17,063</b>	<b>197,051</b>	<b>2,727,508</b>	<b>7,104,111</b>

Note1:1. Capitalization of interest-\$16,883.

2. Reclassification to intangible assets-\$34.
3. Reclassification to expense-\$571.
5. Reclassification from prepayments for equipment-\$16.

Note2:1. Capitalization of interest-\$41,892.

2. Reclassification to intangible assets-\$5,564.
3. Reclassification to expense-\$152.
4. Reclassification from other current assets-\$23,432.
5. Reclassification from prepayments for equipment-\$633.

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

As of December 31, 2021 and 2020, the temporarily idle property, plant and equipment due to business adjustments amounted to \$40,885 and \$53,974, respectively.

Please refer to note 8 for the disclosure of assets pledged as collateral for long term and short term loans, straight bonds and electricity guarantee .

(f) Right-of-use assets

The movement of the right-of-use assets in 2021 and 2020 were as follows:

	<b>Buildings</b>	<b>Transportation equipment</b>	<b>Total</b>
Cost:			
Balance at January 1, 2021	\$ 4,270	28,236	32,506
Effect of exchange rate changes	-	(3,571)	(3,571)
Balance at December 31, 2021	<b><u>\$ 4,270</u></b>	<b><u>24,665</u></b>	<b><u>28,935</u></b>
Balance at January 1, 2020	\$ 2,265	2,331	4,596
Additions	2,005	25,867	27,872
Effect of exchange rate changes	-	38	38
Balance at December 31, 2020	<b><u>\$ 4,270</u></b>	<b><u>28,236</u></b>	<b><u>32,506</u></b>
Accumulated depreciation:			
Balance at January 1, 2021	\$ 2,090	7,833	9,923
Depreciation for the year	1,046	9,561	10,607
Effect of exchange rate changes	-	(1,506)	(1,506)
Balance at December 31, 2021	<b><u>\$ 3,136</u></b>	<b><u>15,888</u></b>	<b><u>19,024</u></b>
Balance at January 1, 2020	\$ 1,045	12	1,057
Depreciation for the year	1,045	7,773	8,818
Effect of exchange rate changes	-	48	48
Balance at December 31, 2020	<b><u>\$ 2,090</u></b>	<b><u>7,833</u></b>	<b><u>9,923</u></b>
Carrying amount:			
Balance at December 31, 2021	<b><u>\$ 1,134</u></b>	<b><u>8,777</u></b>	<b><u>9,911</u></b>
Balance at December 31, 2020	<b><u>\$ 2,180</u></b>	<b><u>20,403</u></b>	<b><u>22,583</u></b>
Balance at January 1, 2020	<b><u>\$ 1,220</u></b>	<b><u>2,319</u></b>	<b><u>3,539</u></b>

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Intangible assets

The cost and amortization of the intangible assets of the Group in the years ended December 31, 2021 and 2020, were as follows:

	<b>Software</b>
Costs:	
Balance at January 1, 2021	\$ 67,375
Additions	2,014
Reclassification (note 1)	34
Effect of exchange rate changes	(8,634)
Balance at December 31, 2021	<b><u>\$ 60,789</u></b>
Balance at January 1, 2020	\$ 65,280
Reclassification (note 2)	5,564
Effect of exchange rate changes	(3,469)
Balance at December 31, 2020	<b><u>\$ 67,375</u></b>
Amortization and impairment loss:	
Balance at January 1, 2021	\$ 24,455
Amortization	6,235
Effect of exchange rate changes	(3,430)
Balance at December 31, 2021	<b><u>\$ 27,260</u></b>
Balance at January 1, 2020	\$ 19,163
Amortization	6,282
Effect of exchange rate changes	(990)
Balance at December 31, 2020	<b><u>\$ 24,455</u></b>
Carrying amount:	
Balance at December 31, 2021	<b><u>\$ 33,529</u></b>
Balance at December 31, 2020	<b><u>\$ 42,920</u></b>
Balance at January 1, 2020	<b><u>\$ 46,117</u></b>

Note 1: Reclassification from property, plant and equipment — \$34.

Note 2: Reclassification from property, plant and equipment — \$5,564.

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

	<b>2021</b>	<b>2020</b>
Operating costs	<b><u>\$ 532</u></b>	<b><u>575</u></b>
Operating expenses	<b><u>\$ 5,703</u></b>	<b><u>5,707</u></b>

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Short-term loans

	December 31, 2021	December 31, 2020
Unsecured loans	\$ 338,619	474,995
Secured loans	159,461	609,520
Total	<u>\$ 498,080</u>	<u>1,084,515</u>
Unused credit lines	<u>\$ 831,195</u>	<u>872,209</u>
Interest rate (%)	<u>1.42~3.00</u>	<u>1.24~3.24</u>

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, 2021		
	Interest rate (%)	Year of maturity	Amount
Unsecured loans	2.00~2.75	2022~2024	\$ 38,070
Secured loans	4.28	2027	564,032
			602,102
Less: current portion			(582,070)
Total			<u>\$ 20,032</u>
Unused credit lines			<u>\$ -</u>

	December 31, 2020		
	Interest rate (%)	Year of maturity	Amount
Unsecured loans	2.00	2022	\$ 17,201
Secured loans	4.28~4.80	2027	400,970
			418,171
Less: current portion			(18,990)
Total			<u>\$ 399,181</u>
Unused credit lines			<u>\$ 244,758</u>

(i) Loans proceeds

In 2021, the Group obtained long-term loans amounting to \$252,452, with due dates in December 2024 and August 2027, respectively; in 2020, the Group obtained long-term loans amounting to \$337,754, with due date in June 2022 and July 2027. Please refer to note 6(u) for the information of interest expense.

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Collateral for loans

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

(iii) Loan contract

TDICS, one of the subsidiaries of the Company, entered into bank loan agreement with TMB Bank Public Company Limited on August 21, 2019, with the total credit of long-term loan amounting to THB 675,730 thousand and a short-term loan amounting to THB 510,000 thousand. In July 2020, the credit of short-term loan was amended to THB 100,000 thousand due to merger of banks. During the agreement period, the TDICS 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;
  - 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 (the total of income before tax including amortization, depreciation and interest expense, divided by the total of principal and interest on the outstanding principal from the previous reporting period) 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, 2020, TDICS was in compliance with the abovementioned financial covenants.

As of December 31, 2021, TDICS failed to comply with the debt service coverage ratio, it was not able to obtain a waiver from the bank either, resulting in its loan balance of \$564,032 to be reclassified to current portion of long term loans.

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

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Bonds payable

(i) The details of the Company's bonds payable were as follow :

	<b>December 31, 2021</b>		<b>December 31, 2020</b>	
	<b>USD</b>		<b>USD</b>	
	<b>(thousand)</b>	<b>NTD</b>	<b>(thousand)</b>	<b>NTD</b>
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	(110)	(3,452)	(1,411)	(44,186)
Effect of exchange rate changes	-	(154,450)	-	(116,771)
	<b>\$ 42,490</b>	<b>1,176,117</b>	<b>41,189</b>	<b>1,173,062</b>
2017 first domestic secured corporate bonds:				
Issued amount		\$ 3,300,000		3,300,000
Less: unamortized discount on bonds payable		(1,710)		(6,216)
		<b>3,298,290</b>		<b>3,293,784</b>
Total		4,474,407		4,466,846
Less: current portion		(4,474,407)		-
		<b>\$ -</b>		<b>4,466,846</b>

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

	<b>December 31, 2021</b>		<b>December 31, 2020</b>	
	<b>USD</b>		<b>USD</b>	
	<b>(thousand)</b>	<b>NTD</b>	<b>(thousand)</b>	<b>NTD</b>
Current:				
Initial recognized value	\$ 5,385	168,620	-	-
Gain on subsequent measurement at fair value	(5,385)	(168,620)	-	-
	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-current:				
Initial recognized value	\$ -	-	5,385	168,620
Gain on subsequent measurement at fair value	-	-	(5,385)	(168,620)
	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>2021</b>	<b>2020</b>
Interest expenses — convertible corporate bonds	\$ 40,734	39,487
Interest expenses — straight bonds	40,806	40,862
Total	<b><u>\$ 81,540</u></b>	<b><u>80,349</u></b>

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) 2017 first 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) Coupon rate: 0%
- d) Duration: Five years, from January 25, 2017 to January 25, 2022.
- e) Trustee: The Bank of New York Mellon
- 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).

The 2017 first overseas unsecured convertible corporate bonds were fully redeemed on January 25, 2022 (maturity date).

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## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.
- 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.

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## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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, which is an "antidilution adjustment". The conversion price was adjusted to \$174.3 and \$174.9 per share on October 15, 2021 (the ex-dividend date) and July 28, 2020 (the ex-dividend date), respectively.

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.

The bonds of the Company have not been redeemed in 2021 and 2020.

2) 2017 first domestic secured corporate bonds (the Straight 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 each
- b) Issue price: 100% of the principal amount of the Straight Bonds
- c) Coupon rate: 1.10% per annum

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- d) Duration: Five years, from 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 Straight Bonds, the Straight Bonds pays interest annually on a simple interest basis; interest is paid for every unit with the denomination \$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 scheduled 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 syndicated 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 maintain the following debt covenants:

- 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.

As of December 31, 2020, except for the debt ratio, the Company was in compliance with the abovementioned financial covenants. On March 19, 2021, the Company had obtained a waiver from Bank of Taiwan for the violation on its debt ratio.

As of December 31, 2021, except for the debt ratio, the Company was in compliance with the abovementioned financial covenants. On February, 2022, the Company had submitted an application for a waiver to the Bank of Taiwan for the violation of the debt ratio.

During the periods of agreement, the Company shall pay an annual guarantee fee to the four banks. The guarantee fee paid was amortized in the year and recognized as financial costs. In 2021 and 2020, the Company recognized \$38,472 and \$38,433, respectively. As of December 31, 2021 and 2020, unamortized prepaid expense was \$14,464 and \$14,400, respectively, recorded under other current asset.

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Company has submitted a loan application to refinance its straight bonds. The application was submitted for a syndicated loan lead by the Land Bank of Taiwan. Land Bank of Taiwan has approved the credit line of its shared portion of the loan on March 21, 2022. The credit review and approval processes by participating banks were still undergoing.

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

(k) Lease liabilities

	December 31, 2021	December 31, 2020
Current	<u>\$ 8,737</u>	<u>11,438</u>
Non-current	<u>\$ 732</u>	<u>10,675</u>

The amounts recognized in profit or loss were as follows:

	2021	2020
Interests on lease liabilities	<u>\$ 382</u>	<u>445</u>
Expenses relating to short-term leases	<u>\$ 7,941</u>	<u>9,986</u>

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

	2021	2020
Total cash flows from operating activities	\$ 8,323	10,431
Total cash flows from investing activities	10,641	8,754
Total cash outflow for leases	<u>\$ 18,964</u>	<u>19,185</u>

(i) Real estate leases

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 3 to 5 years.

(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, 2021	December 31, 2020
Present value of defined benefits obligations	\$ 34,524	42,789
Fair value of plan assets	-	-
Net defined benefit liabilities	<u>\$ 34,524</u>	<u>42,789</u>

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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:

	<b>2021</b>	<b>2020</b>
Defined benefit obligation at January 1	\$ 42,789	41,642
Current service costs and interests	5,125	6,781
Remeasurements of the net defined benefit obligation		
— Actuarial gains and losses arising from changes in experience adjustments	(1,316)	(3,817)
— Actuarial gains and losses arising from changes in financial assumptions	(6,209)	1,060
Exchange differences on translation of foreign plans	(5,251)	(2,212)
Benefits paid	(614)	(665)
Defined benefit obligation at December 31	<b><u>\$ 34,524</u></b>	<b><u>42,789</u></b>

(ii) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group in 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Current service costs	\$ 4,458	6,060
Net interest on the net defined benefit obligation	667	721
Administrative expenses	<b><u>\$ 5,125</u></b>	<b><u>6,781</u></b>

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

The Group's remeasurements of the net defined benefit obligation recognized in other comprehensive income in 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Cumulative amount at January 1	\$ (7,759)	(10,516)
Recognized gains during the period	7,525	2,757
Cumulative amount at December 31	<b><u>\$ (234)</u></b>	<b><u>(7,759)</u></b>

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Actuarial assumptions

The major actuarial assumptions used in calculating the present value of the defined benefit obligation as of December 31, 2021 and 2020, were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	2.75%	1.70%
Future salary growth 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 18 to 27 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, 2021 and 2020, the effect of changes in the principle actuarial assumptions on the present value of the defined benefit obligation was as follows:

	<b>Effect on defined benefit obligation</b>	
	<b>Increase of 0.25%</b>	<b>Decrease of 0.25%</b>
At December 31, 2021		
Discount rate	(1,324)	1,392
Future salary fluctuation	1,374	(1,315)
At December 31, 2020		
Discount rate	(1,641)	1,729
Future salary fluctuation	1,689	(1,613)

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.

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Income taxes

- (i) The Company and HM, a subsidiary of the Company, were incorporated in the Cayman Islands, and Samoa, respectively, where the corporate income taxes are exempted. The Company's subsidiaries in Thailand, including GP, GPT, GRW, GRP, TNR and TDICS, are subject to a maximum statutory corporate income tax rate of 20% under the tax regulations of Thailand in 2021 and 2020. However, certain operations of GP, GPT and TDICS, had been approved by the Board of Investment of Thailand for income tax exemption for the period from June 2016 to June 2024, June 2020 to June 2023 and September 2021 to September 2025, respectively.

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

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 18,459	11,370
Deferred tax expense (benefit)		
The recognition and reversal of temporary differences	6,864	(33,351)
Income tax expense (benefit) from continuing operations	<u>\$ 25,323</u>	<u>(21,981)</u>

In Thailand, where GP, GPT, GRW, GRP, TNR, and TDICS operate, no official approval is issued by the revenue department on completion of examination of the corporate income tax returns. The 2020 income tax have already been filed with the revenue department.

Reconciliation of income tax expense and profit (loss) before income tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Profit (loss) before income tax	<u>\$ 408,882</u>	<u>(55,866)</u>
Income tax using the Company's domestic tax rate	\$ 85,515	(15,914)
Tax exemption	(73,614)	(13,690)
Non-deductible expenses	2,568	2,334
Changes in deductible temporary difference and loss carry-forwards	(7,605)	(6,081)
Tax withheld at source	18,459	11,370
Total	<u>\$ 25,323</u>	<u>(21,981)</u>

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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, 2021	December 31, 2020
Tax losses	<u>\$ 10,218</u>	<u>17,360</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.

The Group filed or estimated its unused loss carry-forwards not recognized as deferred tax assets as of December 31, 2021 as follows:

Year of loss	Unused amount	Year of expiry
GRW:		
2019	\$ 1,758	2024
2020	18	2025
GRP:		
2018	4,644	2023
2020	8,789	2025
2021	5,461	2026
TNR:		
2017	2,580	2022
2019	9,517	2024
2020	9,396	2025
2021	8,925	2026
	<u>\$ 51,088</u>	

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	<u>Losses carryforwards</u>
<b>Deferred tax assets:</b>	
Balance at January 1, 2021	\$ 85,565
Recognized in profit or loss	(2,677)
Effect of exchange rate changes	(10,681)
<b>Balance at December 31, 2021</b>	<b><u>\$ 72,207</u></b>
Balance at January 1, 2020	\$ 65,268
Recognized in profit or loss	23,651
Effect of exchange rate changes	(3,354)
<b>Balance at December 31, 2020</b>	<b><u>\$ 85,565</u></b>
	<u>Investment</u>
<b>Deferred tax liabilities</b>	
Balance at January 1, 2021	\$ 16,300
Recognized in profit or loss	4,187
<b>Balance at December 31, 2021</b>	<b><u>\$ 20,487</u></b>
Balance at January 1, 2020	\$ 26,000
Recognized in profit or loss	(9,700)
<b>Balance at December 31, 2020</b>	<b><u>\$ 16,300</u></b>

(n) Share capital and other equity

(i) Issuance of common stock

As of December 31, 2021 and 2020, the total authorized common stock each amounting to \$1,500,000, with a par value of \$10 (dollars) per share, had been divided into 150,000 thousand authorized common shares of stocks. As of December 31, 2021 and 2020, the issued shares were 89,767 thousand shares and 84,767 thousand shares, respectively.

The Company issued 5,000 thousand new shares for cash, with a par value of \$10 per share, amounting to \$390,000 (which had been fully received) based on the resolution approved during the board of directors meeting held on July 15, 2021. The issue price was \$78 per share, and the record date for capital increase was designed on October 15, 2021.

A resolution was passed during the general meeting of the shareholders held on June 19, 2020, for a capital increase wherein the company issued 10,997 thousand new shares from its retained earnings at a par value of \$10 dollars per share, amounting to \$109,966. The record date for capital increase was designed on July 28, 2020 with the approval from the Financial Supervisory Commission.

(Continued)



**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Capital reserve

The balance of capital reserve was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Additional paid-in capital	<b><u>\$ 1,275,062</u></b>	<b><u>937,451</u></b>

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

According to the Company's articles of incorporation amended based on the resolution decided by the shareholders meeting on August 11, 2021, 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: (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 amount to be distributed as dividends shall not be less than ten per cent (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 Members subject to the discretion of the Directors.

The Company may distribute profits in accordance with a proposal for profit distribution approved by, in the case of dividend to be paid in cash, a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors or, in the case of an issuance of new shares as bonus shares), Supermajority Resolution in the annual meeting. After the Board approves the distribution of dividend in cash, the Board shall report such distribution in the next annual general meeting.

The Company, in addition to the dividends to be distributed at the end of each financial year, may distribute interim dividends to the Members on a semi-year basis. If the Board decides not to distribute interim dividends, the Board shall adopt a resolution to confirm such non-distribution after the first half of the financial year. When the Company makes the interim distribution, the Company shall (i) estimate and reserve all payable taxes and (ii) offset losses incurred in previous years. For the distribution of interim dividends, the proposal of surplus earning distribution or loss off-setting for the first half of the financial year, together with the business report and financial statements (which shall be audited or reviewed by a certified public accountant in accordance with the applicable public company rules), shall be submitted Audit committee for approval, and then, be submitted to the Board for approval.

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 the total amount of dividend payable.

There were no earnings distribution for 2020 based on the resolution made during the shareholders' meeting held on August 11, 2021.

Earnings distributions for 2019 were decided based on the resolution made during the shareholders' meeting held on June 19, 2020 as follows:

	2019	
	Amount per share	Total amount
Dividends distributed to shareholders:		
Shares	\$ 1.50000000	<u><u>109,966</u></u>

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

(iv) Treasury shares

The movement for the shares repurchased by the Company was as follows

Unit: shares in thousands				
Reason of purchase	2021			
	Beginning	Increase	Decrease	Ending
Transfer to employee	<u>\$ 460</u>	<u>-</u>	<u>-</u>	<u>460</u>
Reason of purchase	2020			
	Beginning	Increase	Decrease	Ending
Transfer to employee	<u>\$ 460</u>	<u>-</u>	<u>-</u>	<u>460</u>

The Company repurchased 460 thousand shares from the period between January 14, 2019 and March 11, 2019, at an average price of \$98.15, totaling \$45,149, for transferring shares to its employee, based on the resolution made during the Board meeting held on January 11, 2019.

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 being transferred.

(o) Share-based payment arrangement

The Company decided to repurchase its shares for transferring shares to its employee based on the resolution made during the board meeting held on January 11, 2019, with the subscription date that has yet to be decided as of the reporting date.

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Earnings (deficits) per share

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

	2021	2020
<b>Basic earnings (deficits) per share:</b>		
Net profit (loss) attributable to owners of parent	\$ 394,308	(22,737)
Weighted-average number of common shares outstanding (thousand shares)	85,375	84,307
Basic earnings (deficits) per share (New Taiwan dollars)	\$ 4.62	(0.27)
<b>Diluted earnings (deficits) per share:</b>		
Net profit (loss) attributable to owners of parent (basic)	\$ 394,308	(22,737)
Dilutive effect on common stock:		
Interest expenses from convertible corporate bonds	40,734	39,487
Effect of exchange rate change on bonds payable	(37,679)	(63,467)
Net profit (loss) attributable to owners of parent (diluted)	\$ 397,363	(46,717)
Weighted-average number of common shares outstanding (thousand shares) (basic)	85,375	84,307
Dilutive effect on common stock (thousand shares):		
Effect of potentially dilutive shares – employees' compensation	3	-
Effect of potentially dilutive shares – convertible bonds	7,702	7,676
Weighted-average number of common shares outstanding (thousand shares) (diluted)	93,080	91,983
Diluted earnings (deficits) per share (New Taiwan dollars)	\$ 4.27	(0.51)

(q) Revenues from contracts with customers

(i) Details of revenue

	2021	2020
Main product:		
Particle board	\$ 5,372,661	3,219,448
Solid board	379,816	284,895
Less: sales allowance	-	(690)
	\$ 5,752,477	3,503,653

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables	\$ 524,609	254,866	148,908
Less: loss allowance	(611)	-	-
Total	<u>\$ 523,998</u>	<u>254,866</u>	<u>148,908</u>
Contract liabilities	<u>\$ 39,209</u>	<u>69,934</u>	<u>21,985</u>

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

The amount of revenue recognized for the years ended December 31, 2021 and 2020 which was included in the contract liability balance at beginning of the period was \$64,715 and \$20,802, respectively.

(r) Compensation to employees and directors

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 no more 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 year ended December 31, 2021, the Company accrued for employees compensation and directors compensation of \$400. For the year ended December 31, 2020, the Company decided not to accrue for employee and directors' compensation due to the deficit incurred by the Company in 2020.

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. 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.

There was no difference between the amounts of employees compensation and directors compensation with the resolution of board of director's meeting and the amounts accrued in the consolidated financial statements for the years 2021 and 2020. The related information can be accessed from the Market Observation Post System website.

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Other income

	<b>2021</b>	<b>2020</b>
Interest income	\$ 270	1,058
Others	12,262	7,605
Total	<b>\$ 12,532</b>	<b>8,663</b>

(t) Other gains and losses

	<b>2021</b>	<b>2020</b>
Loss on disposal of property, plant and equipment	\$ (1,496)	(515)
Net foreign exchange gain	125,646	133,890
Other loss	-	(1,926)
Total	<b>\$ 124,150</b>	<b>131,449</b>

(u) Finance cost

	<b>2021</b>	<b>2020</b>
Interest expense on loans from banks	\$ 38,120	34,395
Interest expense on lease liabilities	382	445
Corporate bond guarantee fee	38,472	38,433
Interest expense on corporate bonds	81,540	80,349
Less: interest expense capitalized	(16,883)	(41,892)
Total	<b>\$ 141,631</b>	<b>111,730</b>

(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 \$920,102 and \$699,117 as at December 31, 2021 and 2020, respectively.

2) Concentration of credit risk

The Group's accounts receivable are concentrated on the main customers, which accounted for 58% and 35% of the total amount of trade receivable as of December 31, 2021 and 2020, 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(c) for information on credit risk of trade receivables.

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Short-term bank loans	\$ 498,080	498,080	498,080	-	-
Long-term bank loans	602,102	602,102	582,070	10,016	10,016
Lease liabilities	9,469	9,469	8,737	398	334
Corporate bond payables	4,474,407	4,474,407	4,474,407	-	-
Accruals	654,249	654,249	654,249	-	-
	<b>\$ 6,238,307</b>	<b>6,238,307</b>	<b>6,217,543</b>	<b>10,414</b>	<b>10,350</b>
<b>December 31, 2020</b>					
Non-derivative financial liabilities					
Short-term bank loans	\$ 1,084,515	1,084,515	1,084,515	-	-
Long-term bank loans	418,171	418,171	18,990	115,165	284,016
Lease liabilities	22,113	22,113	11,438	9,851	824
Corporate bond payables	4,466,846	4,466,846	-	4,466,846	-
Accruals	499,073	499,073	499,073	-	-
	<b>\$ 6,490,718</b>	<b>6,490,718</b>	<b>1,614,016</b>	<b>4,591,862</b>	<b>284,840</b>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts. The bonds payable will be due within one year. Please refer to note 6(j) for details.

(iii) Currency risk

1) Currency risk exposure

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

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
Financial assets						
Monetary items						
USD	22,106	27.70	612,381	15,220	28.51	433,993
Financial liabilities						
Monetary items						
USD	59,229	27.71	1,641,069	55,669	28.50	1,586,401

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the fluctuation of foreign currency exchange rate on cash and cash equivalents, trade receivables, financial assets at amortized cost, short-term loans, trade and other payables, as well as corporate bond payables, which are all denominated in foreign currencies.

A 5% strengthening of the NTD and THB against the USD as at December 31, 2021 and 2020, would have increased (decrease) net profit after tax for the years ended December 31, 2021 and 2020, by \$50,180 and \$56,280, 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, 2021 and 2020, 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:

	<b>2021</b>		<b>2020</b>	
	<b>Foreign exchange gains</b>	<b>Average exchange rate</b>	<b>Foreign exchange gains</b>	<b>Average exchange rate</b>
NTD	\$ 60,591	1.00	84,742	1.00
THB	73,730	0.8823	51,757	0.9496

(iv) Interest rate analysis

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 \$9,609 and \$12,988 for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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 lease liabilities, 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, 2021 and 2020 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 assesses that the carrying amount of the Group's financial assets and financial liabilities measured at amortized cost is approximately close to fair value.

b) Derivatives financial instrument

Fair value of bonds payable's conversion right, call/put option was assessed based on the independent appraisal report, which adopted the binomial conversion model and used inputs based on observable market data, including fluctuation of share prices, risk free interest rates discount rates and liquidity risk to calculate the fair value of options.

(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.

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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 to. 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.

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.

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## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(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, purchase and loan that are denominated in a currency other than the functional currencies of the Group's entities, primary NTD and THB. The currencies used in these transactions are the NTD, THB, USD and CNY.

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.

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. However, the impacts on those financial assets and liabilities resulting from changes in interest rates are insignificant.

(x) Capital management

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

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	December 31, 2021	December 31, 2020
Total liabilities	\$ 6,364,638	6,641,172
Less: cash and cash equivalents	(344,813)	(276,506)
Total liabilities	<b>\$ 6,019,825</b>	<b>6,364,666</b>
Total equity	<b>\$ 2,048,491</b>	<b>2,168,323</b>
Debt-to-equity ratio	<b>293.87%</b>	<b>293.53%</b>

(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:

			Non-cash changes			
	January 1, 2021	Cash flows	Discount amortization	Acquisition	Foreign exchange movement	December 31, 2021
Short-term loans	\$ 1,084,515	(511,064)	-	-	(75,371)	498,080
Long-term loans	418,171	250,343	-	-	(66,412)	602,102
Lease liabilities	22,113	(10,641)	-	-	(2,003)	9,469
Bonds payables	4,466,846	-	45,240	-	(37,679)	4,474,407
Total liabilities from financing activities	<b>\$ 5,991,645</b>	<b>(271,362)</b>	<b>45,240</b>	<b>-</b>	<b>(181,465)</b>	<b>5,584,058</b>

			Non-cash changes			
	January 1, 2020	Cash flows	Discount amortization	Acquisition	Foreign exchange movement	December 31, 2020
Short-term loans	\$ 993,049	144,838	-	-	(53,372)	1,084,515
Long-term loans	90,296	330,632	-	-	(2,757)	418,171
Lease liabilities	2,975	(8,754)	-	27,872	20	22,113
Bonds payables	4,486,326	-	43,987	-	(63,467)	4,466,846
Total liabilities from financing activities	<b>\$ 5,572,646</b>	<b>466,716</b>	<b>43,987</b>	<b>27,872</b>	<b>(119,576)</b>	<b>5,991,645</b>

**(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, 2021 and 2020, the Group chairman Mr. Jung-Hui, Hsieh provided credit guarantees to the Group for loans. The related party did not charge any rewards to the Group for the guarantees provided.

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**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Key management personnel compensation

	2021	2020
Short-term employee benefits	\$ 17,246	14,650

The Group provided cars with a cost of \$2,912 (approximately THB 3,489 thousand) and \$3,334 (approximately THB 3,489 thousand) for key management personnel use for the years ended December 31, 2021 and 2020.

**(8) Pledged assets:**

The book values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Land (including land improvements)	For long-term and short-term loans, electricity guarantee and straight bonds	\$ 317,376	423,488
Buildings	For long-term and short-term loans, electricity guarantee and straight bonds	811,145	604,694
Machinery and equipment	For short-term loans, electricity guarantee and straight bonds	1,452,842	1,756,978
Other equipment	For short-term loans	89,968	109,284
Restricted deposits (recorded under current financial assets at amortized cost)	For letters of credit, short-term loans and straight bonds	47,694	33,487
Restricted deposits (recorded under non-current financial assets at amortized cost)	For electricity guarantee and straight bonds	354	111,630
		<u>\$ 2,719,379</u>	<u>3,039,561</u>

**(9) Commitments and contingencies:**

(a) Guarantees provided by banks were as follows:

	December 31, 2021	December 31, 2020
Electricity guarantee	\$ 41,215	24,421

The Group pledged its assets to several banks as collaterals for the guarantees on electricity provided by them. Please refer to note 8 for details.

(Continued)

**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, 2021	December 31, 2020
Acquisition of property, plant and equipment	<u>\$ 61,748</u>	<u>169,693</u>

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

	December 31, 2021	December 31, 2020
Outstanding letters of credit	<u>\$ 143,991</u>	<u>19,482</u>

**(10) Losses Due to Major Disasters: None**

**(11) Significant Subsequent Events:**

- (a) The Company repurchased 460 thousand shares on January 14, 2019 and March 11, 2019, of which, 160 thousand shares were transferred to its employee based on the resolution made during the Board meeting held on January 17, 2022.
- (b) For the disclosure of repayment bonds payable, please refer to note 6(j).

**(12) Other:**

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

Function Account	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	180,780	72,038	252,818	157,894	63,362	221,256
Health insurance	-	-	-	-	-	-
Pension	-	5,125	5,125	-	6,781	6,781
Directors compensations	-	1,800	1,800	-	1,400	1,400
Other personnel expense	22,307	12,742	35,049	19,358	13,166	32,524
Depreciation	370,766	18,545	389,311	315,968	21,510	337,478
Depletion	-	-	-	-	-	-
Amortization	532	5,703	6,235	575	5,707	6,282

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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 2021:

##### (i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	IS a related party	Maximum 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 of 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)	Maximum limit of fund financing (note 3)
													Item	Value		
1	HM	GP	Other receivables — related parties	Yes	525,861	525,861	525,861	2.14	2	-	For repayments of borrowings	-	-	-	4,181,773	6,272,660
1	HM	GP	Other receivables — related parties	Yes	734,536	734,536	734,536	2.03	2	-	For repayments of borrowings	-	-	-	4,181,773	6,272,660
1	HM	GP	Other receivables — related parties	Yes	304,666	304,666	304,666	1.60	2	-	For repayments of borrowings	-	-	-	4,181,773	6,272,660
1	HM	GPT	Other receivables — related parties	Yes	2,387,242	2,387,242	2,387,242	2.25	2	-	Payments for land, factory building and equipment	-	-	-	4,181,773	6,272,660
1	HM	GPT	Other receivables — related parties	Yes	83,470	83,470	83,470	1.60	2	-	For repayments of borrowings	-	-	-	4,181,773	6,272,660
2	GP	TNR	Other receivables — related parties	Yes	95,991	-	-	2.13	2	-	For increase in working capital	-	-	-	754,521	754,521
2	GP	The Company	Other receivables — related parties	Yes	83,470	-	-	2.00	2	-	For increase in working capital	-	-	-	754,521	754,521
2	GP	TNR	Other receivables — related parties	Yes	98,495	98,495	98,495	1.65	2	-	For increase in working capital	-	-	-	754,521	754,521
2	GP	The Company	Other receivables — related parties	Yes	108,511	108,511	66,776	1.68	2	-	For increase in working capital	-	-	-	754,521	754,521
3	GRW	The Company	Other receivables — related parties	Yes	41,735	-	-	2.15	2	-	For increase in working capital	-	-	-	51,284	51,284
3	GRW	GPT	Other receivables — related parties	Yes	33,388	33,388	33,388	2.00	2	-	For increase in working capital	-	-	-	51,284	51,284

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 of HM "Policy procedures for loaning of funds and management of Loans to Others (or the parent company or its directly or indirectly holds 100% of shares in its subsidiaries)", the maximum amount for the lending shall not exceed 40% (or 100%) of the net worth of HM in its latest financial report. Meanwhile, the total amount available for lending purposes shall not exceed 40% (or 150%) of the net worth of HM 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 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.

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 2)	Maximum 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	Maximum limit for guarantees and endorsements (note 2)	Guarantee provided by parent company	Guarantee provided by subsidiaries	Guarantee for companies in China area
		Name	Relationship with the Company (note 1)										
0	The Company	GPT	2	3,109,739	250,410	250,410	-	-	12.08%	6,219,477	Y	N	N
0	The Company	TDICS	2	3,109,739	814,442	814,442	809,599	-	39.29%	6,219,477	Y	N	N
1	GP	GPT	4	3,772,605	172,783	172,783	58,429	89,313	9.16%	5,658,909	N	N	N
1	GP	GRW	4	3,772,605	235,278	235,278	-	-	12.47%	5,658,909	N	N	N
1	GP	The Company	3	3,772,605	3,336,300	3,336,300	3,300,000	3,336,300	176.87%	5,658,909	N	Y	N
2	GPT	GP	4	2,185,497	49,122	49,122	-	-	7.87%	3,122,139	N	N	N
2	GPT	The Company	3	2,185,497	1,402,000	1,402,000	-	-	224.53%	3,122,139	N	Y	N

Note 1: 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 90% 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

- Note 2: 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 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 any single entity shall not exceed 300% and 200%, respectively, of the net worth on the latest financial statements of GP.
- 3) In accordance with the former internal control policy "Policy and Procedures for Funds and Making of Endorsement/Guarantees" of GPT, the aggregate endorsement/ guarantees amount and maximum amount permitted to any single entity shall not exceed 300% and 200%, respectively, of net worth on the latest financial statement of GPT. However, based on the amended policy made during the board of directors' meeting held on December 1, 2021, the aggregate endorsement/ guarantees amount and maximum amount permitted to any single entity shall not exceed 500% and 350%, respectively, of net worth on the latest financial statements of GPT.

(iii) Securities held as of December 31, 2021 (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:

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		
HM	GP	Other related parties	1,585,318	-	-		-	-
HM	GPT	Other related parties	2,487,001	-	-		-	-

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).

(Continued)

## GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

No. (note 1)	Name of company	Name of counter-party	Nature of relationship (note 2)	Intercompany transactions			
				Account name	Amount	Trading terms (note 3)	Percentage of the consolidated net revenue or total assets
1	GP	TNR	3	Other receivables	99,839	—	1.19%
2	HM	GP	3	Other receivables	1,585,318	—	18.84%
2	HM	GPT	3	Other receivables	2,487,001	—	29.56%
3	GRP	GRW	3	Operating revenue	81,561	—	1.42%
4	GPT	GP	3	Operating revenue	64,178	—	1.12%
5	TDICS	GPT	3	Operating revenue	79,007	—	1.37%

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 consolidated balance sheet and total operating revenue from the consolidated statement of comprehensive income.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Major businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee (note 1)	Share of profits/losses of investee (note 1)	Note (note 2)
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value (note 1)			
The Company	GP	Thailand	Manufacturing, processing and selling particle board	1,319,947	1,319,947	10,400	100.00%	1,886,303	217,574 (THB246,599)	217,574	Subsidiary
"	GRW	"	Manufacturing and selling parawood	157,073	157,073	1,000	100.00%	128,211	8,598 (THB9,745)	8,598	"
"	GPT	"	Manufacturing and selling particle board	448,900	448,900	5,000	100.00%	688,018	221,101 (THB250,596)	217,648	"
"	HM	Samoa	Investment activities	4,121,550	4,121,550	135,934	100.00%	4,181,773	57,278 (USD64,919)	57,278	"
GRW	GRP	Thailand	Purchasing raw materials for parawood business and rendering sawmill services	40,389 (THB48,387)	40,389 (THB48,387)	484	48.39%	(42,005) (THB(50,223))	(16,852) (THB(19,101))	-	"
GRP	TNR	"	Manufacturing and selling parawood	50,082 (THB60,000)	50,082 (THB60,000)	600	100.00%	(58,001) (THB(69,487))	(9,445) (THB(10,704))	-	"
HM	TDICS	"	Manufacturing and selling resin	126,286 (USD151,295)	126,286 (USD151,295)	1,530	85.00%	114,077 (THB136,669)	(13,678) (THB15,502)	-	"

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**

(d) Major shareholders:

<b>Shareholder' s Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Green Source Investments Ltd		36,612,348	40.78%
Mr. Jung-Hui, Hsieh.		7,210,032	8.03%
Prosperity Growth Limited		5,807,500	6.46%

Note: (1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statements due to different calculations basis.

(2) If the aforementioned data contained shares which were kept in trust by the shareholders, the data disclosed will be deemed as the settlor' s separate account for the fund set by the trustee. As for the shareholder who reports its share equity as an insider and whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act and include its self-owned shares and trusted shares, as well as the shares of the individuals who have power to decide how to allocate the trust assets. For the information on reported share equity of the insider, please refer to the Market Observation Post System.

**(14) Segment information:**

(a) General information

The Group has the following reportable segments: (i) particle board, (ii) solid wood, (iii) resin and (iv) investment department. The particle board segment manufactures and sells particle boards. The solid segment manufactures and sells parawood. The resin segment manufactures and sells resin. The investment segment is in charge of the capital management. Therefore, the three segments are reported separately.

(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.

(Continued)

**GREEN RIVER HOLDING CO. LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The segment information and reconciliation were as follows:

	2021					Consolidated
	Particle board	Solid wood	Resin	Investment	Adjustments and eliminations	
Segment revenue:						
Revenue from external customers	\$ 5,372,661	379,816	-	-	-	5,752,477
Inter-segment revenue	-	29,821	119,836	-	(149,657)	-
Total revenue	<u>\$ 5,372,661</u>	<u>409,637</u>	<u>119,836</u>	<u>-</u>	<u>(149,657)</u>	<u>5,752,477</u>
Interest expense	<u>\$ 97,371</u>	<u>2,108</u>	<u>4,580</u>	<u>127,214</u>	<u>(89,642)</u>	<u>141,631</u>
Depreciation and amortization	<u>\$ 376,256</u>	<u>12,689</u>	<u>5,432</u>	<u>1,169</u>	<u>-</u>	<u>395,546</u>
Segment's profit or loss	<u>\$ 444,644</u>	<u>(99)</u>	<u>(16,969)</u>	<u>(15,241)</u>	<u>(3,453)</u>	<u>408,882</u>
Segment's assets	<u>\$ 7,363,147</u>	<u>257,926</u>	<u>933,291</u>	<u>4,196,372</u>	<u>(4,337,607)</u>	<u>8,413,129</u>
Segment's liabilities	<u>\$ 4,852,417</u>	<u>174,515</u>	<u>799,082</u>	<u>4,939,822</u>	<u>(4,401,198)</u>	<u>6,364,638</u>
	2020					Consolidated
	Particle board	Solid wood	Resin	Investment	Adjustments and eliminations	
Segment revenue:						
Revenue from external customers	\$ 3,218,759	284,894	-	-	-	3,503,653
Inter-segment revenue	-	20,195	-	-	(20,195)	-
Total revenue	<u>\$ 3,218,759</u>	<u>305,089</u>	<u>-</u>	<u>-</u>	<u>(20,195)</u>	<u>3,503,653</u>
Interest expense	<u>\$ 82,775</u>	<u>3,092</u>	<u>-</u>	<u>129,568</u>	<u>(103,705)</u>	<u>111,730</u>
Depreciation and amortization	<u>\$ 326,412</u>	<u>15,913</u>	<u>8</u>	<u>1,427</u>	<u>-</u>	<u>343,760</u>
Segment's profit or loss	<u>\$ (57,299)</u>	<u>(21,919)</u>	<u>(352)</u>	<u>18,241</u>	<u>5,463</u>	<u>(55,866)</u>
Segment's assets	<u>\$ 7,924,282</u>	<u>303,525</u>	<u>605,162</u>	<u>4,428,044</u>	<u>(4,451,518)</u>	<u>8,809,495</u>
Segment's liabilities	<u>\$ 5,531,689</u>	<u>209,604</u>	<u>436,494</u>	<u>4,981,948</u>	<u>(4,518,563)</u>	<u>6,641,172</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	2021	2020
Malaysia	\$ 2,069,193	1,308,701
China	1,415,064	1,121,971
Korea	1,209,182	344,727
Vietnam	353,250	219,235
Indonesia	364,872	193,354
Others	340,916	315,665
	<u>\$ 5,752,477</u>	<u>3,503,653</u>

(Continued)

Non-current assets:

<b>Region</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Thailand	\$ 6,742,745	7,560,391
Others	1,218	2,330
	<b><u>\$ 6,743,963</u></b>	<b><u>7,562,721</u></b>

Non-current assets include property, plant and equipment, intangible assets, right-of-use assets, and other assets, excluding financial instruments and deferred tax assets.

(d) Information on major customers

None of the revenue from a single customer exceeded 10% of the Group' s consolidated operating income, thus, the information need not be disclosed.

**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	2020	2021	Difference	
			Amount	Ratio (%)
Current Assets	1,048,566	1,595,721	547,155	52.18%
Property, Plants, and Equipment	7,497,180	6,700,256	(796,924)	(10.63)%
Right-of-Use Assets	22,583	9,911	(12,672)	(56.11)%
Intangible Assets	42,920	33,529	(9,391)	(21.88)%
Other Assets	198,246	73,712	(124,534)	(62.82)%
Total Assets	8,809,495	8,413,129	(396,366)	(4.50)%
Current Liabilities	1,704,903	6,288,445	4,583,542	268.84%
Non-Current Liabilities	4,936,269	76,193	(4,860,076)	(98.46)%
Total Liabilities	6,641,172	6,364,638	(276,534)	(4.16)%
Common stock	847,669	897,669	50,000	5.90%
Capital Reserve	937,451	1,275,062	337,611	36.01%
Retained Earnings	300,660	702,411	401,751	133.62%
Other Equity	144,427	(756,787)	(901,214)	(623.99)%
Treasury Shares	(45,196)	(45,196)	-	-
Non-controlling Interest	(16,688)	(24,668)	(7,980)	47.82%
Total Equity	2,168,323	2,048,491	(119,832)	(5.53)%
<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"> <li>1. The increase of current assets was mainly due to the increase of sales, such that the accounts receivable increased, and the shortage of container for marine transportation also reduced the shipping speed, leading to an increase of inventory.</li> <li>2. The decrease of right-of-use assets was mainly due to the decrease of the value of forklift truck leased.</li> <li>3. The decrease of other assets was mainly due to the decrease of guaranteed electricity amount.</li> <li>4. The increase of current liabilities and decrease of non-current liabilities were mainly due to re-categorization of corporate bonds that matured in one year to current liabilities.</li> <li>5. The increase of capital reserve was mainly due to the recognition of cash capital increase for share perineum.</li> <li>6. The increase of retained earnings was mainly due to the profit for the current year such that the net income after tax was increased.</li> <li>7. The decrease of other equity was mainly due to the impact of exchange rate fluctuation such that exchange differences on translation of financial statements of foreign operations were recognized.</li> </ol>				

## 2. Financial Performance

### Financial Performance Comparison Analysis Table

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2020	2021	Difference	
			Amount	Percentage
Operating Revenue	3,503,653	5,752,477	2,248,824	64.19%
Operating Cost	3,065,468	4,377,457	1,311,989	42.80%
Gross Profit from operations	438,185	1,375,020	936,835	213.80%
Operating Expenses	522,433	961,189	438,756	83.98%
Net Operating Income (Loss)	(84,248)	413,831	498,079	(591.21)%
Non-operating Income and Expense	28,382	(4,949)	(33,331)	(117.44)%
Income (Loss) From Continuing Operations Before Tax	(55,866)	408,882	464,748	(831.90)%
Income Tax Expense (Income)	(21,981)	25,323	47,304	(215.20)%
Consolidated Total Net Income (Loss)	(33,885)	383,559	417,444	(1231.94)%
Net Income (Loss) Attributable to Owners of Parent	(22,737)	394,308	417,045	(1834.21)%
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) <ol style="list-style-type: none"> <li>1. The decrease of the net amount of non-operating incomes and expenses was mainly due to that the major capital expenditures of the Company had been completed, and the capitalized interest decreased.</li> <li>2. The increase of other accounts was mainly due to the Particle Board Plant III sale volume increase after the opening of the plant in June 2020 and the market price also increased.</li> </ol>				

### 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 2022 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. The export volume of our products may be affected by lockdowns in SEA countries or shipping congestion during this pandemic period. However, with the virus variation and loosening prevention measures, the power of covid-19 is decreasing, and a "back to normal" life is looking forward. Moreover, the US-China trade war has benefited the furniture industry in SEA countries, raising the volume of furniture exporting in SEA areas. As a result, the Company expects the sales volume will climb steadily in 2022.

### 3. Cash Flow

#### (1) Analysis of Cash Flow Change for the Most Recent Year

Unit: In Thousands of New Taiwan Dollars

Item	Year	2020	2021	Difference	
				Amount	Percentage
Net Cash Flows From (Used in) Operating Activities		173,848	457,896	284,048	163.39%
Net Cash Flows From (Used in) Investing Activities		(902,869)	(413,781)	489,088	(54.17)%
Net Cash Flows From (Used in) Financing Activities		466,458	116,249	(350,209)	(75.08)%
Effect of Exchange Rate Change on Cash and Cash Equivalents		(70,678)	(92,057)	(21,379)	30.25%
Net Increase (Decrease) in Cash and Cash Equivalents		(333,241)	68,307	401,548	(120.50)%
1. Operating Activities:	The increase of net cash inflow from operating activities was mainly due to the Particle Board Plant III sale volume increase after the opening of the plant in June 2020 and the market price also increased, such that both the revenue and profit indicated growth for the year.				
2. Investing Activities:	The decrease of net cash used in investing activities was mainly due to the construction of Particle Board Plant III in 2020 with the purchase of land and expansion of the facility as well as the purchase of equipment, such that the amount was greater than the construction of the owned resin plant in 2021.				
3. Financial Activities:	The decrease of net cash inflow from financing activities was mainly due to the cash capital increase and repayment of debt and the capital demand was stable.				

#### (2) Improvement Plan for Insufficient Liquidity:

Cash flow in operating activities of the Company in 2021 indicates net cash inflow, such that there was no 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
344,813	744,001	(270,495)	13,080	831,399	—	—
1. Operating Activities:	Compared with last year, the net cash provided by operating activities has increased by NT\$286,105 thousand dollars. The main reason for the increase is expecting 2022 profit to grow from the climb in market price.					
2. Investing Activities:	Compared with last year, the net cash used in investment activities has decreased by NT\$143,286 thousand dollars. The main reason is the resin factory (TDICS) officially began its operation in October of 2021, thereby significantly decreasing capital expenditures.					
3. Financing Activities:	Compared with last year, the net cash inflow by financing activities has decreased by NT\$103,169 thousand dollars mainly due to the cash capital increase in 2021, and the project loan supported the capital expenditure of the resin plant has been fully draw-downed by October, 2021.					

#### 4. Impacts on Financial Operations of any Major Capital Expenditures for the Most Recent Fiscal Year

None.

#### 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 (2021)	Main Cause of Profit or Loss	Improvement Plan	Future Other Investment Plan
GP	217,574	The profit occurred in 2021 which is mainly due to the impact of the sales price recovery and the impact of exchange rate fluctuation.	None	Presently, there is no specific investment plan.
GPT	221,101	The profit occurred in 2021 which is mainly due to the impact of the sales price recovery and the impact of exchange rate fluctuation.	None	Add wet electrostatic precipitating system
HM	57,278	Interest income from investment business, and group capital allocation.	None	Presently, there is no specific investment plan.
TDICS	(13,678)	The actual operation starts in late October 2021; therefore, there is no profit in 2021.	Adjust and improve the production process continuously.	Presently, there is no specific investment plan.
GRW	8,598	The profit occurred in 2021, mainly driven by a rally in sales price and demand for a solid wood board.	None	Presently, there is no specific investment plan.
GRP	(16,852)	Loss occurred due to product market price fluctuation and recognized investment loss from the equity method investee company's net loss.	Continue to monitor the market trend. Enhance the responsiveness of production and sales strategy	Presently, there is no specific investment plan.
TNR	(9,445)	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 Company's main source of interest income is bank deposit interest, and interest expenses mainly refer to interest expenses incurred due to bank loans and issuance of corporate bonds. The Company's interest income for 2020 and 2021 is NT\$1,058 thousand and NT\$270 thousand respectively, accounting for the ratio of net profit (loss) before tax for (1.89) % and 0.07%. In addition, the interest expenses incurred due to the bank loans and the corporate bonds for the same period are NT\$73,297 thousand and NT\$103,159 thousand respectively, accounting for the ratio of net income profit (loss) before taxes for (131.20)% and 25.23%. 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:**

As of the publication date of the annual report, the Group's main borrowings are from the short-term borrowings for supporting working capital purpose, denominated in US dollars (It is used LIBOR as the accrued interest basis) and the Secured Corporate Bonds, in an amount of NT\$3.3 billion, issued by the Company in 2017 (The coupon rate is a fixed annual interest rate of 1.10%). This bond is due on May 18, 2022. The company has cooperated a syndicated loan of US\$195 million sponsored by the Land Bank of Taiwan and other banks to fully repay the short-term loan and the Secured Corporate Bonds. The interest rate of this syndicated loan is based on a TAIFX3 basis. Although TAIFX3 is also a floating interest rate, there is a specified interest rate reduction clause in this syndicated loan used to reward the company for achieving the target of optimizing company management, and then the interest rate can be gradually decreased to reduce the company's interest rate risk. In addition, the company always has a good and long-term relationship with its correspondent banks; therefore its credibility is outstanding. It could have the Company obtained much better loan interest rates.

#### **B. Exchange Rate:**

Presently, the main operating region of the Company is in the southern region of Thailand, and the export percentage 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 2019, 2020, and 2021 are NT\$(42,278) thousand, NT\$133,890 thousand, and NT\$125,646 thousand respectively, accounting for net income (loss) before taxes for each year of 12.70%, (239.66) %, and 30.73% respectively.

In recent years, the fluctuation of the exchange rate of THB has been greater; also it generated an exchange rate change risk. 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.<sup>6</sup>

- (3) Future R&D Projects and Expected Investment in R&D Budget:

There is no specific R&D plan, but the Company continuously improves and adjusts machinery, formula and production process. 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 improving the waterproof and mechanical properties of boards significantly. As PB production technology has been applied in fields internationally for a long time, the production technology is relatively mature, and products are mostly at the mass production stage. However, since different manufacturers have different skills in handling 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 the 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 the production line equipment, electrical equipment, etc. In addition, the technology equipped with production performance and environmental friendliness is the direction sought by the Company. To recruit a professional technical team for assistance in order to expedite the upgrade of the PB products, thereby continuously increasing the competitiveness of the Group. In 2021, the total expenditure of R&D amounted to NTD 19,303 thousand. The Company's annual average spending on R&D related expenses is approximately NTD 19,000 thousand. The estimated R&D expenditure in 2022 will be close to the average expenditure.

(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.

Cyber 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. The Company's IT department, under the Administration and Management Division, has established the Information Security Policy. It established by the Company's IT department which includes (1) Data redundancy, (2) Data storage, (3) System security, (4) level of risk, (5) authorization and (6) regulations of the system and email usage. The Company announces the policy on the intranet in order to allow all employees to access and to comply. The IT department periodically evaluate the information security in compliance with the policy and reports information security in compliance with the policy and reports to the CEO.
- B. Perform major updates of systems irregularly. In the case of major information security risks, the announcement is made, and corresponding measures are adopted. Arrange information security courses every year for training an employee to identify fishing emails. The system is protected by password, and the authentication scheme is Single sign-on which is easy to maintain and manage.
- C. 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 security preventive measures and update periodically, 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. To strengthen network security, cope with the popularity of the Internet of Things and associated information security issues. Reduce hazards caused by viruses, worms, and other network attacks, adopt various security preventive measures and update periodically, including the technologies of firewalls, intrusion detection systems, anti-virus software, etc., in order to respond to and reduce the harm caused by various network attacks promptly.
- D. 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. Perform daily data backup and store the backup at a remote site for preservation. 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 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.

(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:

From 2013 to 2021, the Company has successively constructed the second and the third PB factory (GP2 and GPT), the MFC factory and the resin factory. The Company will focus on integrated synergy, and there is no major capital expenditure plan that is expected in the near future.

(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 solid wood semi-products, Fresh Timber, etc. For the resin, there are many raw material suppliers for selection. In addition, the Company's newly-built resin factory begins its production in late October 2021, which can support part of our resin demand; the source of supply is enriched. Moreover, the main raw material of resin is the common chemicals that have no scarcity, 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. Presently, there are approximately two to three main suppliers. Rubber woods (including Fresh Timber) 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 maintaining an excellent collaborative relationship, the Company also maintains more than two suppliers for the purchase of primary materials. Therefore, the supply source 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 solid wood boards and PB. The products are widely used in building decoration and furniture manufacturing, and customers are mainly distributed in Malaysia, Korea, and China. The customers include furniture manufacturers, face bonding processing manufacturers, panel manufacturers, traders, and manufacturers with adjunct trading. For 2020 and 2021, the sales percentage of the No. 1 largest customer was 9.69% and 9.45%, 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 expanding the market 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 solid wood boards and PB to face bonding boards. For the application end, it has been extended 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. In recent years, none of the sales percentages from a single customer exceeded 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, GPT and TDICS 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, from June 2020 to June 2023, and from September 2021 to September 2025, respectively. The business income tax of the rest of the subsidiaries in Thailand is calculated according to the tax law in Thailand. The business income tax in Thailand for the years 2020 and 2021 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 December, 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 solid wood 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.

## **7. Other Important Matters**

None.

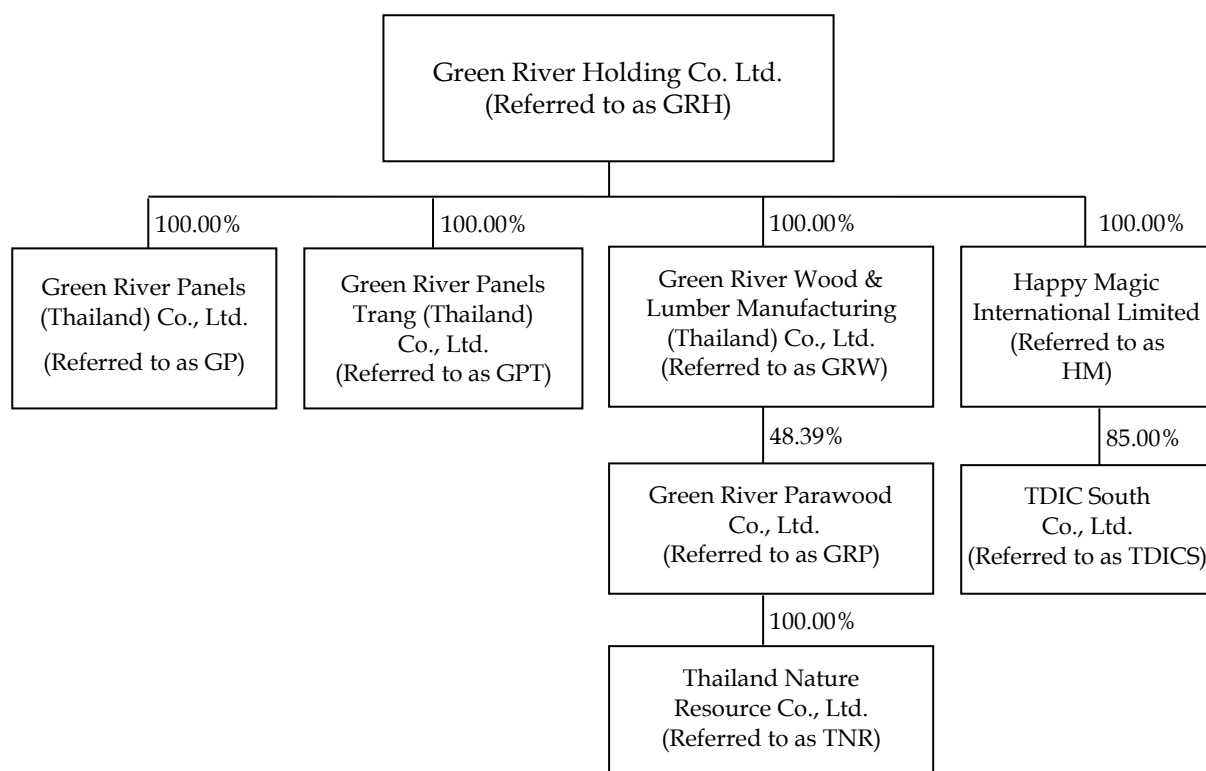


## VIII. Special Disclosure

### 1. Affiliated Enterprise Related Information

#### (1) Affiliated Enterprise Consolidated Business Report

##### A. Affiliated Enterprise Consolidated Organizational Chart



##### B. Affiliated Enterprise Basic Information

May 9, 2022; Unit: In Thousands 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.5, T. Kuanmao, A. Ratsada, Trang, 92160, Thailand	THB 500,000	Manufacturing and Sales of PB
HM	2017/01/04	Portcullis Chambers, P.O. Box 1225, Apia, Samoa.	USD 149,934	Investment Business
TDICS	2017/01/13	238/6 Moo. 14, T. Thachang, A. Bangklum, Songkhla 90110, Thailand	THB 180,000	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 Solid wood 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	222 Moo 4, T.Thachang, A.Bangklum, Songkhla 90110, Thailand	THB 60,000	Manufacturing and Sales of Rubber Solid wood 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 9, 2022

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	—	—
	CEO	Huang, Teng-Shih	—	—
TDICS	Director and Chairman and CEO	Huang, Teng-Shih	18	0.00%
	Director	Wang, Ping-Hsun	—	—
	Director	Somphiu Bouboot	—	—
	Director	Sarunrad Duangchan	—	—
	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	Huang Ping	—	—
	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, 2021; Unit: In Thousands of New Taiwan Dollars

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit	Profit or Loss
GP	868,088	3,861,243	1,974,941	1,886,303	2,924,543	219,742	217,574
GPT	417,350	3,501,904	2,877,476	624,428	2,516,678	248,837	221,101
HM	4,036,360	4,187,305	5,532	4,181,773	-	(256)	57,278
TDICS	150,246	933,291	799,082	134,208	119,837	(12,691)	(13,678)
GRW	83,470	192,999	64,788	128,211	380,491	(2,589)	8,598
GRP	83,470	22,947	109,751	(86,804)	110,707	(8,992)	(16,852)
TNR	50,082	41,980	99,981	(58,001)	-	(7,651)	(9,445)

Note 1: 2021 financial statements audited by CPA.

Note 2: Balance Sheet Exchange Rate: THB 1 = NTD 0.8347

Income Statement Exchange Rate: THB 1 = NTD 0.8823

## (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 2021 (from January 1 to December 31, 2021); 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 25, 2022

(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**

During IPO, the Company declared 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 over the years and the Company practice; please refer to the Shareholders’ Meeting Handbook over the years 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"> <li>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.</li> <li>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.</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> </ol>
<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>

<b>Important Matters for Protection of Shareholders' Interests</b>	<b>Provisions of Articles of Incorporation and Reason for Differences</b>
<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"> <li>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;</li> <li>2. Where the Articles of Incorporation are changed;</li> <li>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</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> <li>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"> <li>(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> </li> </ol> </li> </ol>

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"> <li>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.</li> <li>2. The term of office of supervisors shall not exceed three years. However, re-election shall be applicable.</li> <li>3. When all of the supervisors are dismissed, the Board of Directors shall convene an Extraordinary Shareholders' Meeting for election within 60 days.</li> <li>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.</li> <li>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.</li> <li>6. Supervisors performing audit affairs may represent the Company to appoint a CPA and attorneys for review.</li> <li>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.</li> </ol>	<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 six 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>2. 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>
<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol>	<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 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</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
	<p>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 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</p>

Important Matters for Protection of Shareholders' Interests	Provisions of Articles of Incorporation and Reason for Differences
	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.

**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