

Stock code: 8426

Redwood Group 2019 Annual Report



REDWOOD
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Printing Date : 30, April,2020

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

Company Website: <http://www.redwoodgroup.co>

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Redwood Group Ltd

2019 Annual Report

Printed on April 30, 2020

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Company Website: <http://www.redwoodgroup.co>

I. Name, Title, Telephone Number, and E-mail Address of the Spokesperson and Acting Spokesperson

Spokesperson	Acting Spokesperson
Name: Thong-ming Soh	Name: Pin-ching Su
Title: Chairman	Title: Manager of Finance and Investor Relations
Tel: (886)2-2778-9121	Tel: (886)2-2778-9121
E-mail: rwg@redwoodgroup.co	E-mail: bensu@redwoodgroup.co

II. Address and Telephone Number of Headquarters, Branch Offices, and Factories

Name: Redwood Group Ltd Website: www.redwoodgroup.co
Address: 190 Elgin Avenue, George Town Grand Cayman KY1-9005 Cayman Islands

Name: Redwood Group Ltd Taipei Office
Address: International Building Room 1107 No.205, Sec.1, Tel: (886)2-2778-9121
Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan(R.O.C)

Name: Redwood Interior Pte Ltd Website: www.redwood.com.sg
Address: 48 Sungei Kadut Ave Singapore 729671 Tel: (65)6368-0838

Name: Redwood Furniture Sdn. Bhd. Tel: (607)3867-888
Address: No.1, Jalan Bukit, Kawasan Miel, 81750 Seri Alam, Johor, Malaysia

III. Name, Address, E-mail Address, and Telephone Number of the Stock Transfer Agency

Name: KGI Securities Co. Ltd Website: <http://www.kgieworld.com.tw>
Address: 5F, No. 2, Section 1, Chongqing South Road, Zhongzheng District, Taipei City Tel: (886)2-2389-2999

IV. Name of the CPA who Audited the Financial Statements for the Most Recent Year, and the Name, Address and Telephone Number of the CPA's Accounting Firm

Name of CPA: Ming-chung Hsieh and Po-jen Weng
CPA Firm: Deloitte Taiwan
Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City
Website: <http://www.deloitte.com.tw>
Tel: (886)2-2725-9988

V. Board Members

Title	Name	Nationality	Work Experience
Director	Thong-ming Soh	Singapore	<ul style="list-style-type: none"> ● Founder of Redwood Group Ltd ● Founder of Redwood Interior Pte Ltd ● Founder of Redwood Furniture Sdn. Bhd.
Director	Lee-mui Teh	Singapore	<ul style="list-style-type: none"> ● Co-founder of Redwood Group Ltd ● Co-founder of Redwood Interior Pte Ltd ● Co-founder of Redwood Furniture Sdn. Bhd.
Director	Pok-chin Lim (Note)	Singapore	<ul style="list-style-type: none"> ● Representative to the Chairman of Scanteak Company ● Chairman of Hawaii Furnishing Pte Ltd ● Vice Chairman of Council of Asia Pacific Furniture Association ● Chairman of Singapore Furniture Association
Director	Khay-pin Neo	Singapore	<ul style="list-style-type: none"> ● Executive Vice President of United Overseas Bank
Independent Director	Min-chiu Chien	Republic of China	<ul style="list-style-type: none"> ● CPA of ACTION & Co., CPAs ● CPA of Jing Hua Co., CPAs ● Supervisor of Hokuang Optics Co., Ltd. ● Supervisor of UniLite Corporation ● Supervisor of Chinatrust Investment Co., Ltd. ● Supervisor of Coho Technology Co., Ltd. ● Supervisor of Dah Yu Development Corp. ● Independent Director of Tat Hong Equipment Service Co., Ltd. ● Independent Director of HeySong Corporation
Independent Director	Chin-huat Guok	Singapore	<ul style="list-style-type: none"> ● Independent Director & Chairman of Bukit Sembawang Estates Ltd ● Director of Campbelltown Investment Holdings Pte Ltd ● Director of Campbelltown Asia Pte Ltd ● Chairman of Star Health Pte Ltd ● Independent Director of Global Palm Resources Holdings ● Independent Director of RE & S Holdings Ltd ● Independent Director of Asiatravel.com Holdings Ltd ● Independent Director of Tellus Asset Management Pte Ltd ● Independent Director of International Cement Group Ltd
Independent Director	Chia-shi Lo	Republic of China	<ul style="list-style-type: none"> ● Certified lawyer ● Independent Director of Young Shine Electric Co., Ltd. ● Director of Shinkong Textile Co., Ltd. ● Independent Director of Shin Kong Life Insurance Co., Ltd.

Note: Director po-chin Lim had completed his term after the re-election in shareholders' meeting on June 10, 2019.

VI. Appointed Domestic Representative

Name: Pin-ching Su

Title: Manager of Finance and Investor Relations

Tel: (886)2-2778-9121

E-mail: bensu@redwoodgroup.co

VII. Name of Any Overseas Exchanges where the Company's Securities are Traded, and the Securities Inquiry Method:

None.

VIII. Company Website:

<http://www.redwoodgroup.co>

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Chapter 1 Letter to Shareholders

2019 was a better year to the company despite the overall global market may have said experienced an economic divergence, economies were slowing across the board. The US/China trade wars and uncertainty around Brexit for the European region, while a number of economic indicator alarms were triggered. The 2018-19 personal luxury goods market experienced a 4% growth comparing to a 2% growth in 2017-18. Redwood Group has generated total revenues of NTD1,654 million, with a gross margin of 25.47%.

The company will continue to stay ahead as one of the market leader through process improvements to gain competitive advantages. The company has established oversea subsidiaries to effectively service our clients, such operations will further enhance the business opportunities in those markets. The results are particularly noticeable for our subsidiaries in Japan, Korean and followed by the USA. The company will continue to focus on our core businesses in providing world class fitting-outs services to the luxury retail stores globally. At the same time, with the target completion of the new production facilities in Singapore by mid-2020, the company will be capable of exploring other new luxury market sectors and new business opportunities.

I would like to sincerely thanks our board of directors, giving their supports, guidance and strategic directions to the company in this competitive environment.

We are determined to ensure that our company remain attractive and compelling both with advance production process and projects management capabilities as well as the way we engage with clients through dedicated service and experiences in all projects. We will continue to encourage an innovative and entrepreneurial mindset among our colleagues. We will foster a collaborative and inclusive working environment where talent thrives and sustainability is embedded across all our operations.

In today's uncertain environment, the strength of our agility, creativity and skills of our employees allow us to remain confident in our ability to achieve our long-term ambitions. I am truly grateful for their passion, integrity and commitment.

I. Implementation Results of 2019 Business Plan

(I) Implementation results of business plan

Unit: NT\$1,000

Item	FY2019	
	Amount	Percentage (%)
Operating revenue	1,654,214	100.00%
Operating costs	1,232,846	74.53%
Gross profit	421,368	25.47%
Net operating income	46,232	2.79%
Net income before tax	45,390	2.74%

(II) Budget execution status: This is not applicable as Company does not have to disclose its financial forecasts to the public.

(III) Cash flows and profitability analysis

Unit: NT\$1,000

Item		FY2019	
Cash flows	Operating revenue	1,654,214	
	Gross profit	421,368	
	Net income before tax	45,390	
Profitability	Return on assets (%)	1.99%	
	Return on shareholders' equity (%)	3.20%	
	Percentage of paid-in capital (%)	Net operating income	9.20%
		Net income before tax	9.03%
	Net profit margin (%)	1.80%	
	Earnings per share (NT\$)	0.59	

(IV) Research and development

Redwood Group has established a technical research and development team to enhance its overall competitiveness. The team is mainly responsible for the research and development of a project prior to its manufacturing. The purpose of testing on the new methods and materials via advanced 3D drawing is to improve production efficiency as well as reduce production defects, making the Company's production services more comprehensive and professional.

II. Overview of 2020 Business Plan

(I) Business directions

- Offering quality crafted products and satisfying services at luxury display locations worldwide.
- Improving project management capabilities and providing customers more comprehensive "one-stop" service.
- Training technical talents actively.
- Developing new customers and expanding the scope of service provided for the existing customers to increase market share.
- Further tighten company costs control to lessen the business impact due to the global coronavirus situation.

(II) Expected market conditions and reasons of forecasts

Market research carried out by Bain & Company in 2019 has initially indicated that the global luxury markets is expected to continue with a positive and progressive growth until 2025. However, with the current global outbreak of the coronavirus, there will certainly be negative impacts to the luxury goods sector. BCG (Boston Consulting Group) survey has indicated the impact could have costs the industry as much as €40 billion in 2020.

(III) Significant production and sales policies

The Company has continued putting efforts with overseas operations to provide better services to our existing client and at the same time exploring new opportunities for business growth. We will continue to review the market conditions and explore other strategic locations in order to become more responsive, add values, offer quality services and commitment to our clients.

III. Future development strategies

- (I) Developing automated manufacturing processes, improving production efficiency and capacity, and training technical talents.
- (II) Improving project management capabilities and production technologies and providing customers satisfying products and service.
- (III) Expanding new clientele with high growth potential based on the decoration of high-end boutiques.
- (IV) Explore other high-end market sectors for new business opportunities.

IV. Impacts from external competition, regulatory compliance and macro environment

Unstable macro-economic environment or external business conditions have a certain degree of influence on the global luxury goods market. With countermeasures for downturns and joint efforts from employees and suppliers, Redwood Group continues to perform well. We believe that Redwood Group can achieve outstanding performance in the dire environment and under competitions when we operate and manage our business well and continuously

strengthen our competitive advantages.

With the growth of the luxury market and its mounting pricing pressure, it can be expected that there will be more competitors lowering their prices to secure a project. However, the Company will put particular emphasis on the overall operations and further enhance and improve the product quality, service quality, technology and cost control policies, so as to strengthen our competitive advantages and continue to enjoy our competitive edge, ahead of other competitors.

In response to the increasing awareness of corporate social responsibility (CSR) among the global boutiques, Redwood Group ensures compliance with related ethical standards in the production process and obtains recognition from our customers, so as to further enhance our competitive edge and brand value.

Chairman: Thong-ming Soh

General Manager: Sing-keong Lee

CFO: Ai-ai Siew

Chapter 2 Company Profile

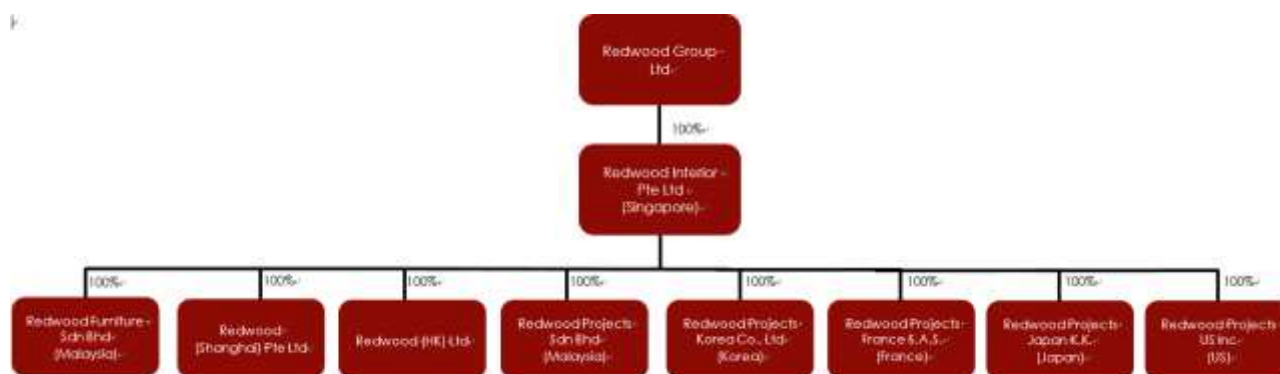
I. Introduction to the Company and the Group

Founded in Cayman Islands on August 20, 2010, Redwood Group Ltd (hereinafter referred to as the Company or Redwood Group) is a holding company that provides high-quality interior fittings for many world's top luxury brands. The Company sets out to expand its clientele which now includes Bvlgari, Cartier, Coach, Gucci, Hermes, Louis Vuitton, Michael Kors, Tiffany & Co, and many more which are the world's most luxurious brands across Asia, Europe and America, and Middle East. With production and quality meeting the requirements of the world's most luxurious brands, the Company is committed to meeting the needs and expectations of its customers.

(I) Date of foundation: August 20, 2010

(II) Group structure

April 30, 2020



Company Name (Abbreviation)	Shareholding Ratio	Country/Region of Foundation
Redwood Group Ltd (Redwood Group)	-	Cayman Islands
Redwood Interior Pte Ltd (Redwood Interior)	100%	Singapore
Redwood Furniture Sdn. Bhd. (Redwood Furniture)	100%	Malaysia
Redwood (Shanghai) Pte Ltd	100%	Shanghai, China
Redwood (HK) Ltd	100%	Hong Kong
Redwood Projects Sdn Bhd	100%	Malaysia
Redwood Projects Korea Co., Ltd	100%	Seoul, South Korea
Redwood Projects France S.A.S	100%	Paris, France
Redwood Projects Japan K.K.	100%	Tokyo, Japan
Redwood Projects US Inc.	100%	USA

(III) Analysis of risks: Please refer to VI. (6) of the Annual Report (#Page164).

II. Brief History of the Company

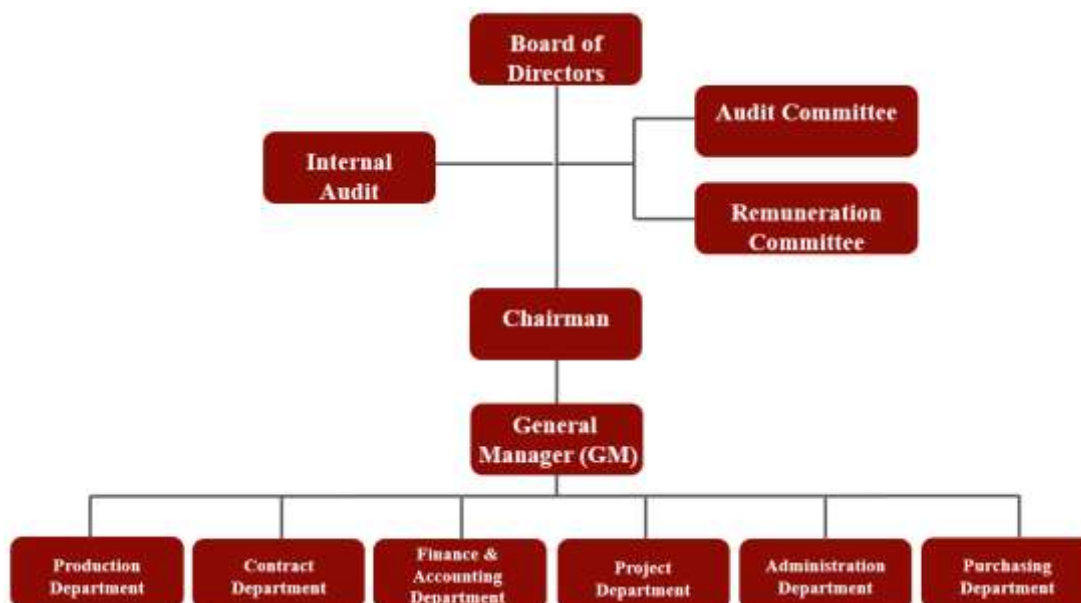
1992	<ul style="list-style-type: none"> ● Redwood Interior Pte Ltd was founded in Singapore.
1997	<ul style="list-style-type: none"> ● The plant and the office were expanded by 1,124 ping (40,000 sq. ft.).
1999	<ul style="list-style-type: none"> ● Redwood Furniture Sdn. Bhd. was founded in Malaysia.
2001	<ul style="list-style-type: none"> ● The Company ranked in the top 500 SMEs by DP Information Group.
2002	<ul style="list-style-type: none"> ● The first decoration project of Redwood Group for the international luxury brand in Singapore was completed. ● The Company ranked in the top 500 SMEs by DP Information Group.
2004~2007	<ul style="list-style-type: none"> ● The Company ranked in the top 500 SMEs by DP Information Group.
2005	<ul style="list-style-type: none"> ● The main business changed to the decoration of the world's high-end boutiques.
2007	<ul style="list-style-type: none"> ● The plant in Malaysia was expanded by 7,026 ping (250,000 sq. ft.).
2008	<ul style="list-style-type: none"> ● The Company ranked in the top 500 SMEs by DP Information Group. ● The government granted tax concessions for import from ASEAN member states. ● The main production base was moved to Malaysia due to capacity expansion and organizational adjustment.
2009	<ul style="list-style-type: none"> ● The Company received the UL48 and UL65 certifications from Underwriters Laboratories Inc. ● The government granted tax concessions for import from Australia, China, India, Japan, South Korea, and New Zealand. ● The Company ranked in the top 500 SMEs by DP Information Group.
2010	<ul style="list-style-type: none"> ● The Company was awarded the Business Superbrands 2010. ● The Company ranked in the top 500 SMEs by DP Information Group. ● The Company's overseas sales ranked in the top 20 among Singapore's top 100 international enterprises. ● Products were sold to more than 29 countries or regions, with an annual turnover of NT\$1.1 billion (approximately SGD50 million). ● Redwood Group Ltd was founded in August. ● Redwood Group Ltd, Redwood Interior Pte Ltd, and Redwood Furniture Sdn. Bhd. exchanged shares separately in December. After the completion of the aforementioned restructuring, the share capital of Redwood Group Ltd became NT\$295,500,000.
2011	<ul style="list-style-type: none"> ● In April, Redwood Group Ltd increased its capital by NT\$22,482,000 from the retained earnings in 2010. ● In April, Redwood Group Ltd increased its capital by NT\$42,018,000 from cash. After these increases in capital, the paid-in capital of Redwood Group Ltd became NT\$360 million. ● The Chairman of the Company was awarded the Successful Entrepreneur Award, Singapore. ● In May, the Company's stocks were officially registered in the emerging stock exchange. ● Redwood Interior Pte Ltd Taiwan Branch was founded in August. ● In November, Redwood (Shanghai) Pte Ltd was founded in Shanghai. ● In December, the Company's stocks were officially listed, becoming the only one luxury brands concept stock in Taiwan. ● In December, Redwood Group Ltd increased its capital by NT\$40 million from cash, and its paid-in capital became NT\$400 million.
2012	<ul style="list-style-type: none"> ● In February, Redwood Europe Ltd and Redwood (HK) Ltd were founded in London and Hong Kong, respectively. ● In June, the shareholders' meeting passed the issuance of stock dividends, where 50 shares per 1,000 shares held were issued free of charge. A total of 2,000,000 shares were issued. As of the end of 2012, the paid-in capital of Redwood Group Ltd was NT\$420 million. ● In November, Redwood Projects Sdn Bhd was founded in Malaysia.

2013	<ul style="list-style-type: none"> ● At the beginning of the year, the Company was awarded BizSAFE certification in Singapore. ● In January, Redwood Interior Pte Ltd Taiwan Branch was renamed. ● In February, the Company obtained the ISO14001 certification. ● In November, the Board of Directors passed the increase in capital of the Company from cash. ● In November, the Company was awarded the Singapore Furniture Industry Award 2013 - The Interior Builder Award (Gold Winner). ● In December, Redwood Interior Pte Ltd increased the capital of Redwood (Shanghai) Pte Ltd by US\$625,000. As of the end of 2013, the paid-in capital of Redwood (Shanghai) Pte Ltd was US\$825,000.
2014	<ul style="list-style-type: none"> ● In January, the Company issued 4,000,000 shares at NT\$50/share to raise NT\$200 million in total, and its paid-in capital became NT\$460 million. ● In June, the shareholders' meeting passed the issuance of stock dividends, where 50 shares per 1,000 shares held were issued free of charge. A total of 2,300,000 shares were issued. As of the end of 2014, the paid-in capital of Redwood Group Ltd was NT\$483 million.
2015	<ul style="list-style-type: none"> ● The plant expansion project of Redwood Furniture Sdn. Bhd. was completed to increase approximately 50,000 sq. ft.
2017	<ul style="list-style-type: none"> ● In June, Redwood Projects Korea Co., Ltd. was founded in Seoul, South Korea.
2018	<ul style="list-style-type: none"> ● In January, Redwood Projects France S.A.S. was founded in Paris, France. ● In February, Redwood Projects Japan K.K. was founded in Tokyo, Japan. ● In October, Redwood Projects US Inc. was founded in Delaware, the U.S.
2019	<ul style="list-style-type: none"> ● In February, the Company involved in the preparation of a new production facility in Singapore.

Chapter 3 Corporate Governance Report

I. Organizational System

(I) The Company's structure



(II) Tasks of principal departments

Department	Tasks
Internal Audit Department	The Internal Audit Department is responsible to assist the Board of Directors check and evaluate the internal control system and give advice on improvement in a timely manner to ensure the effective operation of the internal control system.
Production Department	The Production Department is responsible to produce and manufacture all customized products of Redwood Group.
Contract Department	The Contract Department is responsible to calculate actuarial costs and offer prices for the decoration projects and complete the signing of contracts.
Finance & Accounting Department	<ol style="list-style-type: none"> 1. Responsible for funding plan, fund allocation, control, and management 2. Establish and improve the financial management system and control the Company's overall daily management, annual budgets, and funds. 3. Provide advice and decision-making support on the Group's major investments, loans, and mergers and acquisitions. 4. Perform accounting treatments and provide correct and real-time financial information.
Project Department	<p>The Project Department is responsible to perform contracts, including:</p> <ol style="list-style-type: none"> 1. Control and oversee the progress and quality of projects. 2. Communicate with customers and other departments (such as communicating the design layout with the drawing unit and communicating raw materials and patterns with the production unit).
Administration Department	<ol style="list-style-type: none"> 1. Arrange the meetings of the Board of Directors, shareholders' meetings, general affairs, and stock affairs. 2. Act as the contact window of the Company.
Purchasing Department	The Purchasing Department is responsible to purchase raw materials/materials required for the operation and production and control inventory.

II. Information on the Company's Directors, Supervisors, GM, Vice GMs, Assistant Managers, and the Supervisors of All Divisions and Branches

(I) Directors and supervisors

1. Principal work experience and academic qualifications of directors and supervisors

April 10, 2020/Unit: Shares; %

Title	Nationality or Place of Registration	Name	Gender	Date of Assumption	Term of Service	Commencement Date of First Term	Shares Held upon Assumption		Shares Held Currently		Shares Held Currently by Spouse and Children of Minor Age		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and/or in Any Other Company	Spouse or Relative within the Second Degree of Kinship Is a Managerial Officer, Director or Supervisor			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	Singapore	Thong-ming Soh	Male	2019.06.10	3 years	2010.08.20	16,608,571	33.06	16,608,571	33.06	15,456,264	30.76	-	-	<ul style="list-style-type: none"> ● Pei Chun Primary School, Malaysia ● Founder of Redwood Group ● Founder of Redwood Interior Pte Ltd ● Founder of Redwood Furniture Sdn. Bhd. 	<ul style="list-style-type: none"> ● Chairman of Redwood Interior Pte Ltd ● Chairman of Redwood Furniture Sdn. Bhd. ● Chairman of Redwood (Shanghai) Pte Ltd ● Chairman of Redwood (HK) Ltd ● Chairman of Redwood Projects Sdn. Bhd ● Director of Redwood Projects Japan Kabushiki Kaisha ● Director of Redwood Projects France ● Director of Redwood Projects Korea Co., Ltd ● Director of Redwood Projects US Inc. ● Director of DDG Glass Pte Ltd ● Director of DDG Glass Mfg Sdn Bhd 	Director	Lee-mui Teh	Spouse	The Company's Chairman and General Manager or personnel with equivalent position (chief manager) are not the same person, spouses or relatives within one degree of kinship.
Director	Singapore	Lee-mui Teh	Female	2019.06.10	3 years	2010.12.10	15,456,264	30.76	15,456,264	30.76	16,608,571	33.06	-	-	<ul style="list-style-type: none"> ● Jementah Secondary School, Malaysia ● Co-founder of Redwood Group Ltd ● Co-founder of Redwood Interior Pte Ltd ● Co-founder of Redwood Furniture Sdn. Bhd. 	<ul style="list-style-type: none"> ● Director of Redwood Interior Pte Ltd ● Director of Redwood Furniture Sdn. Bhd. ● Director of Redwood Projects Sdn Bhd ● Director of Redwood Projects Japan Kabushiki Kisha 	Chairman	Thong-ming Soh	Spouse	
Director	Singapore	Pok-chin Lim (Note 1)	Male	2016.06.13	3 years	2010.12.10	5,932	0.01	5,932	0.01	-	-	-	-	<ul style="list-style-type: none"> ● St. Joseph's Secondary School, Singapore ● Representative to the Chairman of Scanteak Company ● Chairman of Hawaii Furnishing Pte Ltd ● Vice Chairman of Council of Asia Pacific Furniture Association ● Chairman of Singapore Furniture Association 	<ul style="list-style-type: none"> ● Representative to the Chairman of Scanteak Company ● Chairman of Hawaii Furnishing Pte Ltd ● Chairman of Yijia International Investment Co., Ltd. ● Director of JP Nelson Holdings 	None	None	None	
Director	Singapore	Khay-pin Neo	Male	2019.06.10	3 years	2010.12.10	123,900	0.25	123,900	0.25	-	-	-	-	<ul style="list-style-type: none"> ● Master of Business Administration and Logistics Management, University of Warwick ● Bachelor of Chemical Engineering (first-class honors), University of Surrey ● Executive Vice President of United Overseas Bank 	<ul style="list-style-type: none"> ● Director of Scanteak Company 	None	None	None	
Independent Director	Taiwan	Min-chiu Chien	Female	2019.06.10	3 years	2010.12.10	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> ● Master of Accounting, Soochow University ● Auditor of Deloitte & Touche ● CPA of Jing Hua Co., CPAs ● Supervisor of Hokuang Optics Co., Ltd. ● Supervisor of UniLite Corporation ● Independent Director of 	<ul style="list-style-type: none"> ● CPA of Action & Co., CPAs ● Adjunct Lecturer of Department of Accounting, Soochow University ● Adjunct Lecturer of Accounting Research and Development Foundation ● Supervisor of Coho Technology Co., Ltd. ● Supervisor of Dah Yu Development Corp. 	None	None	None	

Title	Nationality or Place of Registration	Name	Gender	Date of Assumption	Term of Service	Commencement Date of First Term	Shares Held upon Assumption		Shares Held Currently		Shares Held Currently by Spouse and Children of Minor Age		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and/or in Any Other Company	Spouse or Relative within the Second Degree of Kinship Is a Managerial Officer, Director or Supervisor			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title	Title			Title	Name	Relationship	
															Tat Hong Equipment Service Co., Ltd.	● Supervisor of Chinatrust Investment Co., Ltd. Independent Director of HeySong Corporation				
Independent Director	Singapore	Chin-huat Guok	Male	2019.06.10	3 years	2010.12.10	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> ● Bachelor of International Economics and Finance, Boston University ● Vice President of Nomura Singapore ● Director of Seed Ventures ● Director and CEO of Wee Poh Ltd ● Consultant of JP Nelson Pet Ltd ● Independent Director of Singxpress Ltd ● Independent Director and Chairman of Bukit Sembawang Estates Ltd 	<ul style="list-style-type: none"> ● Director of Campbelltown Investment Holdings Pte Ltd ● Director of Campbelltown Asia Pte Ltd ● Chairman of Star Health Pte Ltd ● Independent Director of Global Palm Resources Holdings Limited ● Independent Director of RE & S holdings Ltd ● Independent Director of Asiatravel.com Holdings Ltd ● Independent Director of Tellus Asset Management Pte Ltd ● Independent Director of International Cement Group Ltd 	None	None	None	
Independent Director	Taiwan	Chia-shi Lo	Male	2019.06.10	3 years	2011.03.05	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> ● Master of Electrical Engineering, University of Southern California ● Master of Law, Soochow University ● Certified lawyer. 	<ul style="list-style-type: none"> ● Independent Director of Shinkong Textile Co., Ltd. ● Independent Director of Shinkong Life Insurance Co., Ltd. 	None	None	None	

Note 1: Director Pok-chin Lim had completed his term after the re-election in shareholders' meeting on June 10, 2019.

Note 2: According to the "Taipei Exchange Rules Governing the Review of Foreign Securities for Trading on the TPEX," a company applying for a TPEX primary listing shall choose to establish either an Audit Committee or positions of Supervisors. The Company chose to establish the Audit Committee on April 16, 2011, therefore there is no Supervisor.

2. Major shareholders of the institutional shareholders: None (the Company did not have an institutional shareholder elected as a Director).
3. If major shareholders of the institutional shareholders are corporations, their major shareholders: None.
4. Information on directors

Name	Having More than 5 Years of Work Experience and the Following Professional Qualifications			Meeting the Status of Independence (Note)												Number of Other Listed Companies where the Individual Concurrently Serves as an Independent Director
	Instructor of Commerce, Law, Finance, Accounting or Company Business in Public or Private University/ College or Above	Judge, Prosecutor, Lawyer, CPA or Certified Professional or Technician Required for Company Business	Work Experience in Commerce, Law, Finance, Accounting or Company Business	1	2	3	4	5	6	7	8	9	10	11	12	
Thong-ming Soh			✓					✓		✓		✓	✓	✓	✓	-
Lee-mui Teh			✓					✓		✓		✓	✓	✓	✓	-
Pok-chin Lim (Note 14)			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Khay-pin Neo			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Min-chiu Chien	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chin-huat Guok			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4 (Note13)
Chia-shi Lo		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note: Please mark the field "V" if a director meets the following conditions in two years prior to the nomination and during his/her term of service. ✓

- (1) Not employed by the Company or an affiliate.
- (2) Not serving as a Director or Supervisor of the Company or any of the Company's affiliates (this restriction does not apply to Independent Directors of the Company or its parent company or subsidiaries, which have been appointed in accordance with the Securities and Exchange Act or laws of the registered countries).
- (3) Not a natural-person shareholder who holds more than 1% of the issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder which directly holds 5% or more of the Company's total number of issued shares, ranks among the Company's top five shareholders, or appoints representatives to be the Company's Directors or Supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (This requirement does not apply where the Independent Director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local laws.)
- (6) Not a Director, Supervisor, or employee of a company which owns the majority of the Company's directorships or voting rights. (This requirement does not apply where the Independent Director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local laws.)
- (7) Not a Director, Supervisor or employee of a company or institution whose Chairman, General Manager, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (This requirement does not apply where the Independent Director serves concurrently in the

Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” or local laws.)

- (8) Not a Director, Supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (This requirement does not apply where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company’s total number of issued shares, and the Independent Director serves concurrently in the Company and its parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” or local laws.)
- (9) Not a professional individual, nor an owner, partner, Director, Supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, or accounting services with a cumulative compensation not exceeding NT\$500 thousand in the past two years to the Company or any of its affiliate. However, this requirement does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition who perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or relative within the second degree of kinship of other Directors.
- (11) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.
- (12) Where the person is not elected in the capacity of the government, a corporation, or a representative thereof as provided in Article 27 of the Company Act.
- (13) Singaporean; all companies where concurrently serving as an Independent Director are foreign companies.
- (14) Director Pok-chin Lim had completed his term after the re-election in shareholders’ meeting on June 10, 2019.

(II) General managers, vice general managers, assistant managers and the supervisors of all divisions and branches

April 10, 2020; Unit: Shares; %

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse and Children of Minor Age		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in Other Companies	Spouse or Relative within the Second Degree of Kinship Is a Managerial Officer			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Redwood Group General Manager	Singapore	Sing-keong Lee	Male	2009.06.10	19,153	0.04	-	-	-	-	<ul style="list-style-type: none"> ● Bachelor of Commerce in Honors Business Administration, University of Windsor ● Asia Pacific Business Manager of DuPont Singapore 	<ul style="list-style-type: none"> ● Chief Operations Officer of Redwood Interior Pte Ltd ● GM of Redwood HK Ltd ● GM of Redwood Projects Japan KK ● GM of Redwood Projects France S.A.S ● GM of Redwood Projects Korea Co., Ltd ● GM of Redwood Projects US Inc. 	None	None	None	The General Manager or personnel with equivalent position (chief manager) and Chairman are not the same person, spouses or relatives within one degree of kinship.
Redwood Group CFO	Singapore	Ai-ai Siew	Female	2009.03.16	1,025	-	-	-	-	-	<ul style="list-style-type: none"> ● Bachelor of Accounting, Sunway University, Malaysia ● EY Malaysia Auditor 	<ul style="list-style-type: none"> ● CFO of Redwood Interior Pte Ltd ● CFO of Redwood Furniture Sdn. Bhd. ● CFO of Redwood (Shanghai) Pte Ltd ● CFO of Redwood HK Ltd ● CFO of Redwood Projects Sdn. Bhd. ● CFO of Redwood Projects Japan K.K. ● CFO of Redwood Projects France S.A.S ● CFO of Redwood Projects Korea Co., Ltd ● CFO of Redwood Projects US Inc. 	None	None	None	
Redwood Group Manager of Finance and Investor Relations	Taiwan	Pin-ching Su	Male	2010.11.15	12,054	-	-	-	-	-	<ul style="list-style-type: none"> ● EMBA (Accounting), National Taiwan University ● Underwriting Department of Hua Nan Securities ● Shine Wing Taiwan 	<ul style="list-style-type: none"> ● Agent of Redwood Group Ltd in Taiwan for litigious and non-litigious matters 	None	None	None	
Redwood Group Internal Audit Manager	Taiwan	Tsui-ling Hsu	Female	2013.10.07	-	-	-	-	-	-	<ul style="list-style-type: none"> ● Master of Finance and Management, University of Exeter ● Audit Manager of EY Taiwan 	<ul style="list-style-type: none"> ● Internal Audit Officer of Redwood Interior Pte Ltd ● Internal Audit Officer of Redwood Furniture Sdn. Bhd. ● Internal Audit Officer of Redwood (Shanghai) Pte Ltd ● Internal Audit Officer of Redwood HK Ltd ● Internal Audit Officer of Redwood Projects Sdn. Bhd. ● Internal Audit Officer of Redwood Projects Japan KK ● Internal Audit Officer of Redwood Projects France S.A.S ● Internal Audit Officer of Redwood Projects Korea Co., Ltd ● Internal Audit Officer of Redwood Projects US Inc. 	None	None	None	
Redwood Interior Pte Ltd Senior Manager of Contract Department	Singapore	Teck-ling Tey	Male	1996.04.01	-	-	-	-	-	-	<ul style="list-style-type: none"> ● Bachelor of Architectural Design, Royal Melbourne Institute of Technology ● Contract Actuary of Davis Langdon & Seah Singapore 	None	None	None	None	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse and Children of Minor Age		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in Other Companies	Spouse or Relative within the Second Degree of Kinship Is a Managerial Officer			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
											Pte Ltd					
Redwood Interior Pte Ltd Project Director	Singapore	Chee-king Chow	Male	1997.05.05	-	-	-	-	-	-	<ul style="list-style-type: none"> Woodsville Secondary School, Singapore Foreman of Production Department of Soh Brothers Furniture Pte Ltd 	None	None	None	None	
Redwood Interior Pte Ltd Production Department Senior Manager	Singapore	Tien-fok Wong	Male	2003.02.15	-	-	-	-	-	-	<ul style="list-style-type: none"> Interior Design of Palin School of Arts & Design, Singapore Production Department (Woodworking Division) of Redwood Furniture Sdn. Bhd. 	<ul style="list-style-type: none"> Senior Manager of Production Department of Redwood Furniture Sdn. Bhd. 	None	None	None	
Redwood Furniture Sdn. Bhd. Chief Operating Officer	Malaysia	Lay-guat Soh	Female	1996.08.01	-	-	-	-	-	-	<ul style="list-style-type: none"> Bachelor of Business Administration, Malaysia University of Science & Technology Accounting Manager of Ya Ee Embroidery Sdn Bhd 	<ul style="list-style-type: none"> Chief Operating Officer of Redwood Projects Sdn Bhd 	Chairman	Thong-ming Soh	Sibling	The General Manager or personnel with equivalent position (chief manager) and Chairman are not the same person, spouses or relatives within one degree of kinship.

III. Remuneration Paid during the Most Recent Year to the Directors, Supervisors, GMs , and Vice GMs

(I) Remuneration paid to directors (including independent directors)

Unit: NT\$1,000

Title	Name	Remuneration Paid to Director								Ratio of Total Remuneration (A, B, C, and D) to Net Income (%) (Note 9)	Remuneration Paid to Concurrent Employee								Ratio of Total Remuneration (A, B, C, D, E, F, and G) to Net Income (%) (Note 9)	Remuneration Paid to Director from Invested Companies Other than Subsidiaries (Note 10)	
		Remuneration (A) (Note 1)		Severance Pay (B)		Director Bonus (C) (Note 2)		Allowances (D) (Note 3)			Salary, Bonus and Allowances (E) (Note 4)		Severance Pay (F)		Employee Bonus (G) (Note 5)						
		The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)		The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company	Companies in the Consolidated Financial Statements (Note 6)	The Company		Companies in the Consolidated Financial Statements (Note 6)				The Company
Chairman	Thong-ming Soh																				
Director	Lee-mui Teh	2,760	2,760	-	-	-	-	-	-	9.27%	9.27%	-	13,967	662	-	-	-	-	9.27%	58.43%	None
Director	Pok-chin Lim (Note 11)																				
Director	Khay-pin Neo																				
Independent Director	Min-chiu Chien																				
Independent Director	Chin-huat Guok	1,440	1,440	-	-	-	-	-	-	4.84%	4.84%	-	-	-	-	-	-	-	4.84%	4.84%	None
Independent Director	Chia-shi Lo																				

In addition to the above, remuneration received by Directors in the most recent year for providing service (such as serving as a non-employee consultant) for companies in the financial statements: 0.

Directors Remuneration Range Table

Remuneration Range for Directors	Name of Directors (Note 11)			
	Aggregate of A, B, C, and D		Aggregate of A, B, C, D, E, F, and G	
	The Company (Note 7)	Companies in the Consolidated Financial Statements (Note 8) H	The Company (Note 7)	Companies in the Consolidated Financial Statements (Note 8) I
Under NT\$ 1,000,000	Thong-ming Soh, Pok-chin Lim, Khay-pin Neo, and Lee-mui Teh	Thong-ming Soh, Pok- chin Lim, Khay-pin Neo, and Lee-mui Teh	Thong-ming Soh, Pok-chin Lim, Khay-pin Neo, and Lee-mui Teh	Pok-chin Lim, and Khay-pin Neo
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				Lee-mui Teh
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-	-	Thong-ming Soh
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	4 directors	4 directors	4 directors	4 directors

Independent Directors Remuneration Range Table

Remuneration Range for Directors	Name of Directors			
	Aggregate of A, B, C, and D		Aggregate of A, B, C, D, E, F, and G	
	The Company (Note 7)	Companies in the Consolidated Financial Statements (Note 8) H	The Company (Note 7)	Companies in the Consolidated Financial Statements (Note 8) I
Under NT\$ 1,000,000	Min-chiu Chien, Chin-huat Guok, and Chia-shi Lo	Min-chiu Chien, Chin- huat Guok, and Chia-shi Lo	Min-chiu Chien, Chin-huat Guok, and Chia-shi Lo	Min-chiu Chien, Chin-huat Guok, and Chia-shi Lo
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	3 directors	3 directors	3 directors	3 directors

Note 1: Remuneration paid to Directors in the most recent year (including salary, job allowance, severance pay, bonuses, and incentive fee).

Note 2: Planned payout of bonuses for Directors approved by the Board of the Directors in the most recent year should be specified.

Note 3: Business expenses paid to Directors in the most recent year (including travel expense, special expense, allowances, accommodation, and company car). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments should be disclosed. If a driver is provided, remuneration paid to the driver should be disclosed in the note; however, such remuneration should be excluded.

Note 4: Remuneration for Directors concurrently holding positions (including the GM, Vice GMs, other managerial officers, or employees) in the Company in the most recent year should include salary, job allowance, severance pay, bonus, incentive fee, travel expense, special expense, allowances, accommodation, and company car. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental

calculated based on the actual cost or the fair market value, fuel, and other payments should be disclosed. If a driver is provided, remuneration paid to the driver should be disclosed in the note; however, such remuneration should be excluded. Any salary listed under IFRS 2 Share-Based Payment, including employee share subscription warrants, new restricted employee shares, and cash capital increase by stock subscription should also be included in remuneration.

- Note 5: Employee bonuses (including stock and cash) for Directors concurrently holding positions (including the GM, Vice GMs, other managerial officers, or employees) in the Company in the most recent year; planned payout of bonuses for employees approved by the Board of the Directors in the most recent year should be specified.
- Note 6: Total remuneration paid to the Company's Directors by all companies (including the Company) listed in the consolidated financial statements should be disclosed.
- Note 7: The name of a Director to whom the total remuneration is paid by the Company should be disclosed in the corresponding remuneration range.
- Note 8: The name of a Director to whom the total remuneration is paid by all companies (including the Company) listed in the consolidated financial statements should be disclosed in the corresponding remuneration range.
- Note 9: Net income refers to that in the most recent year; if IFRSs are adopted, net income refers to that in the latest parent only or individual financial statements.
- Note 10: a. Remuneration received by Directors of the Company from invested companies other than subsidiaries or parent company should be specified.
- b. If directors of the Company receive remuneration from invested companies other than subsidiaries, the remuneration received by the directors of the Company from invested companies other than subsidiaries or parent company should be included in Column I in the Remuneration Range Table, and the name of the column should be changed to "Parent Company and All Invested Companies."
- c. Remuneration in this case refers to remuneration, bonuses (including employee, Director, or Supervisor bonuses), and allowances received by Directors of the Company as the Directors, Supervisors, or managerial officers of invested companies other than subsidiaries or parent company.
- * The concept of remuneration disclosed in the table is different from that stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information instead of taxation.
- Note 11: Director Pok-chin Lim had completed his term after the re-election in shareholders' meeting on June 10, 2019.

(II) Remuneration paid to Supervisors: The Company does not have Supervisors, therefore this is not applicable.

(III) Remuneration paid to GMs and Vice GMs (Note)

Unit: NT\$1,000

Title	Name	Salary (A) (Note 1)		Severance Pay (B)		Bonuses and Allowances (C) (Note 2)		Employee Bonus (D) (Note 3)				Ratio of Total Remuneration (A, B, C, and D) to Net Income (%)		Remuneration Paid to Director from Invested Companies Other than Subsidiaries (Note 8)
		The Company	Companies in the Consolidated Financial Statements (Note 4)	The Company	Companies in the Consolidated Financial Statements (Note 4)	The Company	Companies in the Consolidated Financial Statements (Note 4)	The Company		Companies in the Consolidated Financial Statements (Note 4)		The Company	Companies in the Consolidated Financial Statements (Note 4)	
								Cash Dividends	Stock Dividends	Cash Dividends	Stock Dividends			
GM of Redwood Group Ltd	Sing- keong Lee	-	4,723	-	474	-	369	-	-	-	-	-%	18.70%	None
GM of Redwood Furniture Sdn. Bhd	Lay-guat Soh	-	4,723	-	474	-	369	-	-	-	-	-%	18.70%	None

Note: The Company does not have Vice GMs.

Remuneration Range Table

Remuneration Range for GMs and Vice GMs.	Name of GMs and Vice GMs.	
	The Company (Note 5)	Companies in the Consolidated Financial Statements (Note 6) E
Under NT\$ 1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	Lay-guat Soh
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	Sing-keong Lee
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) ~ NT\$55,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	0 General Manager	2 General Managers

Note 1: Salary, job allowance, and severance pay paid to GMs and Vice GMs in the most recent year.

Note 2: Bonuses, incentive fee, travel expense, special expense, allowances, accommodation, and company car paid or offered to GMs and Vice GMs in the most recent year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments should be disclosed. If a driver is provided, remuneration paid to the driver should be disclosed in the note; however, such remuneration should be excluded. Any salary listed under IFRS 2 Share-Based Payment, including employee share subscription warrants, new restricted employee shares, and cash capital increase by stock subscription should also be included in remuneration.

Note 3: Planned payout of employee bonuses (including stock and cash) for GMs and Vice GMs approved by the Board of the Directors in the most recent year should be specified. Net income refers to that in the most recent year; if IFRSs are adopted, net income refers to that in the latest parent only or individual financial statements.

Note 4: Total remuneration paid to the Company's GM and Vice GMs by all companies (including the Company) listed in the consolidated financial statements should be disclosed.

Note 5: The name of the GM or Vice GM to whom the total remuneration is paid by the Company should be disclosed in the corresponding

remuneration range.

Note 6: The name of the GM or ViceGM to whom the total remuneration is paid by all companies (including the Company) listed in the consolidated financial statements should be disclosed in the corresponding remuneration range.

Note 7: Net income refers to that in the most recent year; if IFRSs are adopted, net income refers to that in the latest parent only or individual financial statements.

Note 8: a. Remuneration received by the GM and Vice GMs of the Company from invested companies other than subsidiaries or parent company should be specified.

b. If the GM and Vice GMs of the Company receive remuneration from invested companies other than subsidiaries or parent company, the remuneration received by the GM and Vice GMs of the Company from invested companies other than subsidiaries or parent company should be included in Column E in the Remuneration Range Table, and the name of the column should be changed to "Parent Company and All Invested Companies."

c. Remuneration in this case refers to remuneration, bonuses (including employee, Director, or Supervisor bonuses), and allowances received by the GM and Vice GMs of the Company as the Directors, Supervisors, or managerial officers of invested companies other than subsidiaries or parent company.

* The concept of remuneration disclosed in the table is different from that stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information instead of taxation.

(IV) Managerial officers receiving employee bonuses

Unit: NT\$1,000

	Title	Name	Stock Dividends	Cash Dividends	Total	Ratio of Total Employee Bonus to Net Income (%)
Managerial Officer	General Manager(GM)	Sing-keong Lee	-	-	-	-
	CFO	Ai-ai Siew				
	Manager of Finance and Investor Relations	Pin-ching Su				
	Internal Audit Manager	Tsui-ling Hsu				
	Senior Manager of Contract Department	Teck-ling Tey				
	Project Director	Chee-king Chow				
	Senior Manager of Production Department	Tien-fok Wong				
	Chief Operating Officer	Lay-guat Soh				

(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent only or individual financial statements, as paid by the Company and by all companies in the consolidated financial statements during the past 2 fiscal years to Directors, Supervisors, GM, and Vice GMs of the Company, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to business performance and future risk exposure:

1. Total remuneration, as a percentage of net income stated in the parent only or individual financial statements, as paid by the Company and by all other companies included in the consolidated financial statements during the past 2 fiscal years to Directors, Supervisors, GM, and Vice GMs of the Company

Unit: NT\$1,000

	FY2018				FY2018			
	Total Remuneration		Percentage of Net Income (%)		Total Remuneration		Percentage of Net Income (%)	
	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
Director	4,440	19,025	18.14%	77.71%	4,200	18,829	14.11%	63.27%
GM	1,818	7,362	7.43%	30.07%	-	5,566	-%	18.70%
Total	6,258	26,387	25.57%	107.78%	4,200	24,395	14.11%	81.97%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to business performance and future risk exposure

(1) Remuneration paid to directors of the Company is based on the Articles of Incorporation. As managerial officers are responsible for the management and operation of the Company, their remuneration includes salaries, bonuses, and employee bonuses in accordance with the internal salary system; remuneration is paid to each managerial officer based on the years of service, work experience, performance, and contribution to the Company as well as future risks and standards of the industry.

(2) As of the date of publication of the Annual Report, the Company has not appointed Supervisors and Vice GMs.

IV. State of the Company's Implementation of Corporate Governance

(I) State of operations of the Board of Directors

A total of five (5) meetings of the Board of Directors were held in 2019, and the attendance is as follows:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Attendance Rate (%)	Remark
Chairman	Thong-ming Soh	5	-	100%	Reelected on June 10, 2019
Director	Lee-mui Teh	4	1	80%	Reelected on June 10, 2019
Director	Pok-chin Lim	1	1	50%	Reelected on June 10, 2019
Director	Khay-pin Neo	5	-	100%	Reelected on June 10, 2019
Independent Director	Min-chiu Chien	5	-	100%	Reelected on June 10, 2019
Independent Director	Chin-huat Guok	5	-	100%	Reelected on June 10, 2019
Independent Director	Chia-shi Lo	4	1	80%	Reelected on June 10, 2019

Others:

I. The date, term, proposals of the Board meetings, opinions of all Independent Directors, and the Company's handling of such opinions should be specified if one of the following circumstances occurs:

(I) Items listed in Article 14-3 of the Securities and Exchange Act:

Term (Date)	Proposals of the Board Meeting	Opinions of all Independent Directors	the Company's handling of Independent Directors' opinions	Resolution Result
The 17 th meeting of the 3rd-term Board of Directors on March 20, 2019	Amendments to the Company internal control regulations	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Distribution of 2018 year-end bonuses to managerial officers of Redwood Group.	None	None	
	Adjustment of FY2019 salary to managerial officers of Redwood Group.	None	None	
	Limits on lending of funds between the Company and its subsidiaries/sub-subsidiaries in 2019	None	None	
	Renewal of CPAs for the	None	None	

	subsidiary, Redwood Interior Pte Ltd (RWI)			
	Re-election of the 4th-term Directors (including Independent Directors)	None	None	
	Nomination of the candidates for the 4th-term Independent Directors by the Board of Directors	None	None	
The 18 th meeting of the 3rd-term Board of Directors on May 8, 2019	Formulation of internal control regulations of the sub-subsidiaries.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Rescindment of endorsement or guarantee obligation	None	None	
The 2 nd meeting of the 4th-term Board of Directors on August 13, 2019	Amendments to “Ethical Corporate Management Best Practice Principles”	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
The 3 rd meeting of the 4th-term Board of Directors on November 12, 2019	Amendments to “Policy for Lending Funds to Other Parties.”	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Changes in the Company's endorsements/guarantees	None	None	
	The Company's CPA professional fees	None	None	
	Evaluation of CPAs' independence	None	None	
	Amendments to “Remuneration Committee Charter”	None	None	

II. Regarding the recusal of Directors from voting due to the conflict of interests, the name of directors, proposals, reasons for recusal, and results of voting should be specified:

Term (Date)	Proposals of the Board Meeting	Reasons for recusal, and results of voting
The 17 th meeting	Distribution of 2018 year-end bonuses to managerial officers	Chairman Thong-ming Soh and Director Lee-mui Teh concurrently acted as the managerial

of the 3rd-term Board of Directors on March 20, 2019	of Redwood Group.	officers of subsidiaries, so they recused themselves from the discussion and voting to avoid the conflict of interests. Chair of the Remuneration Committee & Independent Director Chin-huat Guok acted for the Chairman and consulted other directors present. After the discussion, the proposal was passed without objection.
	Adjustment of FY2019 salary to managerial officers of Redwood Group.	
	Nomination of the candidates for the 4th-term Independent Directors by the Board of Directors.	Three incumbent Independent Directors of the Company, namely Min-chiu Chien, Chin-huat Guok, and Chia-shi Lo (by proxy), recused themselves from the discussion and voting to avoid the conflict of interest. After the Chairman, Thong-ming Soh, consulted other Directors present, the proposal was passed without objection.

III. The evaluation frequency, period, scope, method and details of the Board of Directors' self- or peer evaluation:

Frequency	Period	Scope	Method	Details
Annually	2019.01.01~ 2019.12.31	Performance evaluations of the Board of Directors, individual Board member and functional committees	Self-evaluation of the Board of Directors, and self- and peer evaluation of Board members	<p>(1) Performance evaluation of the Board: Including procedure of participation in corporate operations, quality of Board decisions, composition and structure of the Board, election and continuing education of Directors, internal control, etc.</p> <p>(2) Performance evaluation of individual Board member: Including command over corporate goals and mission, understanding of Directors' duties, level of participation in corporate operations, internal relationship management and communication, specialty and continuing education of Directors, internal control, etc.</p> <p>(3) Performance evaluation of functional committees: procedure of participation in corporate operations,</p>

					understanding of functional committees' duties, quality of functional committees' decisions, composition of the functional committees and election of members, internal control, etc.
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IV. Objectives and results of strengthening the functions of the Board of Directors (such as establishing the Audit Committee and improving the transparency of information) in the current year and the most recent year:

- (I) Strengthening the functions of the Board of Directors: The Company has established the Rules and Procedures of Board of Director Meetings and the Self-Evaluation or Peer Evaluation of the Board of Directors, based on which the Board of Directors operates and is evaluated. To improve corporate governance, the Company has also appointed three independent directors and established the Audit Committee and the Remuneration Committee.
- (II) Improving the transparency of information: The Company has a spokesman and an acting spokesman to reply to external inquiries. A company website is also in place to provide information on corporate governance, corporate social responsibility, financial information, Board of Directors, and shareholders' meetings as well as the contact information for investors.

Note: The Company held two Board meetings prior to the re-election in shareholders' meeting in 2019. Director Pok-chin Lim had completed his term after the re-election in shareholders' meeting on June 10, 2019.

(II) State of operations of the Audit Committee

In 2019, the Audit Committee held five (5) meetings, and the attendance of independent directors is as follows:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Attendance Rate (%)	Remark
Chair	Min-chiu Chien	5	-	100%	Reelected on June 10, 2019
Member	Chin-huat Guok	5	-	100%	Reelected on June 10, 2019
Member	Chia-shi Lo	4	1	80%	Reelected on June 10, 2019

Others:

I. The date, term, proposals of the Board meetings, opinions of all Independent Directors, and the Company's handling of such opinions should be specified if one of the following circumstances occurs:

(I) Items listed in Article 14-5 of the Securities and Exchange Act:

Term (Date)	Proposals of the Board Meeting	Resolutions Not Approved by the Audit Committee but Approved by Two-thirds of All Directors	the Company's handling of Audit Committee's opinions	Resolution Result
The 14 th meeting of the 3rd-term Audit Committee on March 20, 2019	2018 consolidated financial statements and business report of the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Amendments to the Company internal control regulations	None	None	
	2018 Statement of Internal Control System	None	None	
	Lending of funds between the Company and subsidiaries/sub-subsidiaries in 2019	None	None	
	Renewal of the CPAs of Redwood Interior Pte Ltd (RWI)	None	None	
The 15 th meeting of the 3rd-term Audit Committee on May 8, 2019	Formulation of internal control regulations of the sub-subsidiaries.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Rescindment of endorsement or guarantee obligation	None	None	

The 2 nd meeting of the 4th-term Audit Committee on August 13, 2019	2019 semi-annual consolidated financial statements and business report of the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Amendments to "Ethical Corporate Management Best Practice Principles"	None	None	
The 3 rd meeting of the 4th-term Audit Committee on November 12, 2019	Amendments to "Policy for Lending Funds to Other Parties."	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Changes in the Company's endorsements/guarantees.	None	None	
	The Company's CPA professional fees	None	None	
	Evaluation of CPAs' independence	None	None	

(II) Other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee in addition to the above: None.

II. Regarding the recusal of Independent Directors from voting due to the conflict of interests, the name of Independent Directors, proposals, reasons for recusal, and results of voting should be specified: None.

III. Communication between Independent Directors, the internal audit officer, and CPAs (including important matters, methods, and results of the Company's finance and operations):

(I) The CFO and internal audit managers of the Company provide Independent Directors the Company's financial and audit reports on a regularly basis and report the latest finance and audit results through the Audit Committee. If independent directors have any doubts about the internal control, finance, or audits of the Company, they may communicate with the heads of related departments immediately to ensure correction and improvement.

(II) The Audit Committee of the Company may invite the CPAs to report the results of audits in the meeting of the Audit Committee whenever necessary.

(III) State of the Company's implementation of corporate governance, any departure of such implementation from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," and the reason for any such departure

Item	State of the Company's Implementation			Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	Summary	
I. Does the Company formulate and disclose the Corporate Governance Best Practice Principles in accordance with the "Corporate Governance	V		The Company has formulated the "Corporate Governance Best Practice Principles", the "Ethical Corporate Management Best Practice Principles" and related codes of practice (such as the "Corporate Social Responsibility Best Practice Principles", the internal system, the	No material departure.

Item	State of the Company's Implementation			Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	Summary	
Best-Practice Principles for TWSE/TPEX Listed Companies"?			enforcement rules for internal audits, and the "Procedure for Preventing Insider Trading") and disclosed such policies on the company website.	
<p>II. Shareholding Structure & Shareholders' Rights</p> <p>(I) Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigation? Are such matters handled according to the internal procedure?</p> <p>(II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?</p> <p>(III) Does the Company establish and enforce risk control and firewall systems with its affiliated businesses?</p> <p>(IV) Does the Company establish an internal policy to prohibit insiders from using undisclosed information to buy and sell securities in the market?</p>	V		<p>(I) The Company has a spokesman, a professional stock transfer agency as well as corporate e-mail and hotlines to handle shareholder proposals, doubts or disputes. Shareholders can also claim their rights pursuant to the "Rules of Procedure for Shareholders' Meeting."</p> <p>(II) The Company controls the major shareholders and persons exercising ultimate control over those major shareholders by reviewing the changes in equity during the monthly equity transaction declaration or on the stock book closure date.</p> <p>(III) The Company enforces risk control and firewall systems in accordance with the "Procedures for Having Business Dealings with Related Parties, Specific Companies, and Affiliates", the "Procedures for Supervision of Subsidiaries", the "Procedures for Lending Funds to Other Parties", and the "Procedures for Endorsement and Guarantee."</p> <p>(IV) The Company has formulated the Procedure for Preventing Insider Trading to regulate the behavior of insiders trading in securities.</p>	<p>(I) No material departure.</p> <p>(II) No material departure.</p> <p>(III) No material departure.</p> <p>(IV) No material departure.</p>
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Does the Company formulate and implement the policy for the diversification of the Board members?</p>	V		<p>(I) The Company takes into account the background, expertise, and work experience when nominating the Board members. Currently, the Board of Directors consists of 4 male members and 2 female members (including 3 independent directors). The expertise of the Board members covers business administration,</p>	<p>(I) No material departure.</p>

Item	State of the Company's Implementation		Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	
			banking and finance, accounting, and law, all of which are essential to the operation of the Company.
(II) Does the Company establish other functional committees voluntarily in addition to the Remuneration Committee and the Audit Committee?	V		(II) The Company currently has the Remuneration Committee and the Audit Committee only.
(III) Does the Company formulate the regulations and methods for the performance evaluation of the Board of Directors and evaluate the performance of the Board of Directors every year? Is the outcome of performance evaluation submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?	V		(III) In accordance with the "Self-Evaluation or Peer Evaluation of the Board of Directors", individual Board member would undergo a self-evaluation followed by an anonymous peer evaluation at the end of each year. The outcome would be used for performance review and evaluation.
(IV) Does the Company regularly evaluate the independence of the CPAs?	V		(IV) According to the "Corporate Governance Best Practice Principles", the Audit Committee and the Board of Directors communicate with the CPAs at the end of every year and arrange for the next year's internal audit of financial statements. At the end of every year, the Board of Directors evaluates the independence of the CPAs, including but not limited to (a) whether the CPAs (including their spouse and dependents) are the spouse, lineal relative/relative by marriage or relative within the second degree of kinship of the directors or managerial officers of the Company; (b) whether the CPAs have significant property interests, directly or indirectly, with the Company;
			(II) Other functional committees will be established based on the business development of the Company. (III) No material departure. (IV) No material departure.

Item	State of the Company's Implementation		Summary	Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No		
			<p>(c) whether the CPAs have business activities with the Directors or managerial officers of the Company that may affect their independence;</p> <p>(d) whether the CPAs receive goods of great value (beyond general social etiquette) from the Company/Directors/managerial officers; or</p> <p>(e) whether the CPAs have other violations of the independence or unsolved conflicts.</p>	
IV. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer, as well as establish a dedicated corporate governance unit or personnel to be in charge of corporate governance matters (including but not limited to furnishing information required for business execution by Directors and Supervisors, assisting Directors and Supervisors with regulatory compliance, handling matters relating to the Board meetings and shareholders' meetings according to laws, handling company registration and change registration, and producing minutes of the Board meetings and shareholders' meetings)?	V		As a foreign company primarily listed on TPEX, the Company has appointed a professional secretary company and a managerial officer to handle matters relating to the Directors, the Board meetings and shareholders' meetings according to the laws of Taiwan.	No material departure.
V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholder	V		The Company has appointed a spokesman and an acting spokesman and an agent in Taiwan for litigious and non-litigious matters to respond to investors and other stakeholders with respect to Inquiries about the operation of the Company or other issues. In addition, investors may visit the Interested Parties zone under Investor Relations on the company website and contact the	No material departure.

Item	State of the Company's Implementation		Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	
zone on the company website to respond to corporate social responsibility issues in a proper manner?			Company at any time by phone, letter, fax, or E-mail.
VI. Does the Company appoint a professional stock transfer agency to handle matters relating to the shareholders' meetings?	V		The Company has appointed KGI Securities Co. Ltd to handle stock affairs and matters relating to the shareholders' meetings.
VII. Disclosure of Information (I) Does the Company establish a website to disclose information on financial operations and corporate governance?	V		(I) In addition to the Chinese version (http://www.redwoodgroup.co/cn/investors-cn.html), the Company has set up the English company website (http://www.redwoodgroup.co/cn/about-us-en.html) to disclose related information. Related company information is also reported or announced on the Market Observation Post System (MOPS) according to the laws.
(II) Does the Company set up other channels of information disclosure (such as setting up an English company website, appointing the designated person to collect and disclose information, appointing a spokesman, and publishing investor conferences on the company website)?	V		(II) The Company has appointed an agent in Taiwan for litigious and non-litigious matters to collect and disclose material information of the Company; in addition, the Company holds investor conferences from time to time to improve the transparency of information.
(III) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the		V	(III) The Company has its main operating entity at Singapore with overseas subsidiaries worldwide (e.g. Malaysia, Japan, South Korea, United States, Shanghai and Paris.) To tie in with the subsidiaries' financial/accounting operations and CPA audits, the Company is currently unable to
			(I) No material departure. (II) No material departure. (III) The Company will consolidate the Group's financial/accounting operations and discuss the auditing schedules with

Item	State of the Company's Implementation			Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	Summary	
first three quarters as well as operational status of each month prior to the prescribed deadlines?			publicly announce and file its financial report within two months after the end of financial year or prior to the prescribed deadlines.	CPAs.
IX. Does the Company provide other material information that may improve the understanding of corporate governance of the Company (including but not limited to employee rights, employee care, investor relations, supplier relationship, stakeholder rights, training of directors and supervisors, implementation of risk management policy and risk assessment standards, implementation of customer policy, and participation in liability insurance of Directors and Supervisors)?	V		<p>(I) Employee rights and employee care: The Company and its subsidiaries/subsidiaries offer/implement employee rights in accordance with the local laws and have good labor-management relations.</p> <p>(II) Investor relations: The Company has an unit in charge of investor relations, which discloses/explains material information of the Company to investors or holds investor conferences from time to time to improve the transparency of information.</p> <p>(III) Supplier relationship: The Purchasing Department follows the purchase-related regulations and forms a long-term relationship with suppliers based on the principles of mutual trust, reciprocity, and sustainable development.</p> <p>(IV) Stakeholder rights: The Company has appointed an agent in Taiwan for litigious and non-litigious matters to respond to stakeholders with respect to inquiries about the operation of the Company or their rights and interests. In addition, investors may visit the company website and contact the Company at any time by phone, letter, fax, or E-mail.</p> <p>(V) Training of directors and supervisors: The directors of the Company have attended training courses on corporate governance according to the regulations. For more information on training courses, refer to the Market Observation Post System → Corporate Governance → Attendance at the Board Meetings and Training of Directors and Supervisors.</p> <p>(VI) Implementation of risk management policy and risk assessment standards: The Company always takes preventive action against risks. The internal control systems and policies have been formulated by the Company and its subsidiaries/sub-</p>	No material departure.

Item	State of the Company's Implementation		Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	
			<p>subsidiaries. The Internal Audit Department conducts internal audits and prepares the audit reports on a regular basis and from time to time. The Company also takes appropriate hedging measures for exchange rates or financial derivatives and reviews its financial structure at any time to keep its finances robust.</p> <p>(VII) Implementation of customer policy: When receiving customer complaints, the Company communicates with customers immediately to understand their needs and improve mutual trust.</p> <p>(VIII) Participation in liability insurance of Directors and Supervisors: The Company purchases liability insurance for all directors every year. In 2019 (from June 1, 2019 to May 31, 2020), the liability insurance for directors and key managerial officers (including key employees of Redwood Group) totaled US\$3 million. The coverage contained 31 items, mainly about the liability for compensation for indiscretions. The participation in liability insurance was expected to reduce and distribute major damage caused by the indiscretions of Directors and key managerial officers to the Company and shareholders.</p>

IX. Describe any improvements done and plans for future improvements based on the results of the latest corporate governance evaluation conducted by the TWSE Corporate Governance Center. Results of the FY2019 Corporate Governance Evaluation and improvements are as follows:

Indicator	Item to Be Improved	Improvement Done	Plans for Future Improvement
Protection of shareholders' rights and equal treatment of shareholders	1.9 Does the Company simultaneously upload the meeting notice in English 30 days prior to the annual shareholders' meeting?	Yes	-
	1.10 Does the Company upload the meeting handbook and supplementary information in English 30 days prior to the annual shareholders' meeting?	Yes	-
	1.14 Does the Company disclose the implementation status of resolutions from the annual shareholders' meeting of the previous year in its annual report?	Yes	-
	1.15 Does the Company stipulate in its internal rules and disclose at its company website that insiders, e.g. Directors and employees of the Company, are prohibited from using information unavailable to the market for profits?	Yes	-
Enhancement on the structure and operation of the Board	2.2 Does the Company formulate and implement the policy for the diversification of the Board members and disclose the status of implementation in the annual reports and on the company website?	Yes	The Company's "Corporate Governance Best Practice Principles" has contained the diverse Board members policy, which is yet to be disclosed at the company website.
	2.13 Does the Remuneration Committee meet at least twice every year and the members of the Remuneration Committee attend at least twice?	Yes	-

Indicator	Item to Be Improved	Improvement Done	Plans for Future Improvement
Enhancement on the structure and operation of the Board	2.22 Is the policy or procedure for the performance evaluation of the Board of Directors formulated by the Company approved by the Board of Directors, and does the Board of Directors conduct the self-evaluation at least once over year and disclose the results of the evaluation on the company website or in the annual report?	Yes	-
	2.24 Does the Company establish risk management and information security frameworks and formulate information security policies as well as specific management schemes, and disclose them all at the company website or the annual report?	No	The Company has not established a dedicated unit for information security and risk management.
	2.27 Does the Company's audit officer/chief auditor attend the Board meetings and submit the internal audit report, as well as deliver the report (include the follow-up report) to or notify the Supervisors (or the Audit Committee) and Independent Directors as required?	Yes	-
Improving Information Transparency	3.17 Does the company website disclose information on the Company's finance, operations, and corporate governance?	Yes	
Implementing Corporate Social Responsibility Indicator	4.9 Does the Company disclose its employee welfare measures and retirement system as well as their implementation status at the company website and the annual report?	No	The employee welfare measures and retirement systems are all in compliance with the laws and regulations of countries where the subsidiaries operate. However, they are not disclosed at the company

			website.
	Item to Be Improved	Improvement Done	Plans for Future Improvement
			-
			-
			-

(IV) Composition, duties, and operation of the Remuneration Committee

On August 24, 2011, the Board of Directors of the Company resolved to establish the Remuneration Committee and passed the Remuneration Committee Charter and the members of the 1st-term Remuneration Committee. Currently, the 4th-term Remuneration Committee consists of 3 Independent Directors, who are responsible to review the salary or remuneration of the Directors and executives of the Company and give advice to the Board of Directors for resolution.

1. Information on the members of the Remuneration Committee

Identity	Qualifications Name	Having More than 5 Years of Work Experience and the Following Professional Qualifications			Meeting the Status of Independence (Note 1)										Number of Other Listed Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee	Remark
		Instructor of Commerce, Law, Finance, Accounting or Company Business in Public or Private University/College or Above	Judge, Prosecutor, Lawyer, CPA or Certified Professional or Technician Required for Company Business	Work Experience in Commerce, Law, Finance, Accounting or Company Business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chin-huat Guok			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Min-chiu Chien	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Chia-shi Lo		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	

Note 1: Please mark the field "V" if a member meets the following conditions in two years prior to the nomination and during his/her term of service. ✓

- (1) Not employed by the Company or an affiliate.
- (2) Not serving as a Director or Supervisor of the Company or any of the Company's affiliates (This requirement does not apply where the Independent Director serves concurrently in the Company and its' parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local laws.)
- (3) Not a natural-person shareholder who holds more than 1% of the issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder which directly holds 5% or more of the Company's total number of issued shares, ranks among the Company's top five shareholders, or appoints representatives to be the Company's Directors or Supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (This requirement does not apply where the Independent Director serves concurrently in the Company and its' parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local laws.)
- (6) Not a Director, Supervisor, or employee of a company which owns the majority of the Company's directorships or voting rights. (This requirement does not apply where the Independent Director serves concurrently in the Company and its' parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local laws.)

- (7) Not a Director, Supervisor or employee of a company or institution whose Chairman, General Manager, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (This requirement does not apply where the Independent Director serves concurrently in the Company and its' parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local laws.)
- (8) Not a Director, Supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (This requirement does not apply where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the Independent Director serves concurrently in the Company and its' parent company, subsidiaries, or subsidiaries of the same parent company pursuant to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local laws.)
- (9) Not a professional individual, nor an owner, partner, Director, Supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, or accounting services with a cumulative compensation not exceeding NT\$500 thousand in the past two years to the Company or any of its affiliate. However, this requirement does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition who perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

2. State of operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Term of service: June 10, 2019 ~ June 9, 2022. In 2019, the Remuneration Committee held 2 meetings, and the attendance of the members is as follows:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Attendance Rate (%)	Remark
Convener	Chin-huat Guok	2	-	100%	Reelected on June 10, 2019
Member	Min-chiu Chien	2	-	100%	Reelected on June 10, 2019
Member	Chia-shi Lo	1	1	50%	Reelected on June 10, 2019

Others:

I. If the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and session of the Board meeting, proposals, resolutions from the Board of Directors, and handling of the Remuneration Committee's opinions (such as the difference between the salary and remuneration approved by the Board of Directors and those proposed by the Remuneration Committee and the reason): None.

II. If the resolutions to which the members of the Remuneration Committee have an objection or reservation are recorded or written, please state the date and session of the meeting of the Remuneration Committee, proposals, opinions of the members, and handling of the opinions: None.

Note:

- (1) Where a Remuneration Committee member resigns before the end of the year, the resignation date

shall be stated in the Remark column. The attendance rate (%) is calculated based on the numbers of meetings held and actual attendance during the term of office.

(2) Where a re-election is held before the end of the year, both new and former Remuneration Committee members shall be listed in the table with status (former, new or reelected) and re-election date stated in the Remark column. The attendance rate (%) is calculated based on the numbers of meetings held and actual attendance during the term of office.

(3) Scope of powers of the Remuneration Committee

Pursuant to the Company's Remuneration Committee Charter, the Remuneration Committee has the following powers and its recommendations are submitted to the Board of Directors for discussion:

A. Formulate and regularly review the performance evaluations and the remuneration policy, system, standards and structure of Directors and managerial officers.

B. Regularly assess and determine the remuneration of Directors and managerial officers.

The Remuneration Committee shall conform to the following principles when exercising the aforementioned powers:

- a. Performance evaluation and remuneration of Directors and managerial officers shall be determined with reference to the industry's remuneration standard and in light of the reasonableness of correlation between individual's performance and the Company's performance and future risks;
- b. Do not lead Directors and managerial officers on to engage in activities which exceed the Company's risk appetite in pursue of remuneration; and
- c. The percentage of remuneration for short-term performance of Directors and senior managers and the timing for paying the variable part of remuneration shall be determined by the industry's characteristics and the Company's business nature.

(V) State of the Company's performance of corporate social responsibility

Item	State of the Company's Implementation			Any Departure from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
I Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note)	V		The Company has formulated the "Corporate Social Responsibility Best Practice Principles." With its key corporate philosophy of integrity and honesty, it achieves the goal of sustainability through fulfilling the CSR and driving the progress of economy, environment and society. While pursuing the sustainable development and profitability, the Company values environmental, social, and corporate governance factors and incorporates them into its management and operation. The Administration Department is responsible for the overall planning on the implementation of corporate governance, employee rights, environmental protection, and social engagement by every relevant department.	No material departure.
II.Does the Company establish an exclusively (or concurrently) dedicated unit to be in charge of implementing corporate social responsibility and authorize the management to supervise and report to the Board of Directors?	V		The Administration Department is responsible to arrange every department to propose and implement CSR policies or systems.	No material departure.

Item	State of the Company's Implementation			Any Departure from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
III. Environmental issues				
(I) Does the Company establish proper environment management systems based on the characteristics of its industries?	V		(I) The Company has obtained the ISO14001 (environmental management system) and BizSAFE (occupational safety and health) certification.	(I) No material departure.
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	V		(II) The factories continue to promote eco-friendly materials and the waste (wood and metal) recycling program.	(II) No material departure.
(III) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and takes measures to respond to climate-related issues?	V		(III) The Company keeps track and assesses the risk and threats in terms of the present and future supply of raw materials. Substitutes and new technology are adopted as countermeasures.	(III) No material departure.
(IV) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	V		(IV) Energy conservation and the reduction of carbon and GHG are implemented in the daily operations of the Company, its subsidiaries and factories. In addition, large vacuum plating facilities are installed to prevent pollution and damage to the environment and water resource.	(IV) No material departure.

IV. Social issues				
(I) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?	V		(I) The Company has set the employee rights in the employee handbook according to the laws and regulations of countries where subsidiaries operate and the International Bill of Human Rights.	(I) No material departure.
(II) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation?	V		(II) The Company protects employees' legal rights pursuant to the laws and regulations of countries where the subsidiaries operate and the International Bill of Human Rights. It also stipulates relevant employee rights in its employee handbook and executes accordingly.	(II) No material departure.
(III) Does the Company provide safe and healthful work environments and organize training on safety and health for the employees on a regular basis?	V		(III) The Company ensures that the work environment in factories is safe in accordance with the occupational safety laws and regulations of countries where subsidiaries operate and has obtained the BizSAFE (occupational safety and health) certification in Singapore. In addition, the Company participates in group insurance or health insurance to protect the safety and health of all employees.	(III) No material departure.
(IV) Does the Company establish an effective competency development career training program for employees?	V		(IV) In addition to orientation training, the Company and its subsidiaries organize on-the-job training based on the needs of departments and positions and allow employees to participate in external vocational training to improve their professional skills	(IV) No material departure.
(V) Does the Company comply with related regulations and international standards in terms of customer health and safety,	V		(V) As the Company's customers are all internationally renowned luxury brands, the marketing and labeling of products and services	(V) No material departure.

Item	State of the Company's Implementation			Any Departure from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
customer privacy, marketing and labeling of products and services, and formulate relevant consumer protection policies and complaint procedures? (VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?	V		fully comply with related laws and regulations. Moreover, the Company's internal control system contains procedures for handling customer complaints and the in-charge unit to protect the rights of products and customers. (VI) The Company has established the "Policy for Supplier Management" which demands suppliers to fulfill their CSRs on the premises of regulatory compliance and protection of suppliers' rights. The Company may terminate or revoke contacts if there is significant impact on the environment and society.	(VI) No material departure.
V. Does the Company refer to the internationally accepted report preparation standards or guidelines for its preparation of CSR or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?		V	Except for disclosing its CSR information in the prospectus and the company website, the Company has not complied the CRS reports.	No material departure.
VI. If the Company has its own corporate social responsibility principles formulated according to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," please explain the implementation and any departure from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies": None.				
VII. Other important information on the Company's implementation of corporate social responsibility: None.				

Note: The materiality principle refers to environmental, social and corporate governance issues which have significant influence on the Company's investors and other stakeholders.

(VI) State of the Company's performance of ethical corporate management and the adoption of related measures

Item	State of the Company's Implementation			Any Departure from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
<p>I. Establishing Ethical Corporate Management Policies and Programs</p> <p>(I) Does the Company formulate ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures along with commitments from the Board of Directors and senior management to proactively implement those management policies in its guidelines and external documents?</p>	V		(I) Approved by the Board of Directors, the Company's Corporate Social Responsibility Best Practice Principles are formulated to regulate the ethical conduct of the management and all employees.	(I) No material departure.
<p>(II) Does the Company establish assessment mechanism for risk arising from unethical acts, regularly analyze and assess operating activities with higher risk of unethical conducts within its business scope, and formulate preventive schemes accordingly, which at least contain preventive measures for conducts set forth in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p>	V		(II) The Company's employee handbook specifies that all employees shall explain the Company's ethical corporate management policies and relevant rules to the counterparties and clearly refuse to directly or indirectly provide, promise, request or receive improper benefits in any form or name while engaging in business activities.	(II) No material departure.
<p>(III) Does the Company specify and thoroughly implement operating procedures, behavior guidelines, and punishment and grievance system for violations in the preventive schemes for unethical conducts, and regularly review and modify the aforementioned schemes?</p>	V		(III) The Company's employee handbook specifies that all employees are not allowed to have unethical conduct. In addition to regular audits conducted by internal auditors, employees may express their opinions or complaints with the HR or management directly.	(III) No material departure.

II. Implementing Ethical Corporate Management				
(I) Does the Company evaluate the integrity records of counterparties and specify the terms of ethical conduct in the contracts signed with the counterparties?	V		(I) According to the "Policy for Supplier Management," the Company evaluates the integrity records of counterparties. After dealing with or visiting the counterparties, the Company proceeds to create supplier master data for management.	(I) No material departure.
(II) Does the Company set up an exclusively dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once per year) report its ethical corporate management policies and preventive schemes for unethical conducts as well as implementation status to the Board of Directors?	V		(II) The HR is responsible to formulate and convey the code of ethics for employees. The internal audit department is responsible to audit and supervise the compliance with the code of ethics. If any unethical fact or conduct is found, the superior managing department should be in charge of the case and report the improvement plan to the Board of Directors.	(II) No material departure.
(III) Does the Company formulate policies to prevent conflicts of interest, provide proper channels of explanation, and implement them?	V		(III) The Company has formulated the "Procedures for Having Business Dealings with Related Parties, Specific Companies and Affiliates" to prevent any conflict of interests. In addition, the Company provides the proper channels of explanation for employees to express their opinions or complaints with the HR or management directly.	(III) No material departure.
(IV) Does the Company establish effective accounting and internal control systems to implement ethical corporate management and have an internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts for the audits on the compliance with the preventive schemes for unethical conducts, or entrust the CPAs to conduct the audits?	V		(IV) To ensure the effect of the Company's accounting system and internal control system, internal auditors audit the compliance of the systems on a regular basis, and external auditors are appointed to audit the internal control system every year.	(IV) No material departure.

<p>(V) Does the Company regularly hold internal/external training on ethical corporate management?</p>	<p>V</p>	<p>(V) The Company conveys the importance of ethical corporate management in internal training or orientation training for new employees.</p>	<p>(V)No material departure.</p>
<p>III. Whistle-blowing System</p>			
<p>(I) Does the Company have a specific whistle-blowing and reward system, establish convenient whistle-blowing channels, and assign the appropriate personnel to deal with the reported personnel?</p>	<p>V</p>	<p>The Company's employee handbook specifies the channels of grievance or explanation. The HR is responsible to receive the employees' opinions/complaints/reporting cases and forward them in secret to the responsible manager/unit for handling. After the cases are closed, the employees will be informed of the results of handling. Necessary or special cases are covered in training to all employees.</p>	<p>No material departure.</p>
<p>(II) Does the Company formulate the standard operating procedures for investigation and the confidentiality mechanisms for the reported matters?</p>	<p>V</p>		
<p>(III) Does the Company take measures to protect the whistle-blowers from improper infringement due to reporting?</p>	<p>V</p>		
<p>IV..Enhancing Disclosure of Information</p>			
<p>(I) Does the Company disclose the status of operations of the "Ethical Corporate Management Best Practice Principles" on the company website and the Market Observation Post System?</p>	<p>V</p>	<p>The Company has not disclosed the "Ethical Corporate Management Best Practice Principles" on the company website and the Market Observation Post System.</p>	<p>In practice, the Company has performed the daily operation based on the spirit of ethical corporate management.</p>
<p>V. If the Company has its own ethical corporate management principles formulated according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please explain any departure from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies": The Company has formulated the internal policies relating to ethical corporate management, including the "Corporate Governance Best Practice Principles", the internal control system, the enforcement rules for internal audits, the "Rules and Procedures of Board of Director Meetings", the "Audit Committee Charter", the "Remuneration Committee Charter", the "Procedures for Lending Funds to Other Parties", the "Procedures for Endorsement and Guarantee", the "Procedures for Acquisition or Disposal of Assets", the "Procedures for Derivative Transactions", and the "Procedure for Preventing Insider Trading", and implemented ethical corporate management in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."</p>			
<p>VI. Other important information on the Company's implementation of ethical corporate management (such as amendments to the ethical corporate management principles): None.</p>			

(VII) If the Company has adopted corporate governance best practice principles or related bylaws, please disclose how these are to be searched:

Refer to the company website (www.redwoodgroup.co)→Investor Relations→Major Internal Policies.

(VIII) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed:

Refer to the company website (www.redwoodgroup.co) → Investor Relations → Corporate Governance.

(IX) State of implementation of the Company's internal control system

1. Statement of Internal Control System

Redwood Group Ltd
Statement of Internal Control System

Date: March 19, 2020

The Company hereby states the results of the self-evaluation of the internal control system in 2019 as follows:

- I. The Company acknowledges that the implementation and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established the internal control system. The internal capital system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has its innate restrictions. An effective internal control system can only provide reasonable assurance for the achievement of the foregoing three goals; besides, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has a self-monitoring function, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, as of December 31, 2019 has been effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood and concealment of the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Board of Directors on March 19, 2020, and out of the 6 directors in attendance (including attendance by proxy), none objected to it and all consented to the content expressed in this statement.

Redwood Group Ltd
Chairman Thong-ming Soh
GM Sing-keong Lee

2. If a CPA has been hired to carry out a special audit of the internal control system, please furnish the CPA audit report: None.

(X) Disclose any sanctions imposed in accordance with the law upon the Company or its employees, any sanctions imposed by the Company upon its employees for violations of the internal control system policy, principal deficiencies, and the state of improvements during the most recent year and up to the date of publication of the Annual Report: None.

(XI) Material resolutions of the shareholders' meeting or the Board meetings during the most recent year and up to the date of publication of the Annual Report.

Material Resolutions of the Shareholders' Meetings and Implementation

Date	Meeting	Proposals	Resolutions	Implementation
2019. 06.10	Annual Shareholders' Meeting 2019	I. Report Item 1. 2018 business report 2. 2018 audit report of the Audit Committee 3. Amendments to the Company's Rules and Procedures of Board of Director Meetings		
		II. Adoption Items 1. Adoption of 2018 financial statements 2. Adoption of distribution of 2018 earnings. Adoption of distribution of 2018 earnings.	Passed by ordinary resolution Passed by ordinary resolution.	The Company has adopted the 2018 financial statements, and filed with the competent authorities as well as made public announcements in accordance with relevant laws and regulations.
		III. Discussion Items 1. Amendments to certain articles within the Company's "Articles of Incorporation" 2. Amendments to certain articles within the Company's "Procedures for Lending Funds to Other Parties" 3. Amendments to certain articles within the Company's "Procedures for Endorsement and Guarantee" 4. Amendments to certain articles within the Company's "Procedures for Acquisition or Disposal of Assets" 5. Amendments to certain articles within the Company's "Procedures for Acquisition or Disposal of Assets"	Passed by special resolution. Passed by special resolution. Passed by special resolution. Passed by special resolution. Passed by special resolution.	Once passed, amendments are processed following the due procedures, and publicly announced at websites designated by the competent authorities and the company website.

		<p>II. Elections</p> <p>1. Election of the Company's fourth-term Directors (including Independent Directors).</p>	<p>Election outcome: Thong-ming Soh, Lee-mui Teh, and Khay-pin Neo were elected as the 4th-term Directors; and Min-chiu Chien, Chin-huat Guok, and Chia-shi Lo were elected as the 4th-term Independent Directors. Both positions were to serve a term of three years, which started from June 10, 2019 and ended on June 9, 2022.</p>
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Material Resolutions of the Board Meetings and Implementation

Date	Meeting	Material Resolutions	Resolutions and Implementation
2019.03.20	The 17th meeting of the 3rd-term Board of Directors	<ol style="list-style-type: none"> 1. 2018 consolidated financial statements and business report of the Company 2. 2018 deficit offset 3. Amendments to the Company's Memorandum and Articles 4. Amendments to the Company's internal control system 5. Preparation of the Company's Statement of Internal Control System 6. 2019 monthly remuneration for directors of the Company 7. Distribution of 2018 year-end bonuses to managerial officers of Redwood Group 8. Adjustment in 2019 salary of managerial officers of Redwood Group 9. Lending of funds between the Company and subsidiaries/sub- 	<ol style="list-style-type: none"> 1. The proposal was passed without objection. 2. The proposal was passed without objection. 3. The proposal was passed without objection. 4. The proposal was passed without objection. 5. The proposal was passed without objection. 6. The proposal was passed without objection. 7. Chairman Thong-ming Soh and Director Lee-mui Teh concurrently acted as the managerial officers of subsidiaries, so they recused themselves from the discussion and voting to avoid the conflict of interests; after Independent Director Chin-huat Guok consulted other directors present, the proposal was passed without objection. 8. Chairman Thong-ming Soh and Director Lee-mui Teh concurrently acted as the managerial officers of subsidiaries, so they recused themselves from the discussion and voting to avoid the conflict of interests; after Independent Director Chin-huat Guok consulted other directors present, the proposal was passed without objection. 9. The proposal was passed without objection.

		<p>subsidiaries in 2019</p> <p>10. Renewal of the CPAs of Redwood Interior Pte Ltd (RWI)</p> <p>11. Increase in capital of Redwood Projects France S.A.S. (RWPF)</p> <p>12. Reelection of the 4th-term Board of Directors (including independent directors)</p> <p>13. Nomination of the candidates for the 4th-term independent directors</p> <p>14. Formulation of the policy for handling of shareholder proposals and nomination of candidates for independent directors</p> <p>15. Convention of the Company's annual shareholders' meeting 2019</p>	<p>10. The proposal was passed without objection.</p> <p>11. The proposal was passed without objection.</p> <p>12. The proposal was passed without objection.</p> <p>13. Three incumbent Independent Directors of the Company, namely Min-chiu Chien, Chin-huat Guok, and Chia-shi Lo, recused themselves from the discussion and voting to avoid the conflict of interest; after Chairman Thong-ming Soh consulted other Directors present, the proposal was passed without objection.</p> <p>14. The proposal was passed without objection.</p> <p>15. The proposal was passed without objection.</p>
2019.05.08	The 18th meeting of the 3rd-term Board of Directors	<p>1. Formulation of the internal control system policy of sub-subsidiaries.</p> <p>2. Rescindment of endorsement or guarantee obligation.</p>	<p>1. The proposal was passed without objection.</p> <p>2. The proposal was passed without objection.</p>
2019.06.10	The 1st meeting of the 4th-term Board of Directors	<p>1. Election of Chairman by the 4th-term Board of Directors.</p>	<p>1. The proposal was passed without objection.</p>
2019.08.13	The 2nd meeting of the 4th-term Board of Directors	<p>1. Consolidated financial statements of the Company for the first half of 2019</p> <p>2. Revision of 2019 budgets of the Company and subsidiaries/sub-subsidiaries</p> <p>3. Amendments to "Ethical Corporate Management Best Practice Principles"</p> <p>4. Distribution of earnings of sub-subsidiaries.</p>	<p>1. The proposal was passed without objection.</p> <p>2. The proposal was passed without objection.</p> <p>3. The proposal was passed without objection.</p> <p>4. The proposal was passed without objection.</p>
2019.11.12	The 3rd meeting of the 4th-term Board of Directors	<p>1. 2020 budgets of the Company and subsidiaries/sub-subsidiaries</p> <p>2. 2020 audit plan of the Company</p> <p>3. Amendments to certain articles within the Company's "Procedures for</p>	<p>1. The proposal was passed without objection.</p> <p>2. The proposal was passed without objection.</p> <p>3. The proposal was passed without objection.</p>

		<p>Lending Funds to Other Parties".</p> <p>4. Renewal of bank loans to the Company.</p> <p>5. Renewal of bank loans to Redwood Interior Pte Ltd (RWI)</p> <p>6. Changes in the Company's endorsements/guarantees</p> <p>7. The Company's CPA professional fees</p> <p>8. Evaluation of CPAs' independence</p> <p>9. Amendments to certain articles within the Company's "Remuneration Committee Charter".</p> <p>10. Appointment of the 4th-term Remuneration Committee</p>	<p>4. The proposal was passed without objection.</p> <p>5. The proposal was passed without objection.</p> <p>6. The proposal was passed without objection.</p> <p>7. The proposal was passed without objection.</p> <p>8. The proposal was passed without objection.</p> <p>9. The proposal was passed without objection.</p> <p>10. Due to conflict of interests, the three Independent Directors recused themselves from the discussion and voting of the proposal. After the Chairman consulted other Directors present, the proposal was passed without objection.</p>
2020.03.20	The 3rd meeting of the 4th-term Board of Directors	<p>1. 2019 consolidated financial statements and business report of the Company</p> <p>2. Distribution of 2019 earnings of the Company</p> <p>3. Distribution of earnings of sub-subsidiaries.</p> <p>4. Amendments to the Company's Memorandum and Articles</p> <p>5. Amendments to certain articles within the Company's "Rules of Procedure for Shareholders' Meeting "</p> <p>6. Amendments to certain articles within the Company's "Rules of Procedure for the Board of Directors' Meetings."</p> <p>7. Amendments to certain articles within the Company's "Audit Committee Charter." And "Remuneration Committee Charter".</p> <p>8. Amendments to the Company's internal control system</p> <p>9. Amendments to certain articles within the Company's "Rules of Procedure for establishment financial statements."</p> <p>10. Preparation of the Company's Statement of Internal Control System.</p>	<p>1. The proposal was passed without objection.</p> <p>2. The proposal was passed without objection.</p> <p>3. The proposal was passed without objection.</p> <p>4. The proposal was passed without objection.</p> <p>5. The proposal was passed without objection.</p> <p>6. The proposal was passed without objection.</p> <p>7. The proposal was passed without objection.</p> <p>8. The proposal was passed without objection.</p> <p>9. The proposal was passed without objection.</p> <p>10. The proposal was passed without objection.</p>

	<p>11. 2020 monthly remuneration for directors of the Company</p> <p>12. Distribution of 2019 year-end bonuses to managerial officers of Redwood Group</p> <p>13. Adjustment of FY2020 salary to managerial officers of Redwood Group</p> <p>14. Lending of funds between the Company and subsidiaries/sub-subsidiaries in 2019.</p> <p>15. Renewal of the CPAs of Redwood Interior Pte Ltd (RWI).</p> <p>16. Formulation of the policy for handling of shareholder proposals and nomination of candidates for independent directors</p> <p>17. .Convention of the Company's annual shareholders' meeting 2020.</p>	<p>11. The proposal was passed without objection.</p> <p>12. Chairman Thong-ming Soh and Director Lee-mui Teh concurrently acted as the managerial officers of subsidiaries, so they recused themselves from the discussion and voting to avoid the conflict of interests; after Independent Director Chin-huat Guok consulted other directors present, the proposal was passed without objection.</p> <p>13. Chairman Thong-ming Soh and Director Lee-mui Teh concurrently acted as the managerial officers of subsidiaries, so they recused themselves from the discussion and voting to avoid the conflict of interests; after Independent Director Chin-huat Guok consulted other directors present, the proposal was passed without objection.</p> <p>14. The proposal was passed without objection.</p> <p>15. The proposal was passed without objection.</p> <p>16. The proposal was passed without objection.</p> <p>17. The proposal was passed without objection.</p>
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(XII) If a Director or Supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors during the most recent year and up to the date of publication of the Annual Report, and the said dissenting opinion has been recorded or prepared as a written declaration, please disclose the principal content: None.

(XIII) A summary of resignations and dismissals of the Company's Chairman, GM, CFO, financial manager, chief internal auditor, and research and development officer during the most recent year and up to the date of publication of the Annual Report: None.

V. Information on CPA Professional Fees

CPA Firm	Name of CPAs		Period of Audit	Remark
Deloitte Taiwan	Ming-chung Hsieh	Po-jen Weng	FY2019	None

Unit: NT\$1,000

Range of Fees		Category of Fees	Audit Fees	Non-audit Fees	Total
1	Under NT\$2,000				
2	NT\$2,000 (inclusive) ~ NT\$4,000		NT\$3,450		NT\$3,450
3	NT\$4,000 (inclusive) ~ NT\$6,000				
4	NT\$6,000 (inclusive) ~ NT\$8,000				
5	NT\$8,000 (inclusive) ~ NT\$10,000				
6	Over NT\$10,000 (inclusive)				

- (I) When non-audit fees paid to the CPA, to the CPA firm, and/or to any affiliated enterprise of the CPA firm are 1/4 or more of the audit fees paid thereto, please disclose the amounts of both audit and non-audit fees and the details of non-audit service: N/A.
- (II) When the Company changes its CPA firm and the audit fees paid for the fiscal year in which such a change takes place are lower than those for the previous fiscal year, please disclose the amounts of the audit fees before and after the change and the reasons: N/A.
- (III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15% or more, please disclose the reduction in the amount of audit fees, reduction percentage, and reasons: None.

VI. Information on the Replacement of CPA

VII. Where the Company's Chairman, GM, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of its CPA or at an Affiliated Enterprise of the Accounting Firm, Please Disclose the Name and Position of the Person and the Period during which the Position Was Held: None.

VIII. Any Transfer of Equity Interests and Pledge of or Change in Equity Interests by Directors, Supervisors, Managerial Officers, or Shareholders with a Stake of More than 10% during the Most Recent Year and Up to the Date of Publication of the Annual Report

(I) Chang in equity interests by directors, supervisors, managerial officers, or major shareholders

Unit: Shares

Title	Name	2019		As of April 10, 2020	
		Change in the Number of Shares Held	Change in the Number of Shares Pledged	Change in the Number of Shares Held	Change in the Number of Shares Pledged
Chairman	Thong-ming Soh	-	-	-	-
Director	Lee-mui Teh	-	-	-	-
Director	Khay-pin Neo	-	-	-	-
Director	Pok-chin Lim (Note)	-	-	-	-
Independent Director	Min-chiu Chien	-	-	-	-
Independent Director	Chin-huat Guok	-	-	-	-
Independent Director	Chia-shi Lo	-	-	-	-
GM	Sing-keong Lee	-	-	-	-
CFO	Ai-ai Siew	-	-	-	-
Manager of Finance and Investor Relations	Pin-ching Su	-	-	120,000	-

Note: Director Pok-chin Lim had completed his term after the re-election in shareholders' meeting on June 10, 2019.

(II) Information on transfer of equity interests

None.

(III) Information on pledge of equity interests

None.

IX. Relationship Information between the Company's 10 Largest Shareholders (Such as Related Party or Relative within the Second Degree of Kinship)

Relationship Information between the Company's 10 Largest Shareholders

April 10, 2020
Unit: Shares; %

Name	Shares Held in Person		Shares Held by Spouse and Children of Minor Age		Shares Held through Nominees		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		Remark
	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Name	Relationship	
Thong-ming Soh	16,608,571	33.06	15,456,264	30.76	-	-	Lee-mui Teh	Spouse	
Lee-mui Teh	15,456,264	30.76	16,608,571	33.06	-	-	Thong-ming Soh	Spouse	
An-hui Chen	2,851,668	5.68	-	-	-	-	-	-	
Jui-ying Tsao	1,367,434	2.72	-	-	-	-	Chia-ying Tsao	Sister	
Chia-ying Tsao	764,545	1.52	-	-	-	-	Jui-ying Tsao	Sister	
Guangyuan Investment Co., Ltd.	711,951	1.42							
Guangyuan Investment Co., Ltd. (representative: Hsin-yi Lin)	-	-	-	-	-	-	-	-	
Jing-xuan, Wen	311,100	0.62	-	-	-	-	-	-	
Yong-fa, Chang	284,887	0.57	-	-	-	-	-	-	
Citibank in custody for Maybank Kim Eng Securities	256,483	0.51	-	-	-	-	-	-	
Chua Choon Ling	205,342	0.41							

X. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors and Supervisors, Managerial Officers, and Any Companies Controlled either Directly or Indirectly by the Company

Total Equity Stake

December 31, 2019/Unit: Shares; %

Invested Company (Note)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Companies		Total Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Redwood Interior Pte Ltd	-	100.00	-	0	-	100.00
Redwood Furniture Sdn. Bhd.	-	100.00	-	0	-	100.00
Redwood (Shanghai) Pte Ltd	-	100.00	-	0	-	100.00
Redwood (HK) Ltd	-	100.00	-	0	-	100.00
Redwood Projects Sdn. Bhd.	-	100.00	-	0	-	100.00
Redwood Projects Korea Co., Ltd	-	100.00	-	0	-	100.00
Redwood Projects Japan K.K	-	100.00	-	0	-	100.00
Redwood Projects France S.A.S	-	100.00	-	0	-	100.00
Redwood Projects US Inc.	-	100.00	-	0	-	100.00

Note: Long-term investment using the equity method.

Chapter 4 Information on Capital Raising Activities

I. Capital and Shares

(I) Source of share capital

Unit: NT\$; Shares

Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Share Capital	Capital Increased by Assets Other than Cash	Other
2010.08	10	150,000	1,500,000	50,000	500,000	Incorporation	None	-
2010.12	10	50,000,000	500,000,000	29,550,000	295,500,000	Exchange of new shares issued by the Company with Redwood Interior Pte Ltd and Redwood Furniture Sdn. Ltd.	None	-
2011.04	10	50,000,000	500,000,000	31,798,200	317,982,000	Capital increase by retained earnings	None	-
2011.04	10	50,000,000	500,000,000	36,000,000	360,000,000	Capital increase by cash	None	-
2011.12	10	80,000,000	800,000,000	40,000,000	400,000,000	Capital increase by cash	None	Note 1
2012.07	10	80,000,000	800,000,000	42,000,000	420,000,000	Capital increase by retained earnings	None	Note 2
2013.12	10	80,000,000	800,000,000	46,000,000	460,000,000	Capital increase by cash	None	Note 3
2014.08	10	80,000,000	800,000,000	48,300,000	483,000,000	Capital increase by retained earnings	None	Note 4
2017.07	10	80,000,000	800,000,000	50,692,500	506,925,000	Capital increase by retained earnings	None	Note 5
2018.01	10	80,000,000	800,000,000	50,242,500	502,425,000	Cancellation of treasury stock	None	Note 6

Note 1: Approved by the Financial Supervisory Commission, Executive Yuan according to the Order Jin-Guan-Zheng-Fa-Zi No. 1000054460 on November 9, 2011.

Note 2: Approved by Taipei Exchange according to the Order Zheng-Gui-Jian-Zi No. 10100182581 on July 31, 2012.

Note 3: Approved by the Financial Supervisory Commission, Executive Yuan according to the Order Jin-Guan-Zheng-Fa-Zi No. 1020049050 on December 4, 2013.

Note 4: Approved by Taipei Exchange according to the Order Zheng-Gui-Jian-Zi No. 10300198102 on August 1, 2014.

Note 5: Announced by Taipei Exchange (Taipei Exchange→Announcement & Law Inquiries→Market Announcement →News Concerning Capital Reductions by Common Share) on July 20, 2017.

Note 6: In the 13th meeting of the 2nd-term Board of Directors on November 11, 2014, the Board of Directors of the Company resolved to repurchase 450,000 shares, which were used as treasury stock for the issuance of employee share subscription warrants; as of the end of the transfer period of treasury stock, however, the Company did not issue employee share subscription warrants or transfer treasury stock to employees. Therefore, in the 11th meeting of the 3rd-term Board of Directors on November 14, 2017, the Board of Directors of the Company resolved to set January 8, 2018 as the record date of cancellation of treasury stock for capital reduction, and apply for the cancellation of treasury stock for capital reduction to the local competent authority in accordance with the regulations of Cayman Islands (country of registration) and Taiwan (country of listing). After receiving the application, Taipei Exchange announced that the Company cancelled 450,000 shares of treasury stock on January 12, 2018.

April 10, 2020; Unit: Shares

Type of Shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Registered Common Share	50,242,500	29,757,500	80,000,000	Note

Note: In the 13th meeting of the 2nd-term Board of Directors on November 11, 2014, the Board of Directors of the Company resolved to repurchase 450,000 shares, which were used as treasury stock for the issuance of employee share subscription warrants; as of the end of the transfer period of treasury stock, however, the Company did not issue employee share subscription warrants or transfer treasury stock to employees. Therefore, in the 11th meeting of the 3rd-term Board of Directors on November 14, 2017, the Board of Directors of the Company resolved to set January 8, 2018 as the record date of cancellation of treasury stock for capital reduction and apply for the cancellation of treasury stock for capital reduction to the local competent authority in accordance with the regulations of Cayman Islands (country of registration) and Taiwan (country of listing). After receiving the application, Taipei Exchange announced that the Company cancelled 450,000 shares of treasury stock on January 12, 2018.

(II) Shareholder structure

April 10, 2020; Unit: Person; Shares

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Foreigners	Total
Number of Shareholders	-	-	10	2,252	24	2,286
Number of Shares Held	-	-	745,308	16,127,997	33,369,195	50,242,500
Shareholding Percentage	-	-	1.48	32.11	66.41	100.00%

Note: As of publication of the Annual Report, the Company did not have shareholders from the Mainland China.

(III) Shareholding distribution status

April 10, 2020

Shareholding Percentage	Number of Shareholders	Number of Shares Held	Shareholding Percentage (%)
1 ~ 999	759	104,095	0.21
1,000 ~ 5,000	1,070	2,111,277	4.20
5,001 ~ 10,000	220	1,533,593	3.05
10,001 ~ 15,000	93	1,166,105	2.32
15,001 ~ 20,000	31	559,440	1.11
20,001 ~ 30,000	33	795,262	1.58
30,001 ~ 50,000	35	1,384,396	2.76
50,001 ~ 100,000	20	1,371,515	2.73
100,001 ~ 200,000	14	2,197,572	4.37
200,001 ~ 400,000	5	1,258,812	2.51
400,001 ~ 600,000	-	-	-
600,001 ~ 800,000	2	1,476,496	2.94
800,001 ~ 1,000,000	-	-	-
Over 1,000,001	4	36,283,937	72.22
Total	2,286	50,242,500	100.00

(IV) List of major shareholders

April 10, 2020

Major Shareholder	Shares Number of Shares Held	Shareholding Percentage
Thong-ming Soh	16,608,571	33.06
Lee-mui Teh	15,456,264	30.76
An-hui Chen	2,851,668	5.68
Jui-ying Tsao	1,367,434	2.72
Chia-ying Tsao	764,545	1.52
Guangyuan Investment Co., Ltd. (representative: Hsin-yi Lin)	711,951	1.42
Jing-xuan, Wen	311,100	0.62
Yong-fa, Chang	284,887	0.57
Citibank in custody for Maybank Kim Eng Securities	256,483	0.51
Chua Choon Ling	205,342	0.41
Total	38,818,245	77.27

(V) Market price per share, net worth per share, earnings per share, dividends per share, and related information over the past two years

Unit: 1,000 shares; NT\$

Item	Year	2018	2019	As of March 31, 2020	
Market Price per Share	Highest	42.00	27.90	23.05	
	Lowest	19.35	20.00	11.20	
	Average	31.50	23.14	18.83	
Net Worth per Share	Before distribution	18.83	18.17	15.97	
	After distribution	18.83	(Note 1)	-	
Earnings per Share	Weighted average number of shares	50,243	50,243	50,243	
	Earnings (losses) per share (Note 2)	(0.49)	0.59	(1.51)	
Dividends per Share	Cash dividends		-	(Note 1)	-
	Stock dividends	Stock distribution from earnings	-	-	-
		Stock distribution from capital surplus	-	-	-
	Accumulated undistributed dividends (Note 3)		-	-	-
Return on Investment	Price-earnings ratio (Note 4)	(64.29)	39.22	-	
	Price-dividend ratio (Note 5)	-	(Note 1)	-	
	Cash dividend yield (Note 6)	-	(Note 1)	-	

Source: CPA-audited consolidated financial statements for 2018 and 2019.

Note 1: The proposal for 2019 earnings distribution is yet to be resolved by the shareholders' meeting.

Note 2: In case of a retroactive adjustment due to the distribution of stock dividends, earnings per share before/after adjustment should be disclosed.

Note 3: If, according to equity securities issuance conditions, the undistributed dividends of equity securities of a given year may be accumulated until a profitable year, the accumulated undistributed dividends as of the year should be disclosed.

Note 4: Price-earnings ratio = Average closing price per share for the year / Earnings per share.

Note 5: Price-dividend ratio = Average closing price per share for the year / Cash dividend per share.

Note 6: Cash dividend yield = Cash dividends per share / Average closing price per share for the year.

(VI) Dividend policy and implementation

1. Dividend policy

As a boutique decoration business, the Company is currently the growing stage of its life cycle, where its operations are expanding steadily. Considering the overall business development, financial planning, need of funds, outlook of the industry, and the rights and interests of shareholders, the Company should adopt a conservative and healthy dividend policy. Unless otherwise provided for the rights attached to any share, the Company may distribute earnings according to the proposal adopted by the Board of Directors and the ordinary resolution passed by the shareholders' meeting without violating the Company Law of the Cayman Islands and the Company's Articles of Incorporation, including Article 12.4(a). If the Company has earnings, the Board of Directors should set aside the earnings for the following uses for the fiscal year when resolving on the distribution of earnings: (i) tax payment for the fiscal year; (ii) deficit compensation for past years; and (iii) special capital reserve as required by the competent authority according to the regulations governing public companies. Without violating the Company Law of the Cayman Islands, the Company should appropriate an adequate and specific amount of accumulated undistributed earnings as a reserve for every fiscal year for development purpose according to Article 34.6 of the Company's Articles of Incorporation. Upon approval of the shareholders, the remainder should be distributed in the following order and manner:

- (1) No less than 0.2% as employee bonuses;
- (2) No more than 5% as directors' remuneration; and
- (3) No less than 20% as dividends paid to shareholders, where cash dividends should account for at least 10%.

Based on the resolution passed by the Board of Directors, dividends paid to shareholders and employee bonuses may be distributed by cash or stock or a combination of both. The Board of Directors may adjust the proportion of cash dividends to be distributed according to the actual profits and operations of the year. When employee bonuses are distributed by stock, employees of subsidiaries meeting certain specific requirements may be entitled to the distribution of bonuses by stock and cash. No interest should be paid by the Company in respect of the undistributed dividends and bonuses.

2. Distribution of dividends proposed at the most recent shareholders' meeting

The Company reported a net income after tax in 2019. On March 19, 2020, the Board of Directors resolved not to distribute dividends. The resolution was pending for approval at the annual shareholders' meeting on June 8, 2020.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

The Company did not propose any stock dividend distribution in 2019.

(VIII) Remuneration of employees, Directors, and Supervisors

1. Percentage or range of employee, Director, and Supervisor remuneration as set forth in the Company's Articles of Incorporation
Refer to the dividend policy in (6)1. above.

2. Bases for estimating the amount of employee, Director, and Supervisor remuneration and for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure for the current period

In 2019, the Company did not estimate employee bonuses and Director remuneration payable. In the past profitable years, the employee bonuses and Director remuneration payable (as set forth in the Company's Articles of Incorporation) were estimated in the interim and annual financial statements according to the Interpretation 2007-Ji-Mi-Zi No. 052 issued by the Accounting Research and Development Foundation (ARDF) and recognized as operating costs or operating expenses based on the nature of employee bonuses and Director remuneration. The shareholders' meeting resolved that the discrepancy, if any, between the actual distributed amount and the estimated figure should be regarded as a change in estimates and recognized as profit or loss for the current period.

3. Information on any approval by the Board of Directors of distribution of remuneration:

- (1) Amount of any employee, Director and Supervisor remuneration distributed in cash or stock (If there is any discrepancy between the actual amount and the estimated figure for the fiscal year, the discrepancy, its cause, and the status of treatment should be disclosed)

The Company reported a net income after tax in 2019. On March 19, 2020, the Board of Directors resolved not to distribute employee bonuses and Director remuneration in cash.

- (2) Amount of any employee remuneration distributed in stock, and its size as a percentage of the sum of net income after tax and total employee remuneration stated in the parent company only financial statements or individual financial statements for the current period

The Company did not resolve to distribute any employee bonuses in stock.

4. Actual distribution of employee, Director, and Supervisor remuneration for the previous fiscal year, with an indication of the number, monetary amount, and price of the shares distributed (if there is any discrepancy between the actual distribution and the recognized employee, Director, or Supervisor remuneration, the discrepancy, its cause, and the status of treatment should be disclosed)

The Company reported a net loss after tax in 2018. On March 20, 2019, the Board of Directors resolved not to distribute employee bonuses and Director remuneration in cash. In addition, the Company did not estimate employee bonuses and Director remuneration payables in 2019.

(IX) Share repurchases

The Company did not repurchase any of its shares in 2018. In the 13th meeting of the 2nd-term Board of Directors on November 11, 2014, the Board of Directors of the Company resolved to repurchase 450,000 shares, which were used as treasury stock for the issuance of employee share subscription warrants; as of the end of the transfer period of treasury stock, however, the Company did not issue employee share subscription stock warrants or transfer treasury stock to employees. Therefore, in the 11th meeting of the 3rd-term Board of Directors on November 14, 2017, the Board of Directors of the Company resolved to set January 8, 2018 as the record date of cancellation of treasury stock for capital reduction and apply for the cancellation of treasury stock for capital reduction to the local competent authority in accordance with the regulations of Cayman

Islands (country of registration) and Taiwan (country of listing). After receiving the application, Taipei Exchange announced that the Company cancelled 450,000 shares of treasury stock on January 12, 2018.

II. Issuance of Corporate Bonds: None

III. Preferred Shares: None

IV. Overseas Depository Shares: None

V. Employee Share Subscription Warrants: None

VI. New Restricted Employee Shares: None

VII. Issuance of New Shares in Connection with Mergers or Acquisitions of Other Companies: None

VIII. Implementation of the Company's Capital Allocation Plans

(I) Description of the plans

Each uncompleted public offering or private placement of securities, or such issues and placements that were completed in the most recent three years but yet to have fully yielded the planned benefits for the period, as of the quarter preceding the date of publication of the Annual Report: None

Since its incorporation in August 2010, the Company has not engaged in any private placement of securities. The Company had capital increase by cash in April 2011 and January 2014, respectively. At present, such capital increases have been completed and fully yielded the planned benefits.

(II) Status of implementation: Not applicable.

Chapter 5 Overview of Business Operations

I. Description of the Business

(I) Scope of business

1. Major lines of business

Specializing in high quality interior fittings for the world's top luxury brands, Redwood Group has the clientele across Asia, Europe, and Middle East, including Bvlgari, Cartier, Coach, Gucci, Hermes, Louis Vuitton, Michael Kors, Tiffany & Co., and so on.

2. Weight of business for main offerings

Unit: NT\$1,000; %

Item \ Year	2018		2019	
	Amount	Percentage	Amount	Percentage
Interior Decoration	966,534	64.17	1,166,747	70.53
General Construction	314,774	20.90	296,045	17.90
Storefront Decoration	224,920	14.93	191,422	11.57
Total	1,506,228	100.00	1,654,214	100.00

3. Current products (services)

- (1) Interior decoration: High quality interior renovation, display, furnishing, and fittings for the world's top luxury brands.
- (2) General construction: Indoor electrical engineering and general construction.
- (3) Storefront decoration: Overall outdoor curtain wall decoration for luxury brand storefronts.

4. New products (services) planned for development

Due to the nature of the industry, Redwood Group has no concrete development of new products or technologies, but continues to enhance the quality of products and production efficiency, so as to further improve the entire production process and problem-solving skills in project management. Besides, the Company also works with the suppliers of original equipment manufacturers (OEM). With many years of experience in boutique decoration craftsmanship, the Company gives advice on the design and manufacture of equipment to contracted OEM and helps to improve the automated production process. Such new equipment benefits both the Company in terms of production costs and quality, as well as environmental protection.

(II) Overview of the industry

1. Current status and development of the industry

(1) Current status of the luxury goods market

As Redwood Group specializes in the decoration of the world's top boutiques and the production of customized products, the development of the luxury goods industry is closely relevant to the Company. The current status of the luxury goods market is summarized as follows:

According to the market research conducted by Bain & Co, despite challenges

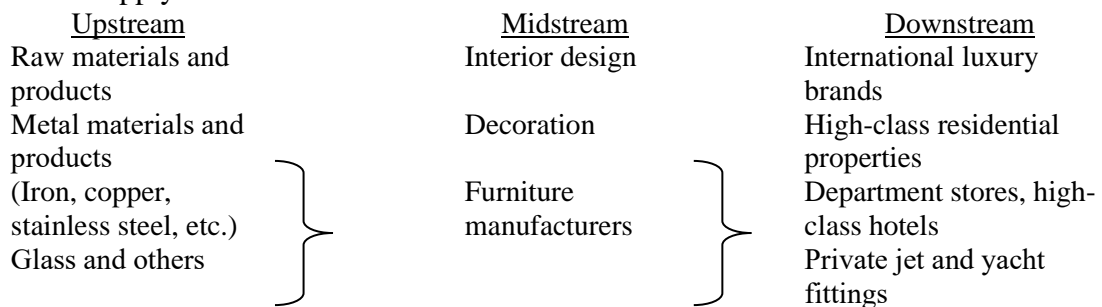
in the economic development, the luxury goods industry gradually recovered in 2018. The outlook for the global luxury goods market is optimistic. In terms of regions, Asia, especially in emerging Asian countries, reported the largest growth rate. In addition, millennials will become another driving force of luxury goods consumption, which will also drive more well-known and powerful brands to develop new customer bases.

Euromonitor International forecast that the global luxury goods market would show a steady compound growth rate of about 4-5% in the next three years. Euromonitor International also indicated a positive outlook for the overall market.

(2) Overview of Redwood Group

Redwood Group specializes in the decoration of the world's top boutiques and the production of customized products. Having been in existence for more than 20 years since its incorporation, Redwood Group has the clientele across more than 40 countries or regions. The Company has been widely praised for its years of experience in the boutique decoration industry. With high quality craftsmanship and the best execution in the industry, Redwood Group aims to present a completely new appearance of the world's top 100 brand stores. As the global luxury goods market prospers with expanded sales regions, the future business objectives of Redwood Group are to optimize products and services and to improve global market share.

2. Links between the upstream, midstream, and downstream segments of the industry supply chain



3. Development trends of products

Redwood Group mainly provides interior decoration, furnishing, and curtain wall decoration of high-class boutiques as well as customized fittings and displays cabinets and stands for the world's leading luxury brands. Therefore, the primary requirements of the products are quality and unique features. To meet the needs of customers and establish long-term partnership, the products and services of boutiques focus on the following development trends:

- (1) Fashion: The ideas of fashion designers should be reflected in the interior of boutiques, to provide the sense of elegance and fashion, so that the boutiques can be favored by customers in long run.
- (2) Technology: The use of computer numerical control (CNC) can improve the quality of products, save raw materials, and enhance the diversification and efficiency of product design and production, while reducing limitations too.
- (3) Building of customer relationship: Long-term trust and cooperation should be established to extend the business scale of the Company with the expansion of sales regions and outlets of luxury brands.

(4) Production integration: A complex and diversity of parts assembly and production processes are integrated creatively to provide one-stop service for boutiques, which can improve production costs and quality of products, respond to customers in the shortest possible time, and shorten the delivery time to enhance customer satisfaction and global competitiveness.

4. Competition of products

The world-renowned boutique decoration industry consists of few manufacturers. The style and quality of each decoration project must be rigorously and long verified before being adopted by the world's leading luxury brands. New challengers face a certain degree of barriers to entry, including the qualified decoration style, quality of each decoration project, and whether production is highly computerized (CNC, which reduces limitations to styles or designs) and centralized (one-stop production that reduces outsourcing of projects or items, in order to control the quality and delivery of products) and reaches a certain economic scale.

(III) Overview of technologies and research and development (R&D)

1. The boutique decoration industry mostly focuses on the changes in the production process, improvement in equipment, and application of other raw materials rather than on the R&D of expertise. Therefore, there is usually no independent R&D department and investment in research and development. With many years of experience and skills in boutique decoration, the Company communicates with its clientele to improve the production methods and technologies constantly, so as to offer more creative products that meet the expectations of customers.
2. In terms of patents, the Company sources raw materials required for decoration from other companies, processes such materials, and makes them into components for assembly. Any change in the production process or replacement of raw materials does not involve the R&D of new products or the development of manufacturing technologies or the use of patented production technologies. Therefore, the Company does not have any patents currently. The patent-related operating risk is low according to the characteristics of the industry.
3. Based on the above, the Company focuses the technologies and R&D on the following:

(1) Technological level and R&D of the business

A. Research and development (R&D)

Based on the needs of owners, the Company integrates design and offers products required for each decoration project. In response to the development trends and product diversification of the luxury goods market, Redwood Group continues to focus on its major lines of business, namely interior decoration, furnishing, curtain wall decoration of high-class boutiques as well as customized fittings and displays cabinets and stands, by developing the application of new materials and enhancing craftsmanship, so as to strengthen the functionality, features, and added value of existing products and overall market competitiveness.

B. Technological innovation

With many years of experience and skills in boutique decoration, the Company gives advice on preliminary design to shorten the development schedule and cost of customers. High-tech equipment is also used in the

production process to improve production methods and technologies. Built on many years of experience in boutique fittings, the Company finds or develops suitable alternative materials to make custom projects or products more distinctive and production more efficient.

(IV) Long-term and short-term business development plans

Redwood Group will continue to focus on the design and manufacture of its major lines of business and improve its global standing in the boutique decoration industry with leading products and technologies. The long-term and short-term business development plans for the business and production of Redwood Group are described separately below.

Item	Short-term Business Development Plans	Long-term Business Development Plans
Business	<ol style="list-style-type: none"> 1. Enhance the weight of high value-added products in line with the needs of customers. 2. Focus on the existing key customers and develop customers with potential in a market-oriented approach. 3. Expand the European and American markets. 4. Reinforce the financial strength and develop the capability of expanding the business scale and introducing new technologies with the help of the capital market. 5. Enhance the corporate culture of high performance and improve employee cohesiveness and market competitiveness. 	<ol style="list-style-type: none"> 1. Provide customers one-stop service covering the existing customized products and refined, functional accessories to improve gross margins. 2. Strengthen the financial structure and long-term development strength of Redwood Group through a diversity of financing channels in the capital market and enrich the management and brand visibility with the growth in business scale. 3. Provide better and more efficient service with the advantage of localization of subsidiaries to improve customer satisfaction. 4. Strengthen market share of general construction by improved the allocation and strategy of resources. 5. Explore and develop markets related to boutique decoration, such as high-class residential and commercial properties as well as private jet and yacht fittings to expand the development potential of Redwood Group.
Production	<ol style="list-style-type: none"> 1. Strengthen the long-term cooperation with raw material suppliers. 2. Provide customers with comprehensive supply chain management to create additional value for production. 3. Focus on the deployment of manpower and equipment, control 	<ol style="list-style-type: none"> 1. Expand the production scale and achieve modular, refined, and automated production to improve the output value and quality. 2. Set up operations according to customer bases, reinforce the long-term customer relationship and development strategies, and enhance brand visibility and market

Item	Short-term Business Development Plans	Long-term Business Development Plans
	<p>production process, and enhance the production skills and quality of products.</p>	<p>share.</p> <p>3. Establish the long-term customer relationship, from preliminary design to production.</p> <p>4. Develop supplier management plans to maintain the optimal level of raw material prices.</p>

II. Analysis of the Market, Production, and Sales

(I) Market analysis

1. Geographic areas where the main products are provided

Unit: NT\$1,000; %

Year		2018		2019	
Area		Amount	Percentage	Amount	Percentage
Export	Asia	1,264,316	83.94	1,344,880	81.30
	America	220,670	14.65	268,732	16.24
	Europe	13,045	0.87	24,953	1.51
	Middle East	8,197	0.54	15,649	0.95
Total		1,506,228	100.00	1,654,214	100.00

2. Market share

As the boutique decoration service covers international boutiques, high-class residential properties and department stores, and high-class hotels, and companies in the industry are quite different in terms of areas of expertise, true market share in a single market is less likely to be reflected. Therefore, it is not possible to calculate the market share of Redwood Group from its output value on a consistent basis.

With years of experience in the boutique decoration industry, Redwood Group currently provides more than 30 luxury brands across 40 countries or more a range of service, from interior decoration, custom fittings, to curtain wall decoration, in terms of project scale and technological maturity. Redwood Group is one of the few listed companies comparable to its peers in Singapore or elsewhere. This demonstrates that the Company's construction technologies and quality of products have been widely recognized by the customers.

3. Demand and supply conditions for the market in the future and growth potential

(1) Future supply

As boutique decoration service requires the long-term accumulation of technology and experience, and the barriers to entry, such as professionalism, company reputation, and achievements, are high, there are only few players in the global boutique decoration industry, and Redwood Group is one of them.

(2) Future demand

In the overall luxury goods market, due to the continuous growth of the luxury goods industry, especially in emerging markets in Asia, it is estimated that top luxury brands will continue to expand their operations.

Customized projects derive from the customers' investment in new stores or renovation. In addition to the world's top luxury brands, Redwood Group serves high-class hotels, residential and commercial properties, and private jet and yacht fittings, creating new market needs for the fashion industry and bringing a bright future for the boutique decoration industry.

(3) Growth potential

In recent years, middle-class consumers have also expended on luxury brands, which expands the luxury goods market year by year from Western countries to Asian countries. Euromonitor International estimated that the global luxury goods industry would continue to grow by 2021, with an average compound growth rate of 3% from 2016 to 2021. It is estimated that the total sales volume of the luxury goods industry would reach EUR420 billion by 2021.

4. The Company's competitive niche

(1) Excellent performance in decoration

Having been in existence for more than 20 years since its incorporation, Redwood Group has provided high quality interior fittings for the world's top luxury brands. Its technologies, services, and customized products have widely recognized in the global luxury goods industry.

(2) Quality image and reputation

Redwood Group has been committed to providing high quality decorative technologies, services, and customized products and has established a good reputation among customers. To ensure that its production and operations, products, and pollutants comply with related regulations, the Company formulates, implements, and maintains environmental policies and objectives; improves the environmental management system to reduce environmental impact; in addition, the Company has obtained the ISO14001 Environmental Management System certification to enhance its corporate image and competitiveness.

Moreover, the Company attaches more importance to the implementation of corporate social responsibility and takes into account factors having an impact on society and the environment, while being liable for shareholders, so as to improve its competitiveness, reputation and sustainable development.

(3) Customized services

The Company provides customers customized services based on their design needs. The Company specializes in the decoration of the world's top boutiques and the production of customized products. Therefore, design, production, and quality of products must meet the requirements of world-class luxury brands. Redwood Group is committed to providing customized products and services that meet the needs and expectations of its customers.

(4) Long-term customer relationship and strategic alliances

Redwood Group establishes long-term cooperation with customers and aims to achieve excellence in the quality of products and business performance together with customers. In terms of material supply management, Redwood Group also maintains the good relationship with its upstream or strategic partners in hopes of offering better design solutions and more competitive products.

According to the records of customer service, many well-known luxury brands have constantly had subsequent dealings with Redwood Group after their first orders, which is a major competitive advantage of Redwood Group. The good, long-term customer relationship allows the Company to serve customers opening new stores; renovation and maintenance of existing operations of customers are also the business opportunity for the Company.

5. Positive and negative factors for future development and the Company's response

(1) Positive factors

- A. With more than 20 years of experience in the decoration of world-class boutiques, Redwood Group has been widely recognized and trusted by the world's top luxury brands.
- B. With the capability of one-stop project execution, Redwood Group offers overall solution that includes planning, construction, supervision etc., to boutique decoration, from interior decoration to curtain wall decoration, and customized products based on the needs of customers.
- C. With the excellent capability of product integration and customized service, the Company delivers efficient production and good quality control in the process of project and product execution. In addition, the application of CNC to the production process can improve the quality of products and deliver a full range of designs and technologies.
- D. Redwood Group has its products exported to Europe, Middle East, the U.S., Australia, and Asia, which can effectively dilute the impact of prosperity of a single area. Redwood Group can benefit from the increasing sales of luxury brands as a result of a boom in any area.
- E. Although Redwood Group has small market share in the global boutique decoration industry, it has strived to improve the quality of products and the timely delivery of construction. As Western peers have gradually withdrawn from the boutique decoration industry due to high labor costs, Redwood Group expects to expand its market share in the global boutique decoration industry.

(2) Negative factors

- A. It is difficult to seek and develop talents with rich experience in the boutique decoration industry, so the Company often pays high prices to hire outstanding talents. To reinforce employees' loyalty, the Company will pay higher labor costs.

Response

(A) Redwood Group provides employees on-the-job training and external training programs, to develop talents by itself, and increases employee benefits to reduce the turnover.

(B) The Company goes TPEX-listed to attract talents.

- B. Limited to its production capacity, Redwood Group currently focuses on the decoration of international boutiques.

Response

The Company can obtain long-term and lower-cost capital from the capital market to expand its production capacity and recruit talents. The Company can also plan to tap into high-class hotels, residential and commercial properties, and private jet and yacht fittings to dilute the impact of prosperity in a single industry or customer case.

- C. The price reduction as a result of new challengers in the boutique decoration industry may have an impact on the Company's performance.

Response

(A) Maintaining good quality of products

The storefronts of international boutiques make the first impression on customers, so each boutique is very particular about the quality of its store decoration. All of the Company's equipment, procedures, and staffing are designed for the decoration of international boutiques, so the Company can maintain the good quality of products without losing customers due to the price reduction of other manufacturers.

(B) Maintaining good customer relationship

After receiving projects, the Company will designate employees to discuss the projects with customers. Projects may be modified based on the opinions of customers to realize the conception. As the Company maintains the long-term relationship with customers, time for communication is significantly shortened, accelerating the completion of projects and the opening of customers' stores.

(C) Control over material prices

The Company sources major raw materials from at least two suppliers and sources most of the raw materials directly from OEM instead of dealers to reduce prices of raw materials and improve the competitiveness of products.

(D) Improving production efficiency

Continuously improving the output of production equipment can enhance the quality of products and reduce the loss of raw materials, so as to reduce the production costs and improve the competitiveness of products.

(E) Strengthening inventory control and delay of investment in fixed assets

In the face of economic downturn in the future, the Company will strengthen inventory control, reduce capital backlog, and delay the investment in fixed assets, so that the Company has sufficient funds for maintaining the normal operation.

(II) Usage and manufacturing processes for main products

As Redwood Group is a contract manufacturer of high quality interior fittings for luxury brands, it does not engage in the mass production of specific products.

(III) Supply situation for major raw materials

Major raw materials of Redwood Group include wood, glass, copper, iron, stainless steel, and paint. Redwood Group sources raw materials from major suppliers under long-term cooperation, so the supply of raw materials is stable.

(IV) List of customers/suppliers accounting for 10% or more of the Company's total procurement (sales) amount in either of the most recent two years and the reason for increase/decrease

1. List of suppliers accounting for 10% or more of the Company's total procurement amount in either of the most recent two years:

List of suppliers accounting for 10% or more of the Company's total procurement amount in either of the most recent two years

Unit: NT\$1,000

Item	2018				2019				As of 1Q of 2020			
	Name	Amount	Percentage of Net procurement for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net procurement for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net procurement as of the Previous Quarter (%)	Relationship with the Issuer
1	Supplier A	29,552	7.98	None	Supplier A	46,581	10.72	None	Supplier A	221	0.34	None
	Others	340,828	92.02	None	Others	387,834	89.28	None	Others	64,178	99.66	None
	Net procurement	370,380	100.00		Net procurement	434,415	100.00		Net procurement	64,399	100.00	

Note 1: Suppliers accounted for 10% or more of the Company's total procurement in the most recent two years are listed along with their procurement amount and percentages. Where the Company is prohibited by contracts from revealing the name of a supplier, or where the trading counterpart is an individual who is not a related party, a code name may be used in place of the actual name.

Note 2: Supplier A's procurement amount increased significantly by 57.62% in 2019 compared to 2018, accounting for 10.72% of net procurement in 2019. Supplier A remained the Company's number one supplier primarily due to the fact that it was the LED lighting supplier designated by two of the Company's major brand customers. Meanwhile, the Company's net sales to one of the major customers redoubled in 2019.

2. List of customers accounting for 10% or more of the Company's total sales amount in either of the most recent two years

Unit: NT\$1,000

Item	2018				2019				As of 1Q of 2020			
	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales as of the Previous Quarter (%)	Relationship with the Issuer
1	Customer A	305,491	20.28	None	Customer A	635,666	38.43	None	Customer A	46,160	24.01	None
2	Customer B	210,208	16.04	None	Customer B	216,722	13.10	None	Customer B	6,633	3.45	None
3	Customer C	241,623	13.96	None	Customer C	144,174	8.72	None	Customer C	28,601	14.88	None
4	Customer D	200,305	13.30	None	Customer D	46,087	2.79	None	Customer D	2,999	1.56	None
5	Others	548,601	27.59	None	Others	611,565	36.96	None	Others	107,837	56.10	None
	Net Sales	1,506,228	100.00		Net Sales	1,654,214	100.00		Net Sales	192,230	100.00	

- Note1 : Customers accounting for 10% or more of the Company's total sales amount in either of the most recent two years are listed. Where the Company is prohibited by contract from revealing the name of a customer, or where a trading counterpart is an individual person who is not a related party, a code may be used in place of the actual name.
- Note 2: Customer A's sales amount increased significantly by 108.08% in 2019 compared to 2018, accounting for 38.43% of net sales in 2019. It remained the Company's number one customer. Main projects completed in 2019 were the brand's specialty shops on George Street in Sydney and at Raine Square in Perth, Australia; and in Mid Valley City's Gardens Mall and the Suria KLCC at Kuala Lumpur, Malaysia.
- Note 3: Customer B's sales amount increased slightly by 3.10% in 2019 compared to 2018, accounting for 13.10% of net sales in 2019. Main projects completed in 2019 were the brand's specialty shops in Siam Paragon at Bangkok, Thailand; at Qingdao, China; and at Honolulu, USA.
- Note 4: Customer C's sales amount decreased significantly by 40.33% in 2019 compared to 2018, accounting for 8.72% of net sales in 2019. The main reason was the completion of the brand's specialty shops at Resorts World Sentosa, at Changi Airport, and on the Orchard Road, Singapore; and at Bangkok, Thailand during 2018 and the scale of projects in 2019 had reduced in comparison.
- Note 5: Customer D's sales amount dropped sharply by 76.99% in 2019 compared to 2018, accounting for only 2.79% of net sales in 2019. The main reason was the completion of the brand's specialty shops at Hangzhou, Beijing, and Xi'an in China during 2018, and the scale and quantity of projects in 2019 had both reduced in comparison.

(V) Production volume and value for the most recent two years

Unit: NT\$1,000

Production Volume/Value Main Product (or Sector)	Year	2018			2019		
		Production Capacity	Production Volume	Production Value	Production Volume	Production Capacity	Production Value
Interior Decoration		-	467	759,595	-	443	874,422
General Construction		-	227	242,559	-	254	218,931
Storefront Decoration		-	21	173,564	-	30	140,540
Total		-	715	1,175,718	-	727	1,233,893

Note: Redwood Group is a contract manufacturer of high quality interior fittings for many world's top luxury brands, so the production capacity is incalculable; instead, the manufacturing costs are calculated based on the types of main products.

(VI) Sales volume and value for the most recent two years

Unit: NT\$1,000

Sales Volume/Value Main Product(or Sector)	Year	2018				2019			
		Domestic Sales		Export		Domestic Sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Interior Decoration		-	-	467	966,534	-	-	443	1,166,747
General Construction		-	-	227	314,774	-	-	254	296,045
Storefront Decoration		-	-	21	224,920	-	-	30	191,422
Total		-	-	715	1,506,228	-	-	727	1,654,214

Note: Redwood Group has no domestic sales; export refers to sale to other areas outside the Cayman Islands.

III. Number of Employees Employed during the Most Recent Two Years and Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels

Year		2018	2019	As of April 30, 2020
Number of Employees	Managerial officers or above	85	90	86
	General employees	202	182	197
	Production line staff	749	750	783
	Total	1,036	1,022	1,066
Average Age		34.90	35	35.63
Average Years of Service		5.13	5.15	5.12
Education Level	Doctor of Philosophy	0.00%	0.10%	0.09%
	Master's Degree	0.19%	0.59%	0.56%
	Bachelor's Degree	15.15%	15.85%	14.54%
	Senior High School or below	84.66%	83.46%	84.81%

IV. Environmental Protection Expenditures

Total losses (including damage awards) and fines for environmental pollution during the most recent years and up to the date of publication of the Annual Report, and the measures (including corrective measures) and possible expenditures to be made in the future: None.

The Group's business activities do not generate special pollution, so no application for equipment or emission permits is required. Redwood Interior Pte Ltd has obtained the ISO14001 Environmental Management System certification to establish a sound environmental management system. Aiming of becoming a green enterprise, it takes the initiative in participating in green building projects in line with the U.S. green construction certification requirements of "Leadership in Energy and Environmental Design" (LEED) to fulfill its corporate social responsibility.

In addition, reduction in energy consumption and protection of resources have become popular topics. The development of an enterprise relates closely to energy. The production headquarters of Redwood Group in Malaysia reuses waste solvents and industrial wastewater through treatment equipment, with current recycling rate of 70% or above. While reducing environmental pollution, the Company saves operating costs by reducing a waste of resources to achieve the economic, social, and environmental benefits.

V. Labor Management Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit plans, continuing education, training

Redwood Group offers employee benefits in accordance with the regulations of countries where subsidiaries operate, including social (employee/health) insurance, pensions or provident funds, and health examinations. Redwood Group also plans and organizes activities for employees, including team building and other activities.

The Company organizes orientation training for new employees in accordance with the regulations to explain the history, goals and missions, work environment and internal policies of the Company. To continuously improve the performance and expertise of employees, each department makes the training plan based on its annual objectives and organizes internal/external training accordingly.

2. Retirement systems

Redwood Group implements the retirement systems in accordance with the regulations of countries where subsidiaries operate. The governments of Singapore and Malaysia have no specific pension plan, but have a provident fund system that is similar to the nature of the pension plan. The provident fund system is applicable to Singaporean/Malaysian citizens and permanent residents. There is no relevant regulatory restriction on foreign employees.

According to the policy of the governments of Singapore and Malaysia, companies must pay the provident fund for citizens and permanent residents every month. The provident fund is comprised of two components. One is withdrawn from a certain percentage of an employee's basic wage per month, and the other is paid by the Company at a percentage of an employee's basic wage per month. Companies are responsible to deposit the provident fund in the central provident fund board. The central provident fund board is responsible to set the percentage of the provident fund paid, which may vary depending on nationality, age, and monthly basic wage.

3. Status of labor-management agreements

Redwood Group always values employee rights and feedback. The Company's labor relations is harmonious. Employees may communicate with the management and give advice on the operation of the Company through the human resources department. Therefore, the Company has no significant labor dispute so far.

4. Measures for preserving employees' rights and interests

Currently, the Company has no labor union. Attaching great importance to harmonious labor relations and employee feedback, the Company has formulated the employee handbook, which properly stipulates the salaries, working hours, and leaves, and implemented occupational safety and health measures and training since its incorporation. In terms of employee feedback, the Company communicates with employees and finds proper solutions to win the trust and support of its employees. As of today, the Company has no loss caused by material labor disputes and therefore has harmonious labor relations.

5. Protective measures for work environment and employees' personal safety

The Company is mainly engaged in the production and sales and has no air or water pollution. The Company has also purchased insurance covering public liability, group business travel, and overseas sickness for each employee.

- (II) List any loss sustained as a result of labor disputes during the most recent year and up to the date of publication of the Annual Report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect: None.

VI. Important Contracts

Supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the Annual Report or expired in the most recent year:

(I) Redwood Group Ltd

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Bank Facility Agreement	CTBC Bank	2020.01~2021.01	Medium-term and long-term loan, with the line of credit being US\$1.2 million.	None

(II) Redwood Interior Pte Ltd

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Bank Facility Agreement	DBS Bank	July 1996~ (Note 1)	<ol style="list-style-type: none"> 1. Working capital of the Company and repayment to Redwood Furniture Sdn Bhd, with the line of credit reaching SGD1 million for a term of 3 years. 2. Bank overdraft, with the line of credit reaching SGD50,000. 3. Letter of credit, trust receipts, notes receivable factoring, and bill of lading for sea/air transport guarantee, with the line of credit reaching SGD1.2 million for a term of 120 days. 4. Foreign exchange loans, with the line of credit reaching SGD2 million for a term of up to 12 months. 5. Revolving credit, with the line of credit reaching SGD 1,500,000. 6. Standby letter of credit, with the line of credit reaching SGD 1,250,000.. 7. Non-revolving mutual credit, with the line of credit reaching SGD13 million for a term of up to 60 months. 8. Long-term loans for the construction of new office buildings, with the line of credit reaching SGD23 million for a term of 20 years. 9. Installment for equipment, 	<ol style="list-style-type: none"> 1. The factory and land at No. 48 Sungei Kadut Avenue in Singapore are used as a collateral. 2. Redwood Group Ltd acts a joint guarantor. 3. Redwood Group Ltd acts as a joint guarantor. 4. Redwood Interior Pte Ltd and Jurong Town Corporation enter into the assignment agreement for the lease agreement.

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
			with the line of credit reaching SGD3 million. 10. Corporate financing plan, temporary overdue loan of SGD5 million.	
Letter of Credit	United Overseas Bank (UOB)	October 2005~ (Note 2)	Letter of credit for trading, with the line of credit reaching SGD500,000 and a repayment period of 90 days.	1. Thong-ming Soh and Lee-mui Teh act as joint guarantors. 2. A commitment is made in the form of contract not to factor accounts receivable between the company and other financial institutions.
Bank Facility Agreement	CTBC Bank	2018.11~2019.10	Short-term loan, with the line of credit reaching US\$2 million.	Redwood Group Ltd acts as a joint guarantor.
Sales Agreement	Company L (Note 3)	September 2019~ (Note 4)	Interior decoration of Company L's store in Canada	None
Sales Agreement	Company L (Note 3)	December 2019~ (Note 4)	Interior decoration of Company L's store in the U.S	None
Sales Agreement	Company L (Note 3)	February 2020~ (Note 4)	Interior decoration of Company L's store in the U.S	None
Sales Agreement	Company B (Note 3)	January 2020~ (Note 4)	Interior decoration of Company B's store in Vietnam	None
Sales Agreement	Company L (Note 3)	January 2020~ (Note 4)	Interior decoration of Company L's store in the U.S	None
Sales Agreement	Company H (Note 3)	April 2020~ (Note 4)	Interior decoration of Company H's store in Australia	None
Supply Agreement	Redwood Furniture Sdn. Bhd.	January 2011~ (Note 5)	Redwood Furniture Sdn. Bhd. is commissioned to provide products and services.	None
Long-term Lease Agreement	Jurong Town Corporation	1991.08~2021.08	Long-term leasehold of Redwood Interior Pte Ltd's land	None
Long-term Lease Agreement	Jurong Town Corporation	2018.02~2048.01	Long-term leasehold of Redwood Interior Pte Ltd's land	None
Lease Agreement	TAC Alliance Pte Ltd	January 2008~ (Note 6)	Staff dormitory.	None
Lease Agreement	Prestige Resources Pte Ltd	October 2006~ (Note 6)	Staff dormitory.	None
Investment Agreement	DDG Glass Pte Ltd.	March 2016~ (Note 7)	Participation in the capital increase of DDG Glass Pte Ltd. by cash	1. An undertaking is given that no legal action or taxation results in the contingent

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
				<p>loss of the Company.</p> <p>2. Material matters require approval of all shareholders.</p> <p>3. In case of a full capacity, the affiliates of Redwood Group Ltd enjoy the priority of supply when the conditions of procurement are the same as those of other customers.</p> <p>4. In the future, if the issue price per new share is lower than the investment price of RWI, an assessment report from an independent auditor or appraiser should be provided.</p>
Investment Agreement	Thong-ming Soh and Lee-mui Teh	March 2016~ (Note 7)	Participation in the capital increase of DDG Glass Pte Ltd. by cash	<p>1. To dispose of the shares of DDG Glass Pte Ltd., Thong-ming Soh, and Lee-mui Teh, a written notice 30 days in advance shall be given.</p> <p>2. For the aforesaid matter, RWI enjoys the pre-emptive right and right of first disposal.</p>

Note 1: The bank facility agreement does not set an expiration date. The facilities under the agreement are subject to different trading periods depending on their nature. For the letter of credit, trust receipts, notes receivable factoring, bill of lading for sea/air transport guarantee, and foreign exchange loans, with the line of credit reaching SGD1.2 million, the commencement date of the contract is August 1999.

Note 2: The bank facility agreement does not set an expiration date or period. The trading period of the facility under the agreement depends on its nature. If there is no overdue or notice to stop the drawdown or mutual termination the agreement, the agreement will continue to be valid.

Note 3: Due to the non-disclosure agreement, the contracting party for construction is kept confidential.

Note 4: The construction agreement does not set the date of completion. After the construction commences upon the owner's notice, the date of completion will be set according to the progress.

Note 5: The supply agreement does not set a termination date of supply.

Note 6: The lease agreement does not set an expiration date. To terminate the agreement, a written notice should be given one month in advance, or else the agreement will continue to be valid.

Note 7: The investment agreement does not set an expiration date. The contract will continue to be valid unless Redwood Interior Pte Ltd no longer holds the shares of DDG Glass Pte Ltd. or Thong-ming Soh and Lee-mui Teh are no longer the shareholders of DDG Glass Pte Ltd.

(III) Redwood Furniture Sdn. Bhd

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Comprehensive Credit Line Agreement	RHB Bank	July 2015~ (Note 1)	<ol style="list-style-type: none"> 1. Letter of credit, trust receipts, bank guarantees, bank acceptance, foreign currency trade finance, and bill of lading, with the line of credit reaching MYR1,850,000. 2. Bank overdrafts, with the line of credit reaching MYR1.38 million. 3. Bank guarantees, with the line of credit reaching MYR650,000. 4. Long-term loans, with the line of credit reaching MYR6.5 million. 	The plant building and land are used as a collateral.
Comprehensive Credit Line Agreement	CIMB Bank Berhad	2016.04~2022.08	<ol style="list-style-type: none"> 1. Letter of credit, trust receipts, bank acceptance, bill of lading, financial guarantee and performance guarantee, with the line of credit reaching US\$1,750,000. 2. Long-term loans, with the line of credit reaching US\$2.5 million. 	The dormitory building and land are used as a collateral.
Lease Agreement	Bee-bee Tan	2019.02~2021.01	Staff dormitory	None
Supply Agreement	Redwood Interior Pte Ltd	January 2011~ (Note 2)	Redwood Furniture Sdn. Bhd. is commissioned to provide products and services.	None
Supply Agreement	Air Products Sdn. Bhd.	2015.08~2021.06	Supply of gas tank and nitrogen	None

Note 1: The comprehensive credit line agreement does not set an expiration date. The facilities under the agreement are subject to different trading periods depending on their nature.

Note 2: The supply agreement does not set a termination date of supply.

(IV) Redwood Projects Korea Co., Ltd

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Lease Agreement	Soorim Cultural Center Foundation	2017.07~2019.07	Leasing of Office	None

(V) Redwood (Shanghai) Pte Ltd

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Lease Agreement	Soorim Cultural Center Foundation	2019.07~2021.07	Leasing of Office	None

(VI) Redwood Projects Sdn Bhd

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Lease Agreement	DDG Glass Mfg Sdn Bhd	2019.06~2020.05	Leasing of Office	None
Sales Agreement	Company C (Note 1)	October 2019~ (Note 2)	General decoration of Company C's store in Malaysia	None

Note 1: Due to the non-disclosure agreement, the contracting party for construction is kept confidential.

Note 2: The construction agreement does not set the date of completion. After the construction commences upon the owner's notice, the date of completion will be set according to the progress.

(VII) Redwood Projects Japan K.K

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Lease Agreement	Izumi Senkosha Inc.	October 2019~ September 2020	Leasing of Office	None

Chapter 6 Overview of Financial Status

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Years

Unit: NT\$1,000

Item	Year	Financial Information for the Past Five Years (Note 1)					Financial Information as of March 31, 2020
		2015	2016	2017	2018	2019	
Current Assets		1,002,401	1,130,223	1,089,541	1,002,714	878,316	785,385
Property, Plant, and Equipment (Note 2)		512,779	461,913	475,134	508,874	855,857	919,011
Intangible Assets		-	-	-	-	-	-
Other Assets (Note 2)		36,705	78,830	113,701	155,930	111,707	113,166
Total Assets		1,551,885	1,670,966	1,678,376	1,667,518	1,845,880	1,817,562
Current Liabilities	Before distribution	563,607	510,215	500,006	607,361	588,932	573,820
	After distribution	683,232	701,615	585,419	607,361	(Note 2)	(Note 2)
Non-current Liabilities		35,223	99,100	120,703	114,010	343,954	441,589
Total Liabilities	Before distribution	598,830	609,315	620,709	721,371	932,886	1,015,409
	After distribution	718,455	800,715	706,122	721,371	(Note 2)	(Note 2)
Equity Attributable to Owners of Parent Company							
Share Capital		483,000	483,000	506,925	502,425	502,425	502,425
Capital Surplus		313,601	313,601	313,601	293,911	293,911	293,911
Retained Earnings	Before distribution	323,159	494,353	449,187	339,291	369,052	293,357
	After distribution	203,534	302,953	363,774	339,291	(Note 2)	(Note 2)
Others		(142,515)	(205,113)	(187,856)	(189,480)	(252,394)	(287,540)
Treasury Stock		(24,190)	(24,190)	(24,190)	-	-	-
Non-controlling Interests		-	-	-	-	-	-
Total Equity	Before distribution	953,055	1,061,651	1,057,667	946,147	912,994	802,153
	After distribution	833,430	870,251	972,254	946,147	(Note 2)	(Note 2)

Note 1: The CPA-audited consolidated financial statements for 2015~2019.

Note 2: The proposal for 2019 earnings distribution is yet to be passed by the shareholders' meeting.

Item \ Year	Financial Information for the Past Five Years (Note 1)					Financial Information as of March 31, 2020
	2015	2016	2017	2018	2019	
Operating Revenue	1,750,056	2,060,546	1,771,132	1,506,228	1,654,214	192,230
Gross Profit	549,273	772,245	560,047	330,025	421,368	8,071
Operating Profit or Loss	179,190	356,186	210,509	(6,305)	46,232	(89,730)
Non-operating Income and Expenses	13,484	14,086	(1,271)	(10,553)	(842)	(3,446)
Net Income before Tax	192,674	370,272	209,238	(16,858)	45,390	(93,176)
Net Income from Continuing Operations	156,125	290,819	170,159	(24,483)	29,761	(75,695)
Loss from Discontinued Operations	-	-	-	-	-	-
Net Income (Loss)	156,125	290,819	170,159	(24,483)	29,761	(75,695)
Other Comprehensive Income (net, after tax)	(126,212)	(62,598)	17,257	1,983	(62,914)	(35,146)
Total Comprehensive Income	29,913	228,221	187,416	(22,500)	(33,153)	(110,841)
Net Income Attributable to Owners of Parent Company	156,125	290,819	170,159	(24,483)	29,761	(75,695)
Net Income Attributable to Non-controlling Interests	-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of Parent Company	29,913	228,221	187,416	(22,500)	(33,153)	(110,841)
Total Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	-
Earnings per Share	3.26	5.79	3.39	(0.49)	0.59	(1.51)

Note 1: The CPA-audited consolidated financial statements for 2015~2019.

(II) Name of the CPA and audit opinions for the past five years

Year	CPA Firm	Name of CPA	Opinion
2015	Deloitte Taiwan	Li-huang Li and Po-jen Weng	Unqualified opinion
2016	Deloitte Taiwan	Hui-ming Chen and Po-jen Weng	Unqualified opinion
2017	Deloitte Taiwan	Hui-ming Chen and Po-jen Weng	Unqualified opinion
2018	Deloitte Taiwan	Ming-chung Hsieh and Po-jen Weng	Unqualified opinion
2019	Deloitte Taiwan	Ming-chung Hsieh and Po-jen Weng	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

Item (Note 3)		Financial Analysis for the Most Recent Five Years (Note 1)					As of March 31, 2020
		2015	2016	2017	2018	2019	
Financial Structure (%)	Debt ratio	38.59	36.46	36.98	43.26	50.54	55.87
	Ratio of long-term funds to property, plant, and equipment	192.73	251.29	248.01	208.33	146.86	135.33
Solvency (%)	Current ratio	177.85	221.52	217.91	165.09	149.14	136.87
	Quick ratio	145.74	178.97	178.77	121.12	91.01	80.97
	Times interest earned	56.24	85.56	41.72	-0.44	6.75	-47.73
Operating Ability	Accounts receivable turnover (times)	3.63	4.93	3.89	3.45	5.71	3.81
	Average collection days	100.55	74.03	93.79	105.87	63.94	95.77
	Inventory turnover (times)	7.72	7.60	7.31	6.60	4.85	2.70
	Accounts payable turnover (times)	10.09	11.01	7.28	6.35	7.43	4.79
	Average days for sale	47.27	48.02	49.96	55.29	75.27	135.26
	Property, plant, and equipment turnover (times)	3.15	4.23	3.78	3.06	2.42	0.87
	Total assets turnover (times)	1.13	1.23	1.06	0.90	0.90	0.42
Profitability	Return on assets (%)	12.25	18.26	10.41	-0.45	1.99	-16.19
	Return on equity (%)	10.05	28.87	16.06	-2.44	3.20	-35.31
	Ratio of income before tax to paid-in capital (%)	39.89	76.66	41.28	-3.36	9.03	-74.18
	Net margin (%)	8.92	14.11	9.61	-1.63	1.80	-39.38
	Earnings per share (NT\$)	3.26	5.79	3.39	-0.49	0.59	-1.51
Cash Flows	Cash flow ratio (%)	71.39	68.28	10.09	13.88	26.72	-2.49
	Cash flow adequacy ratio (%)	85.81	115.95	109.02	96.17	82.61	40.02
	Cash flow reinvestment ratio (%)	20.35	15.46	-9.08	-0.07	9.26	-0.86
Leverage	Operating leverage	1.34	1.16	1.27	-9.47	2.56	0.80
	Financial leverage	1.02	1.01	1.03	0.35	1.21	0.98

Please explain changes in financial ratios for the most recent two years (over 20%):

1. Financial structure: The ratio of long-term funds to property, plant, and equipment decreased in 2019 compared to the previous year mainly due to the construction of new office building and acquisition of machinery and equipment by Redwood Interior Pte Ltd, which led to a significant increase in net property, plant and equipment.
2. Solvency: Both current and quick ratios dropped compared to 2018 as current assets decreased in 2019 while current liabilities remained relatively the same during the two years. Times interest earned in 2018 was negative as there was net loss before income tax and interests. However, the ratio turned positive in 2019 due to an increase in revenue and growth in profitability.
3. Operating ability: Both accounts receivable and accounts payable turnovers increased in 2019 mainly due to the increases in revenue and cost, and decreases in average receivables and payables in 2019. The inventory and property, plant and equipment turnovers dropped in 2019 because of the significant increase in average inventories and average net property, plant and equipment.
4. Profitability: As revenue decreased and profit dropped, net loss incurred and all profitability indicators were negative in 2018. However, an increase in revenue as well as growth in profitability brought profits to the Company and all profitability indicators turned positive in 2019.
5. Cash flows: Cash flow ratio increased significantly on a year-over-year basis and the cash flow reinvestment ratio turned positive in 2019. The main reasons were a huge increase in net cash generated from operating activities and no distribution of cash dividends during the year.
6. Leverage: Operating leverage was positive in 2019. The financial leverage increased significantly compared to the previous year as operating income was generated from an increase in revenue and growth in profitability in 2019.

Note 1: The CPA-audited consolidated financial statements for 2015~2019.

Formula for IFRS financial ratios:

1. Financial Structure

- (1) Debt ratio = Total liabilities / Total assets
- (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment

2. Solvency

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating Ability

- (1) Accounts receivable turnover (including accounts receivable and bills receivable from business activities) = Net sales / Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
- (2) Average collection days = 365 / Accounts receivable turnover
- (3) Inventory turnover = Cost of sales / Average inventory
- (4) Accounts payable turnover (including accounts payable and bills payable from business activities) = Cost of sales / Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
- (5) Average days for sale = 365 / Inventory turnover
- (6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment
- (7) Total assets turnover = Net sales / Average total assets

4. Profitability

- (1) Return on assets = [Profit or loss after tax + Interest expenses x (1 - Tax rate)] / Average total assets
- (2) Return on equity = Profit or loss after tax / Average total equity
- (3) Net margin = Profit or loss after tax / Net sales
- (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends) / Weighted average number of shares issued (Note 4)

5. Cash Flows

- (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flows from operating activities for the most recent five years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
- (3) Cash flow reinvestment ratio = (Net cash flows from operating activities - Cash dividends) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)

6. Leverage

- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) /

Operating income (Note 6)

(2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 2: Special attention should be paid to the following when the above formula for earnings per share is used:

1. The weighted average number of common shares is adopted instead of the number of shares issued by the end of the year.
2. The weighted average number of shares should be calculated in consideration of the period of circulation of shares issued for capital increase by cash or treasury stock.
3. In case of a capital increase by earnings or by capital surplus, the earnings per share for the past year or half year should be retroactively adjusted based on the capital increase ratio, regardless of the period of the share issue.
4. If preferred shares are non-convertible and accumulative, preferred share dividends for the year (whether to be distributed) should be deducted from net profit after tax, or net loss after tax should be increased. If preferred shares are non-accumulative, preferred share dividends should be deducted from net profit after tax, if any; in case of the net loss after tax, no adjustment should be made.

Note 3: Special attention should be paid to the following when cash flows are measured:

1. Net cash flows from operating activities refer to Net cash flows generated from operating activities in the statement of cash flows.
2. Capital expenditures refer to cash flows used in the annual capital investment.
3. Inventory increment should only be calculated when the closing balance is larger than the opening balance. If inventory by the end of the year is reduced, inventory increment should be zero.
4. Cash dividends include cash dividends on common share and preferred share.
5. Gross property, plant, and equipment refers to total property, plant, and equipment net of accumulated depreciation.

Note 4: The operating costs and operating expenses should be classified into fixed or variable based on their nature. If estimation or subjective judgment is involved, it should be done in a reasonable and consistent manner.

III. Audit Committee's Report for the Financial Statements of the Most Recent Year

Redwood Group Ltd

Audit Committee's Approval and Review Report

The 2019 consolidated financial statements of the Company approved by the Audit Committee and passed by the Board of Directors have been audited by Deloitte Taiwan appointed by the Board of Directors. Deloitte Taiwan has issued an unqualified opinion in the audit report.

The Audit Committee is responsible for overseeing the financial reporting process of the Company.

The CPAs have audited the 2019 consolidated financial statements of the Company and communicated with the Audit Committee the following:

1. The scope and timing of the planned audit; there is no significant audit findings.
2. The CPAs have provided the Audit Committee with a statement of independence in accordance with the ROC CPA Code of Professional Ethics, and have not found any relationships and other matters that may be deemed to have an influence on their independence.
3. From the matters communicated with the Audit Committee, the CPAs have determined the key audit matters for the audit report.

The Audit Committee has reviewed the 2019 business report of the Company and 2019 earnings contribution passed by the Board of Directors and deemed them conforming to related laws and regulations.

In summary, the 2019 consolidated financial statements of the Company approved by the Audit Committee and passed by the Board of Directors and the 2019 business report and earnings contribution passed by the Board of Directors and reviewed by the Audit Committee have been conforming to related laws and regulations. According to Article 219 of the Company Act, the review report is hereby provided for verification.

Redwood Group Ltd

Chair of the Audit Committee: Min-chiu Chien

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- IV. Financial Statements for the Most Recent Year, Including an Auditor's Report Prepared by CPAs, Two-year Comparative Balance Sheets, Statements of Comprehensive Income, Changes in Equity, and Cash Flows, and Related Notes or Appendices: Please refer to #Pages 93 to 159#.**
- V. CPA-certified Parent Company Only Financial Statements for the Most Recent Year, Not Including the Statements of Major Accounting Items: Not applicable.**
- VI. Impact of Financial Difficulties the Company or Its Affiliates Have Experienced in the Most Recent Year and Up to the Date of Publication of the Annual Report on the Company's Financial Status: None.**

Redwood Group Ltd and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Redwood Group Ltd

Opinion

We have audited the accompanying consolidated financial statements of Redwood Group Ltd and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Revenue Recognized Based on Construction in Progress

As described in Notes 4, section 10 and Note 5 of the consolidated financial statements, the construction revenue of the Group was \$1,654,214 thousand for the year ended December 31, 2019, the recognition of revenue and cost are based on the percentage of completion of construction. However, the calculation of estimated total cost was subject to historical experience, fluctuation of construction materials, adjustments to construction schedules, and management's significant judgement. Furthermore, the calculation of percentage of completion of construction is significant with regard to revenue recognition; therefore, we identified the estimation of unfinished construction cost to be a key audit matter.

By understanding the industry and economic environment, we tested the related internal controls, and the main audit procedures that we performed were the following:

1. We sampled the construction proposals and examined its estimation sheet of construction cost and the amount of estimated materials, labor and manufacturing expenses in accordance with the estimated total cost of the proposal.
2. We sampled the construction proposals, examined and matched the unit cost with its construction cost in the estimation sheet with the latest purchasing unit cost in similar proposals.
3. We verified that the percentage of the actual cost input was accounted for the estimated total cost and compared it with the completion of construction in progress approved by the owner to evaluate the rationality of estimated total cost. If there is any difference, we obtained a statement from management and verified the rationality.
4. We sampled the construction proposals, examined its manufacturing cost in its estimated cost sheet. We also verified the estimated cost based on the quotation obtained from the supplier and matched them with the quotation for consistency.

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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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, including the audit committee, 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 the 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 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 for the year ended December 31, 2019 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 Ming Chung Hsieh and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 296,210	16	\$ 353,259	21
Contract assets - current (Note 20)	202,926	11	159,901	10
Trade receivables (Notes 8 and 26)	210,736	12	347,679	21
Other receivables (Notes 8 and 26)	2,069	-	193	-
Other receivables from related parties (Notes 8, 26 and 27)	61	-	59	-
Inventories (Note 9)	86,381	5	59,270	3
Current tax assets (Note 22)	23,628	1	29,939	2
Prepayments (Notes 14 and 26)	53,014	3	47,915	3
Other current assets (Note 14)	3,291	-	4,499	-
Total current assets	<u>878,316</u>	<u>48</u>	<u>1,002,714</u>	<u>60</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	43,557	2	92,092	6
Property, plant and equipment (Notes 11 and 28)	855,857	46	508,874	30
Right-of-use assets (Notes 12 and 28)	53,231	3	-	-
Deferred tax assets (Note 22)	1,935	-	1,959	-
Prepayment for lease - non-current (Note 13)	-	-	45,455	3
other non-current assets (Notes 14 and 26)	12,984	1	16,424	1
Total non-current assets	<u>967,564</u>	<u>52</u>	<u>664,804</u>	<u>40</u>
TOTAL	<u>\$ 1,845,880</u>	<u>100</u>	<u>\$ 1,667,518</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 99,322	6	\$ 143,872	9
Contract liabilities-current (Note 20)	91,878	5	104,903	6
Trade payables (Notes 16 and 26)	170,180	9	160,378	10
Trade payables to related parties (Notes 16, 26 and 27)	1,179	-	22	-
Lease liabilities - current (Note 12)	5,861	-	-	-
Other payables (Notes 17 and 26)	151,629	8	120,863	7
Other payables to related parties (Notes 17, 26 and 27)	-	-	1,554	-
Current tax liabilities (Note 22)	11,797	1	15,932	1
Current portion of long-term borrowings (Note 15)	56,772	3	58,486	3
Other current liabilities (Note 17)	314	-	1,351	-
Total current liabilities	<u>588,932</u>	<u>32</u>	<u>607,361</u>	<u>36</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Note 12)	2,397	-	-	-
Long-term borrowings (Note 15)	321,556	18	101,799	6
Deferred tax liabilities (Note 22)	20,001	1	12,211	1
Total non-current liabilities	<u>343,954</u>	<u>19</u>	<u>114,010</u>	<u>7</u>
Total liabilities	<u>932,886</u>	<u>51</u>	<u>721,371</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital - ordinary shares	502,425	27	502,425	30
Capital surplus	293,911	16	293,911	18
Retained earnings				
Special reserve	235,380	13	244,592	14
Unappropriated earnings	133,672	7	94,699	6
Total retained earnings	<u>369,052</u>	<u>20</u>	<u>339,291</u>	<u>20</u>
Other equity				
Exchange differences on translation of foreign financial statements	(193,842)	(11)	(178,644)	(11)
Unrealized gain on financial assets of fair value through other comprehensive income	(58,552)	(3)	(10,836)	-
Total other equity	<u>(252,394)</u>	<u>(14)</u>	<u>(189,480)</u>	<u>(11)</u>
Treasury shares	-	-	-	-
Total equity attributable to owners of the Company	<u>912,994</u>	<u>49</u>	<u>946,147</u>	<u>57</u>
TOTAL	<u>\$ 1,845,880</u>	<u>100</u>	<u>\$ 1,667,518</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)				
Construction revenue	\$ 1,654,214	100	\$ 1,506,228	100
OPERATING COSTS (Note 21)				
Construction costs	<u>(1,232,846)</u>	<u>(74)</u>	<u>(1,176,203)</u>	<u>(78)</u>
GROSS PROFIT	<u>421,368</u>	<u>26</u>	<u>330,025</u>	<u>22</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	(9,500)	(1)	(8,801)	-
General and administrative expenses	(360,202)	(22)	(345,301)	(23)
Expected credit (loss) gain	<u>(5,434)</u>	<u>-</u>	<u>17,772</u>	<u>1</u>
Total operating expenses	<u>(375,136)</u>	<u>(23)</u>	<u>(336,330)</u>	<u>(22)</u>
PROFIT FROM OPERATIONS	<u>46,232</u>	<u>3</u>	<u>(6,305)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Other income	9,152	1	7,886	-
Other gains and losses	(2,103)	-	(6,728)	-
Finance costs	<u>(7,891)</u>	<u>(1)</u>	<u>(11,711)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(842)</u>	<u>-</u>	<u>(10,553)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	45,390	3	(16,858)	(1)
INCOME TAX EXPENSE (Note 22)	<u>(15,629)</u>	<u>(1)</u>	<u>(7,625)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>29,761</u>	<u>2</u>	<u>(24,483)</u>	<u>(1)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments as at fair value through other comprehensive income	(47,716)	(3)	(7,229)	-
Exchange differences arising on translation to the presentation currency	(5,535)	-	979	-

(Continued)

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	\$ (9,663)	(1)	\$ 8,233	-
Other comprehensive income (loss) for the year, net of income tax	(62,914)	(4)	1,983	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (33,153)</u>	<u>(2)</u>	<u>\$ (22,500)</u>	<u>(1)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 29,761</u>	<u>2</u>	<u>\$ (24,483)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ (33,153)</u>	<u>(2)</u>	<u>\$ (22,500)</u>	<u>(1)</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.59</u>		<u>\$ (0.49)</u>	
Diluted	<u>\$ 0.59</u>		<u>\$ (0.49)</u>	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

REDWOOD GROUP LTD AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company							Total Equity
	Share (In Thousand)	Capital Surplus	Retained Earnings		Other Equity		Treasury Shares	
			Special Reserve	Unappropriate d Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensiv e Income	Exchange Differences on Translating the Financial Statements of Foreign Operations		
BALANCE AT JANUARY 1, 2018	\$ 506,925	\$ 313,601	\$ 253,341	\$ 195,846	\$ (3,607)	\$ (187,856)	\$ (24,190)	\$ 1,054,060
Appropriation of 2017 earnings								
Special reserve	-	-	(8,749)	8,749	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(85,413)	-	-	-	(85,413)
Net loss for the year ended December 31, 2018	-	-	-	(24,483)	-	-	-	(24,483)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	(7,229)	9,212	-	1,983
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	(24,483)	(7,229)	9,212	-	(22,500)
Treasury shares	(4,500)	(19,690)	-	-	-	-	24,190	-
BALANCE AT DECEMBER 31, 2018	502,425	293,911	244,592	94,699	(10,836)	(178,644)	-	946,147
Appropriation of 2018 earnings								
Special reserve	-	-	(9,212)	9,212	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	29,761	-	-	-	29,761
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(47,716)	(15,198)	-	(62,914)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	29,761	(47,716)	(15,198)	-	(33,153)
BALANCE AT DECEMBER 31, 2019	\$ 502,425	\$ 293,911	\$ 235,380	\$ 133,672	\$ (58,552)	\$ (193,842)	\$ -	\$ 912,994

The accompanying notes are an integral part of the consolidated financial statements.

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 45,390	\$ (16,858)
Adjustments for:		
Depreciation expenses	72,185	65,997
Expected credit loss recognized (reversed) on trade receivables	5,434	(17,772)
Finance costs	7,891	11,711
Interest income	(859)	(1,037)
Write-downs of inventories	-	485
Reversal of write-downs of inventories	(1,047)	-
Net (gain) loss on foreign currency exchange	(6,301)	4
Gain on disposal of property, plant and equipment	(694)	(874)
Amortization of prepayments for leases	-	1,475
Changes in operating assets and liabilities		
Contracts assets	(43,025)	67,891
Trade receivables	131,662	(6,948)
Other receivables	(1,878)	269
Inventories	(25,826)	9,685
Prepayments	(1,195)	12,212
Other current assets	1,208	10,791
Contracts liabilities	(13,025)	46,771
Trade payables	10,959	(49,867)
Other payables	(9,672)	4,751
Other current liabilities	(1,037)	(4,935)
Other non-current assets	-	(94)
Cash generated from operations	170,170	133,657
Interest paid	(7,455)	(11,711)
Income taxes paid	(5,368)	(37,616)
Net cash generated from operating activities	<u>157,347</u>	<u>84,330</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(389,405)	(82,603)
Proceeds from disposal of property, plant and equipment	14,676	2,071
Increase in refundable deposits	(1,426)	-
Decrease in refundable deposits	-	382
Decrease in long-term receivables	-	9,250
Decrease in other current assets	2	-
Increase in prepayments for equipment	(659)	(4,977)
Increase in prepayments for leases	-	(48,549)
Interest received	859	1,037
Net cash used in investing activities	<u>(375,953)</u>	<u>(123,389)</u>

(Continued)

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ -	\$ 121,047
Repayments of short-term borrowings	(44,550)	-
Proceeds from long-term borrowings	276,529	66,660
Repayments of long-term borrowings	(58,486)	(62,217)
Repayment of the principal portion of lease liabilities	(8,793)	-
Dividends paid to owners of the Company	<u>-</u>	<u>(85,413)</u>
Net cash generated from (used in) financing activities	<u>164,700</u>	<u>40,077</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,143)</u>	<u>3,447</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(57,049)	4,465
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>353,259</u>	<u>348,794</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 296,210</u>	<u>\$ 353,259</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

REDWOOD GROUP LTD AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Redwood Group Ltd. (the “Company”) was incorporated in the Cayman Islands and established mainly for reorganization and for trading registration in Taipei Exchange. The company became a holding company of all incorporated entities in August 2010. The Company and its subsidiaries (collectively referred to as the “Group”) mainly engage in the decoration of global boutique brand stores.

The Company’s shares have been listed on the Taipei Exchange (“TPEX”) mainboard since December 2011.

The functional currency of the Company is the Singapore dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taipei Exchange (“TPEX”) mainboard.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 19, 2020.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

- 1) IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in Singapore were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments, the Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 4.32%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 5,662
Less: Recognition exemption for leases of low-value assets	<u>(494)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 5,168</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 3,998
Add: Adjustments as a result of a different treatment of extension and termination options	<u>9,460</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 13,458</u>

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayments for leases - current	\$ 1,619	\$ (1,619)	\$ -
Prepayments for leases - non-current	45,455	(45,455)	-
Right-of-use assets	<u>-</u>	<u>60,532</u>	<u>60,532</u>
Total effect on assets	<u>\$ 47,074</u>	<u>\$ 13,458</u>	<u>\$ 60,532</u>
Lease liabilities - current	\$ -	\$ (7,431)	\$ (7,431)
Lease liabilities - non-current	<u>-</u>	<u>(6,027)</u>	<u>(6,027)</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$(13,458)</u>	<u>\$(13,458)</u>

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority has full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note: Unless stated otherwise, the above new IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

Principles for preparing consolidated financial statements.

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the

consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-Group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 10, Tables 7 and 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (i.e, foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the entities (including subsidiaries in other countries that use currencies different from the currency of the Company) are translated into the presentation currencies, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income the exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the Group entities into the presentation currency, are not subsequently reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less costs of necessary input to the product to make the sale. Inventories are recorded at the first-in, first-out (FIFO) cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of tangible and intangible assets and assets related to contract costs.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying

amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: financial assets at amortized and equity investments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method:

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Construction contract revenue

Customers control properties while they are construction in progress, and thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

k. Leases

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

However, for the lease of asset in which the Group is a lease and service is provided by a lessor the Group elects to account for the lease and non-lease components as a single lease component.

1) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

2) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Lessee. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

l. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plan are recognized as an expense when employees have rendered services entitling them to the contributions.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. For contracts to which IFRS 15 is applicable, incentives and penalties are considered as variable consideration and should be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total contract costs and contractual items are assessed and determined by management based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits and losses from the construction contracts. Refer to Note 20 for information relating to the relevant accounting policies.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	\$ 1,070	\$ 1,549
Checking accounts and demand deposits	<u>295,140</u>	<u>351,710</u>
	<u>\$ 296,210</u>	<u>\$ 353,259</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2019	2018
Bank balance	0%-0.5%	0%-0.83%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2019

	<u>December 31</u>	
	2019	2018
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 43,557</u>	<u>\$ 92,092</u>

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2019	2018
<u>Non-current</u>		
Foreign investments		
Unlisted shares	<u>\$ 43,557</u>	<u>\$ 92,092</u>

The Company acquired ordinary shares of DDG Glass Pte. Ltd. for medium- to long-term strategic purposes and expected to earn profit through long-term investment. The management of the Company believed that if the short term fair value fluctuations of these investments are included in the profit or loss, they will not be consistent with the purpose of the aforementioned long-term investment plan; as a result, management chose to consider these investments as financial assets at fair value through other comprehensive income.

As of December 31, 2019 and 2018, the Company evaluated the above investment value for impairment and recognized impairment losses of \$47,716 thousand and \$7,229 thousand under other equity - unrealized gains and losses of financial assets measured at fair value through other comprehensive income or loss.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2019	2018
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 223,940	\$ 355,602
Less: Allowance for impairment loss	<u>(13,204)</u>	<u>(7,923)</u>
	<u>\$ 210,736</u>	<u>\$ 347,679</u>
<u>Other receivables</u>		
Other receivables	\$ 2,069	\$ 193
Other receivables from related parties	<u>61</u>	<u>59</u>
	<u>\$ 2,130</u>	<u>\$ 252</u>

The Group adopted a policy of only dealing with creditworthy counterparties and obtained sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial positions, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2019

	Less than 60 Days	61 to 180 Days	181 to 360 Days	361 to 720 Days	Over 721 Days	Total
Expected credit loss rate	0%-0.82%	0%-4.95%	9.44%-19.68%	7.99%-87.5%	100%	
Gross carrying amount	\$ 132,004	\$ 60,449	\$ 8,488	\$ 17,742	\$ 5,257	\$ 223,940
Loss allowance (Lifetime ECL)	<u>(820)</u>	<u>(1,622)</u>	<u>(395)</u>	<u>(5,110)</u>	<u>(5,257)</u>	<u>(13,204)</u>
Amortized cost	<u>\$ 131,184</u>	<u>\$ 58,827</u>	<u>\$ 8,093</u>	<u>\$ 12,632</u>	<u>\$ -</u>	<u>\$ 210,736</u>

December 31, 2018

	Less than 60 Days	61 to 180 Days	181 to 360 Days	361 to 720 Days	Over 721 Days	Total
Expected credit loss rate	0%-0.12%	0%-0.27%	0.52%-2.27%	2%-79.33%	100%	
Gross carrying amount	\$ 223,616	\$ 72,807	\$ 47,150	\$ 6,349	\$ 5,680	\$ 355,602
Loss allowance (Lifetime ECL)	<u>(210)</u>	<u>(39)</u>	<u>(300)</u>	<u>(1,694)</u>	<u>(5,680)</u>	<u>(7,923)</u>
Amortized cost	<u>\$ 223,406</u>	<u>\$ 72,768</u>	<u>\$ 46,850</u>	<u>\$ 4,655</u>	<u>\$ -</u>	<u>\$ 347,679</u>

The movements of the loss allowance of trade receivables is as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 7,923	\$ 25,467
Add: Net remeasurement of loss allowance	5,434	-
Less: Net remeasurement of loss allowance	-	(17,772)
Foreign exchange gains and losses	<u>(153)</u>	<u>228</u>
Balance at December 31	<u>\$ 13,204</u>	<u>\$ 7,923</u>

9. INVENTORIES

	December 31	
	2019	2018
Raw materials	<u>\$ 86,381</u>	<u>\$ 59,270</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was \$1,232,846 thousand and \$1,176,203 thousand, respectively. The cost of goods sold for the years ended December 31, 2019 and 2018 included inventory reversal of \$1,047 thousand and write-downs of \$485 thousand, respectively.

10. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Description	Remark
			December 31			
			2019	2018		
Redwood Group Ltd.	Redwood Interior Pte. Ltd.	Decoration of global advanced boutique brand store	100	100	Acquired the ownership through exchange of shares at December 10, 2010.	
Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd	Design, produce and sale of customized furniture	100	100	Acquired the ownership through exchange of shares at December 10, 2010.	
Redwood Interior Pte. Ltd.	Redwood (HK) Ltd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in February 2012.	*
Redwood Interior Pte. Ltd.	Redwood (Shanghai) Pte. Ltd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in February 2012.	*
Redwood Interior Pte. Ltd.	Redwood Projects Sdn. Bhd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in November 2012.	*
Redwood Interior Pte. Ltd.	Redwood Projects Korea Co., Ltd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in June 2017,	*
Redwood Interior Pte. Ltd.	Redwood Projects France S.A.S.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in January 2018.	*
Redwood Interior Pte. Ltd.	Redwood Projects Japan K.K.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in February 2018.	*
Redwood Interior Pte. Ltd.	Redwood Projects US Inc.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in October 2018,	*

Remarks:

* Those companies are an immaterial subsidiary for consolidated statements; those financial statements have not been reviewed.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2019
Assets used by the Group - 2019	<u>\$ 855,857</u>

	2019						
	Land	Buildings	Machinery	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2019	\$ 34,563	\$ 345,919	\$ 368,018	\$ 28,986	\$ 64,434	\$ 73,302	\$ 915,222
Additions	-	455	104,238	1,590	8,563	313,443	428,289
Disposal	-	(1,264)	(28,413)	-	(6,485)	(507)	(36,669)
Reclassified	-	3,728	-	-	-	(3,728)	-
Effect of foreign currency exchange differences	<u>(381)</u>	<u>(3,413)</u>	<u>(4,008)</u>	<u>(281)</u>	<u>(636)</u>	<u>(586)</u>	<u>(9,305)</u>
Balance at December 31, 2019	<u>\$ 34,182</u>	<u>\$ 345,425</u>	<u>\$ 439,835</u>	<u>\$ 30,295</u>	<u>\$ 65,876</u>	<u>\$ 381,924</u>	<u>\$ 1,297,537</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2019	\$ -	\$ 127,273	\$ 210,447	\$ 21,864	\$ 46,764	\$ -	\$ 406,348
Disposal	-	(1,242)	(15,010)	-	(6,435)	-	(22,687)
Depreciation expense	-	16,936	35,844	2,339	7,831	-	62,950
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,523)</u>	<u>(2,679)</u>	<u>(248)</u>	<u>(481)</u>	<u>-</u>	<u>(4,931)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 141,444</u>	<u>\$ 228,602</u>	<u>\$ 23,955</u>	<u>\$ 47,679</u>	<u>\$ -</u>	<u>\$ 441,680</u>
Carrying amounts at December 31, 2019	<u>\$ 34,182</u>	<u>\$ 203,981</u>	<u>\$ 211,233</u>	<u>\$ 6,340</u>	<u>\$ 18,197</u>	<u>\$ 381,924</u>	<u>\$ 855,857</u>

No impairment assessment was performed for the years ended December 31, 2019 and 2018 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

Building	30-50 years
Machinery	3-10 years
Transportation equipment	5-10 years
Other equipment	3-10 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 28.

	2018						
	Land	Buildings	Machinery	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2018	\$ 34,204	\$ 342,153	\$ 361,898	\$ 30,237	\$ 77,228	\$ 3,885	\$ 849,605
Additions	-	265	23,103	-	2,379	69,378	95,125
Disposal	-	(40)	(20,769)	(1,556)	(15,904)	-	(38,269)
Effect of foreign currency exchange differences	<u>359</u>	<u>3,541</u>	<u>3,786</u>	<u>305</u>	<u>731</u>	<u>39</u>	<u>8,761</u>
Balance at December 31, 2018	<u>\$ 34,563</u>	<u>\$ 345,919</u>	<u>\$ 368,018</u>	<u>\$ 28,986</u>	<u>\$ 64,434</u>	<u>\$ 73,302</u>	<u>\$ 915,222</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2018	\$ -	\$ 108,854	\$ 194,714	\$ 20,298	\$ 50,605	\$ -	\$ 374,471
Disposal	-	(23)	(19,695)	(1,556)	(15,798)	-	(37,072)
Depreciation expense	-	17,497	34,107	2,929	11,464	-	65,997
Effect of foreign currency exchange differences	<u>-</u>	<u>945</u>	<u>1,321</u>	<u>193</u>	<u>493</u>	<u>-</u>	<u>2,952</u>
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 127,273</u>	<u>\$ 210,447</u>	<u>\$ 21,864</u>	<u>\$ 46,764</u>	<u>\$ -</u>	<u>\$ 406,348</u>
Carrying amounts at December 31, 2018	<u>\$ 34,563</u>	<u>\$ 218,646</u>	<u>\$ 157,571</u>	<u>\$ 7,122</u>	<u>\$ 17,670</u>	<u>\$ 73,302</u>	<u>\$ 508,874</u>

12. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Land	\$ 711
Land access	45,050
Buildings	7,437
Office equipment	<u>33</u>
	<u>\$ 53,231</u>
	For the Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 2,729</u>
Depreciation charge for right-of-use assets	
Land	\$ 1,463
Land access	1,630
Buildings	6,085
Office equipment	<u>57</u>
	<u>\$ 9,235</u>

The right-of-use asset includes long-term prepaid rent for land leased by Redwood Singapore to the government, and the merger company has obtained evidence of the right to use the land.

For the amount of right-of-use assets set as shareholder guarantee, please refer to Note 28.

b. Lease liabilities - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 5,861</u>
Non-current	<u>\$ 2,397</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	4.32%
Buildings	4.32%
Office equipment	4.32%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants and offices with lease terms of 2 to 30 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to low-value asset leases	<u>\$ 1,498</u>
Total cash outflow for leases	<u>\$ 10,291</u>

The Group leases certain assets which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	\$ 4,810
Later than 1 year and not later than 5 years	<u>294</u>
	<u>\$ 5,104</u>

13. PREPAYMENTS FOR LEASES

	December 31	
	2019	2018
Current assets (included in prepayments)	\$ -	\$ 1,619
Non-current assets	<u>-</u>	<u>45,455</u>
	<u>\$ -</u>	<u>\$ 47,074</u>

The prepayments for leases are the rents paid by Redwood Interior Pte. Ltd. to the government for lease of land, and the Company has obtained proof of the land use rights.

Land use rights pledged as collateral for bank borrowings were set out in Note 28.

14. OTHER ASSETS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Prepayments	\$ 37,728	\$ 37,697
Prepayments for lease - current	-	1,619
Other prepayments	<u>15,286</u>	<u>8,599</u>
	<u>\$ 53,014</u>	<u>\$ 47,915</u>
Other current assets	<u>\$ 3,291</u>	<u>\$ 4,499</u>
<u>Non-current</u>		
Prepayments for lease - non-current	\$ -	\$ 45,455
Prepaid equipment	659	5,523
Refundable deposits	12,233	10,807
Others	<u>92</u>	<u>94</u>
	<u>\$ 12,984</u>	<u>\$ 61,879</u>

15. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 99,322</u>	<u>\$ 143,872</u>

The range of weighted average effective interest rate on bank loans was 2.5000%-3.5543% and 4.257%-4.455% per annum as of December 31, 2019 and 2018, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Secured borrowings (Note 28)</u>		
Bank loans*	\$ 342,234	\$ 99,589
<u>Unsecured borrowings</u>		
Bank loans	36,094	60,696
Less: Current portion	<u>(56,772)</u>	<u>(58,486)</u>
Long-term borrowings	<u>\$ 321,556</u>	<u>\$ 101,799</u>

* As of December 31, 2019 and 2018, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and building (refer to Note 28) was 2.6747%-5.3719% and 3.355%-5.372% per annum, respectively.

	Major Clause	December 31	
		2019	2018
<u>Unsecured loan</u>			
CTBC	Long-term loan: Credit line US\$2,000 thousand interest payable monthly, with interest rate of 3.51313% based on LIBOR, repayable.	\$ 36,094	\$ 60,696
<u>Secured loan</u>			
DBS Bank	Long-term loan: credit line SGD1,000 thousand interest payable monthly, with interest rate of 3.6377% based on SIBOR (Singapore Interbank Offered Rate), repayable with interest starting April 2016 in 60 monthly installments, each repayment in SGD29 thousand	-	1,959
	Long-term loan: credit line SGD23,000 thousand only interest will be paid until 109/6/30 or the new factory building is completed. The actual repayment principal and interest will be notified by DBS.	258,318	-
RHB Bank Berhad	Long-term loan: credit line MYR3,500 thousand interest payable monthly, with interest rate of 5.05% based on BLR, repayable with interest starting July 2017 in 120 monthly installments, each repayment in MYR37 thousand	19,698	22,114
CIMB Bank	Long-term loan: credit line US\$2,500 thousand interest payable monthly, with interest rate of 5.3719% based on COF, repayable with interest starting September 2017 in 60 monthly installments, each repayment in US\$45 thousand	64,218	75,516
Less: Borrowing due within one year		<u>(56,772)</u>	<u>(58,486)</u>
		<u>\$ 321,556</u>	<u>\$ 101,799</u>

16. TRADE PAYABLE

The Group has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Other payables		
Payable for salaries or bonuses	\$ 44,50	\$ 44,061
Payable for purchase of equipment	51,526	12,642
Payable for utilities	3,163	3,186
Payable for provident fund	3,776	3,897
Payable for professional service fees	1,602	1,801
Payable for shipping expenses	25,962	25,366
Payable for related parties	-	1,554
Others	<u>20,650</u>	<u>29,910</u>
	<u>\$ 151,629</u>	<u>\$ 122,417</u>
Other liabilities		
Others	<u>\$ 314</u>	<u>\$ 1,351</u>

18. RETIREMENT BENEFIT PLANS

The Company did not have the employee retirement plan and the local government did not require to conclude the employee retirement plan, either. Therefore, the Company did not adopt benefit pension plan.

The employees of the Group's subsidiaries adopted the contribution plan operated by local government. Pension benefits as period expenses when employees providing service are calculated on the basis of certain percentage of employees' salaries and wages.

19. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Shares authorized (in thousands of shares)	<u>80,000</u>	<u>80,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>50,243</u>	<u>50,243</u>
Shares issued	<u>\$ 502,425</u>	<u>\$ 502,425</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

May be used to offset a deficit, distributed as cash dividends, or transferred to share capital

	December 31	
	2019	2018
Issuance of ordinary shares	<u>\$ 293,911</u>	<u>\$ 293,911</u>

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Pursuant to Article 34.5, subject to the compliance with the Statute, the remaining amount shall be distributed in the following sequence and manner upon approval by the members:

- 1) No less than 0.2% as employees' bonus;
- 2) No more than 5% as directors' bonus; and
- 3) No less than 20% as members' dividends, provided that, cash dividends shall not be less than 10% of the total amount of dividends.

No dividend or other distribution shall be paid except out of the realized or unrealized profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the statute. Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a member holds. If any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Under Rule No. 1010012865, the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The appropriations of earnings for 2018 and 2017 were approved in the shareholders' meetings on June 10, 2019 and June 19, 2018, respectively; the amounts were as follows:

	Appropriation of Earnings	
	For the Year Ended December	
	31	
	2018	2017
Special reserve	<u>\$ (9,212)</u>	<u>\$ (8,749)</u>
Cash dividends	<u>\$ -</u>	<u>\$ 85,413</u>
Cash dividends per share (NT\$)	<u>\$ -</u>	<u>\$ 1.7</u>

The appropriation of earnings for 2019 which was proposed by the Company's board of directors on March 19, 2020 was as follows:

	For the Year Ended December 31, 2019
Special reserve	<u>\$ 17,013</u>

The appropriation of earnings for 2019 is subject to the resolution of the shareholders' meeting to be held on June 20, 2020.

d. Special reserve

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 244,592	\$ 253,341
Appropriations in respect of		
Debits to other equity items others	-	8,508
Reversals:		
Reversal of the debits to other equity items	<u>(9,212)</u>	<u>(17,257)</u>
Balance at December 31	<u>\$ 235,380</u>	<u>\$ 244,592</u>

e. Other equity items

Unrealized valuation gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$(10,836)	\$ (3,607)
Recognized for the year		
Unrealized gain or loss - equity instruments	<u>(47,716)</u>	<u>(7,229)</u>
Balance at December 31	<u>\$(58,552)</u>	<u>\$(10,836)</u>

f. Treasury shares

	Total (In Thousands of Shares)
Number of shares at January 1, 2018	\$ 450
Decrease during the year	<u>(450)</u>
Number of shares at December 31, 2018	<u>\$ -</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

20. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Construction contract revenue	<u>\$ 1,654,214</u>	<u>\$ 1,506,228</u>

a. Contract information

The construction segment's properties construction contracts include terms about performance bonuses and delay penalties. The Group estimates the transaction price using the most likely amount, taking into consideration the historical contracts with similar terms and sizes.

b. Contact balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 8)	<u>\$ 210,736</u>	<u>\$ 347,679</u>	<u>\$ 492,734</u>
Contract assets			
Retentions receivable	\$ 38,834	\$ 44,520	\$ 39,622
Decoration project			
Contract assets - current	<u>164,092</u>	<u>115,381</u>	<u>188,170</u>
	<u>\$ 202,926</u>	<u>\$ 159,901</u>	<u>\$ 227,792</u>
Contract liabilities			
Decoration project	<u>\$ 91,878</u>	<u>\$ 104,903</u>	<u>\$ 58,132</u>

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables can be applied to the contract assets a reasonable approximation of the loss rates for the contract assets.

	December 31	
	2019	2018
Expected credit loss rate	0.82%	0.12%
Gross carrying amount	\$ 202,926	\$ 159,901
Allowance for impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>
	<u>\$ 202,926</u>	<u>\$ 159,901</u>

The movements of the loss allowance of contract assets are as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	<u>\$ -</u>	<u>\$ -</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

Revenue recognized in the current year that was included in the contract liability balance at the

beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	For the Year Ended December 31	
	2019	2018
From contract liabilities at the start of the year		
Decoration project	<u>\$ 104,903</u>	<u>\$ 50,643</u>

c. Disaggregation of revenue

Refer to Note 32 for information about the disaggregation of revenue.

d. Partially completed contracts

As of December 31, 2019, the aggregate amounts of the transaction prices allocated to the performance obligations that are unsatisfied are \$91,878 thousand. The Group expects to recognize the related revenue as the building is constructed, which is expected to be within 1 year.

21. NET PROFIT (LOSS)

a. Other income

	For the Year Ended December 31	
	2019	2018
Government grants	\$ 2,530	\$ 2,342
Interest income		
Bank deposits	859	1,037
Others	<u>5,763</u>	<u>4,507</u>
	<u>\$ 9,152</u>	<u>\$ 7,886</u>

- 1) Based on regulations of HRDF Program, to provide employee training on profession and improvements on working skills, employees in one specific scope of work are responsible of related tax duties in amount of 1% of monthly salary of each employee. Besides, regarding to coherent unit (Pembangunan Sumber Manusia Berhad) regulations, if employee joins the training program, employee can apply for subsidy from the unit by 80%-100% of total training expense. The Company recognized subsidy revenue of \$811 thousand and \$1,145 thousand in 2019 and 2018, respectively.
- 2) In order to elevate average salary and industry competitiveness, the Singapore government conducted "Wage Credit Scheme" starting from 2013 to invest small and medium business for salary raise. This program is part of public finance strategies of Singapore government to support business in transition period. The Company recognized subsidy revenue of \$1,578 thousand and \$1,197 thousand in 2019 and 2018, respectively.
- 3) The Shanghai government rewarded companies for innovation and other subsidies. The consolidated company recognized subsidy income of \$141 thousand in 2019.

b. Other gains and losses

**For the Year Ended December
31**

	2019	2018
Gain on disposal of property, plant and equipment	\$ 694	\$ 874
Net foreign exchange (losses)	317	(4,959)
Others	<u>(3,114)</u>	<u>(2,643)</u>
	<u>\$ (2,103)</u>	<u>\$ (6,728)</u>

c. Finance costs

**For the Year Ended December
31**

	2019	2018
Interest on bank loans	\$ 13,394	\$ 11,711
Interest on lease liabilities	<u>436</u>	<u>-</u>
	13,830	11,711
Less: Amounts included in the cost of qualifying assets	<u>(5,939)</u>	<u>-</u>
	<u>\$ 7,891</u>	<u>\$ 11,711</u>

Information about capitalized interest is as follows:

**For the Year Ended December
31**

	2019	2018
Capitalized interest amount	\$ 5,939	\$ -
Capitalization rate	2.5%-3.5543%	-

d. Depreciation and amortization

**For the Year Ended December
31**

	2019	2018
An analysis of depreciation by function		
Operating costs	\$ 38,389	\$ 29,899
Operating expenses	<u>33,796</u>	<u>36,098</u>
	<u>\$ 72,185</u>	<u>\$ 65,997</u>

e. Employee benefits expense

**For the Year Ended December
31**

	2019	2018
Post-employment benefits (Note 18)		
Defined contribution plan	\$ 35,787	\$ 31,506
Other employee benefits	<u>499,807</u>	<u>480,270</u>
	<u>\$ 535,594</u>	<u>\$ 511,776</u>

(Continued)

For the Year Ended December

	31	
	2019	2018
An analysis of employee benefits expense by function		
Operating costs	\$ 258,119	\$ 260,697
Operating expenses	<u>277,475</u>	<u>251,079</u>
	<u>\$ 535,594</u>	<u>\$ 511,776</u> (Concluded)

f. Employees' compensation and remuneration of directors and supervisors

According to the Company's Articles of Association, employee bonuses and directors' compensation are calculated based on 0.2% and 5% of the net profit after tax (after deducting the employee's dividend and the amount of compensation from the directors). The distribution of shareholder dividends and employee bonuses is allocated by cash or share or cash with shares as determined by the board of directors. The board of directors may adjust the proportion of cash dividends to be adjusted according to the actual profit and operating conditions of the year. When employee bonuses are distributed by shares, employees of subordinate companies that meet certain conditions are subject to share dividends and cash dividends. The Company does not pay interest on dividends and bonuses that are not distributed.

The Company did not accrue employees' compensation and remuneration of directors and supervisors due to net loss for the year ended December 31, 2018.

For the year ended December 31, 2019, due to operational considerations and with the consent of the shareholders, the Company did not accrue employees' compensation and the remuneration of directors and supervisors.

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	\$ 5,116	\$ 13,006
Foreign exchange losses	<u>(4,799)</u>	<u>(17,965)</u>
	<u>\$ 317</u>	<u>\$ (4,959)</u>

22. INCOME TAX

a. Income tax recognized in profit or loss:

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2019	2018
<u>Current tax</u>		
In respect of the current year	<u>\$ 7,544</u>	<u>\$ 25,008</u>
<u>Deferred tax</u>		
In respect of the current year	<u>8,085</u>	<u>(17,383)</u>
Income tax expense recognized in profit or loss	<u>\$ 15,629</u>	<u>\$ 7,625</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2019	2018
Profit before tax	<u>\$ 45,390</u>	<u>\$(16,858)</u>
Income tax expense calculated at the statutory rate	\$ 12,675	\$ 9,210
Nondeductible expenses in determining taxable income	15,306	19,487
Tax-exempt income	(12,287)	(5,972)
Others	<u>(65)</u>	<u>(15,100)</u>
Income tax expense recognized in profit or loss	<u>\$ 15,629</u>	<u>\$ 7,625</u>

The applicable corporate income tax rate used by the Group entities in the Singapore is 17%, while the tax rate applicable to subsidiaries in Malaysia is 24%, the tax rate applicable to subsidiaries in China is 25%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	<u>\$ 23,628</u>	<u>\$ 29,939</u>
Current tax liabilities		
Income tax payable	<u>\$ 11,797</u>	<u>\$ 15,932</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Temporary differences				
Unrealized exchange gains and losses	\$ 18	\$ -	\$ (1)	\$ 17
Depreciation expense	94	-	(2)	92
Property, plant and equipment	(11)	-	-	(11)
Others	15	(5)	-	10
Tax losses	<u>1,843</u>	<u>102</u>	<u>(118)</u>	<u>1,827</u>
	<u>\$ 1,959</u>	<u>\$ 97</u>	<u>\$ (121)</u>	<u>\$ 1,935</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Write-down of inventory	\$ (5,482)	\$ 396	\$ 52	\$ (5,034)
Unrealized exchange gains and losses	(1,041)	1,313	(321)	(49)
Property, plant and equipment	32,882	1,851	(308)	34,425
Others	<u>(14,148)</u>	<u>4,622</u>	<u>185</u>	<u>(9,341)</u>
	<u>\$ 12,211</u>	<u>\$ 8,182</u>	<u>\$ (392)</u>	<u>\$ 20,001</u>

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Temporary differences				
Repair fee	\$ 19		\$ (19)	-
Unrealized exchange gains and losses		\$ 12	\$ 6	\$ 18
Depreciation expense	26	66	2	94
Property, plant and equipment	-	(11)	-	(11)
Others	-	-	15	15
Tax losses	<u>-</u>	<u>1,832</u>	<u>11</u>	<u>1,843</u>
	<u>\$ 45</u>	<u>\$ 1,899</u>	<u>\$ 15</u>	<u>\$ 1,959</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Write-down of inventory	\$ (5,272)	\$ (158)	\$ (52)	\$ (5,482)
Unrealized exchange gains and losses	1,525	(2,633)	67	(1,041)
Property, plant and equipment	30,825	1,769	288	32,882
Others	-	(14,462)	314	(14,148)
	<u>\$ 27,078</u>	<u>\$(15,484)</u>	<u>\$ 617</u>	<u>\$ 12,211</u>

d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2019 comprised:

	December 31	
	2019	2018
Loss carryforwards No expiration date	<u>\$ 22,763</u>	<u>\$ 11,503</u>

e. Income tax assessments

Except for the Company not subject to income tax, the tax returns of Redwood Interior Pte. Ltd., Redwood Furniture Sdn. Bhd. and Redwood (Shanghai) Pte. Ltd. until 2017, have been assessed by the tax authorities

23. EARNINGS (LOSS) PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2019	2018
Basic earnings (loss) per share	<u>\$ 0.59</u>	<u>\$ (0.49)</u>
Diluted earnings (loss) per share	<u>\$ 0.59</u>	<u>\$ (0.49)</u>

The earnings (loss) and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share are as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2019	2018
Earnings (loss) used in the computation of basic earnings per share	<u>\$ 29,761</u>	<u>\$(24,483)</u>
Earnings (loss) used in the computation of diluted earnings per share	<u>\$ 29,761</u>	<u>\$(24,483)</u>

The weighted average number of ordinary shares outstanding (in thousand shares) is as follows:

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	<u>50,243</u>	<u>50,243</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>50,243</u>	<u>50,243</u>

If the Group offered to settle bonuses paid to employees in cash or shares, the Group assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. CASH FLOWS INFORMATION

a. Non-cash transactions

For the years ended December 31, 2019 and 2018, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statement of cash flows:

- 1) The Group acquired property, plant and equipment with fair value of \$428,289 thousand, the equipment payable was increased by \$38,884 thousand, in cash payment of \$389,405 thousand for the year ended December 31, 2019. (Refer to Note 11).
- 2) The Group acquired property, plant and equipment with fair value of \$95,125 thousand, the equipment payable was increased by \$12,522 thousand, in cash payment of \$82,603 thousand for the year ended December 31, 2018. (Refer to Note 11).

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 143,872	\$ (44,550)	\$ -	\$ -	\$ 99,322
Long-term borrowings - current portions	58,486	(58,486)		56,772	56,772
Long-term borrowings	101,799	276,529		(56,772)	321,556
Lease liabilities (Note 3)	<u>13,458</u>	<u>(8,793)</u>	<u>2,729</u>	<u>864</u>	<u>8,258</u>
	<u>\$ 317,615</u>	<u>\$ 164,700</u>	<u>\$ 2,729</u>	<u>\$ 864</u>	<u>\$ 485,908</u>

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 22,825	\$ 121,047	\$ -	\$ -	\$ 143,872
Long-term borrowings - current portions	62,217	(62,217)	-	58,486	58,486
Long-term borrowings	<u>93,625</u>	<u>66,660</u>		<u>(58,486)</u>	<u>101,799</u>
	<u>\$ 178,667</u>	<u>\$ 125,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,157</u>

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased and the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to be approximate amounts of their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,557</u>	<u>\$ 43,557</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,092</u>	<u>\$ 92,092</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2019

	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2019	\$ 92,092
Recognized in other comprehensive income	(47,716)
Net exchange difference	<u>(819)</u>
Balance at December 31, 2019	<u>\$ 43,557</u>

For the year ended December 31, 2018

	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2018	\$ 98,314
Recognized in other comprehensive income	(7,229)
Net exchange difference	<u>1,007</u>
Balance at December 31, 2018	<u>\$ 92,092</u>

The fair values of oversea unlisted equity securities were determined by the market approach. Due to no liquidity on an open market, a liquidity discount was applied to these securities based on the option pricing model. The applied significant unobservable input 24.28% is regarded as the assumed liquidity discount in an available market.

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Financial assets at amortized cost (1)	\$ 521,309	\$ 711,997
Financial assets at FVTOCI		
Equity instruments	43,557	92,092
Financial liabilities		
Financial liabilities at amortized cost (2)	800,638	586,974

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade and other receivables, and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, trade and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, trade receivables, trade payables, and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the currency MYR, and currency USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the Singapore dollar against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

A positive number below indicates an increase in pre-tax profit and other equity associated with the Singapore dollar strengthening 1% against the relevant currency. For a 1% weakening of the Singapore dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	Currency MYR's Impact	
	For the Year Ended December	
	31	
	2019	2018
Profit or loss	\$ (1,445)	\$ (1,133)
	Currency USD's Impact	
	For the Year Ended December	
	31	
	2019	2018
Profit or loss	\$ (435)	\$ 1,115

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

Sensitivity analysis

If interest rates had been 0.5% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2019 and 2018 would have decreased by \$2,388 thousand and \$1,521 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 99,322	\$ -	\$ -
Trade payables	171,359	-	-
Other payables	151,629	-	-
Current portion of long-term borrowings	56,772	-	-
Lease liabilities	5,861	2,397	-
Long-term borrowings	<u>-</u>	<u>314,528</u>	<u>7,028</u>
	<u>\$ 484,943</u>	<u>\$ 316,925</u>	<u>\$ 7,028</u>

Additional information about the maturity analysis fore lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 5,713</u>	<u>\$ 2,507</u>

December 31, 2018

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 143,872	\$ -	\$ -
Trade payables	160,400	-	-
Other payables	122,417	-	-
Current portion of long-term borrowings	58,486	-	-
Long-term borrowings	<u>-</u>	<u>91,846</u>	<u>9,953</u>
	<u>\$ 485,175</u>	<u>\$ 91,846</u>	<u>\$ 9,953</u>

b) Financing facilities

	<u>December 31</u>	
	2019	2018
Unsecured bank overdraft facility:		
Amount used	\$ 135,416	\$ 204,568
Amount unused	<u>38,814</u>	<u>1,000</u>
	<u>\$ 174,230</u>	<u>\$ 205,568</u>
Secured bank overdraft facility:		
Amount used	\$ 342,234	\$ 99,589
Amount unused	<u>411,427</u>	<u>664,791</u>
	<u>\$ 753,661</u>	<u>\$ 764,380</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
DDG Glass Pte. Ltd.	Related party in substance
DDG Glass MFG Sdn. Bhd.	Related party in substance

b. Purchases of goods

<u>Related Party Categories</u>	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Related party in substance	<u>\$ 16,374</u>	<u>\$ 27,436</u>

There is no significant difference between the conditions for the purchase of the related party and non-related party.

c. Receivables from related parties (excluding loans to related parties and contract assets)

<u>Line Items</u>	<u>Related Party Categories</u>	<u>December 31</u>	
		<u>2019</u>	<u>2018</u>
Other receivables	Related party in substance	<u>\$ 61</u>	<u>\$ 59</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment loss was recognized for trade receivables from related parties.

d. Payables to related parties (excluding loans from related parties)

<u>Line Items</u>	<u>Related Party Categories</u>	<u>December 31</u>	
		<u>2019</u>	<u>2018</u>
Trade payables	Related party in substance	<u>\$ 1,179</u>	<u>\$ 22</u>
Other payables	Related party in substance	<u>\$ -</u>	<u>\$ 1,554</u>

The outstanding trade payables to related parties are unsecured.

e. Disposals of property, plant and equipment

<u>Related Party Category</u>	<u>Proceeds</u>		<u>Gain (Loss) on Disposal</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Related party in substance	<u>\$ -</u>	<u>\$ 705</u>	<u>\$ -</u>	<u>\$ (202)</u>

f. Lease arrangements

Related Party Categories	For the Year Ended December 31	
	2019	2018
<u>Interest expense</u>		
Related party in substance	\$ <u>2</u>	\$ <u>-</u>
<u>Lease expense</u>		
Related party in substance	\$ <u>30</u>	\$ <u>45</u>

The Group leases out to its associate - Company Redwood Projects Sdn. Bhd under operating leases. Lease income recognized for the years ended May 31, 2019.

g. Other transactions with related parties

Line Items	Related Party Categories	December 31	
		2019	2018
Other income	Related party in substance	\$ <u>1,867</u>	\$ <u>2,428</u>
Refundable deposits	Related party in substance	\$ <u>-</u>	\$ <u>4</u>

Subsidiary Redwood Projects Sdn. Bhd. leases the business premises from the substantive person of the Group. The rent is not subject to significant differences in the signing of the contract according to the general market conditions.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 21,504	\$ 21,899
Post-employment benefits	<u>970</u>	<u>1,035</u>
	\$ <u>22,474</u>	\$ <u>22,934</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings.

	December 31	
	2019	2018
Land	\$ 34,182	\$ 34,563
Right-of-use - asset (land access)	45,050	47,074
Buildings	168,818	182,470
Equipments	<u>26,999</u>	<u>26,570</u>
	\$ <u>275,049</u>	\$ <u>290,677</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2019 and 2018 were as follows:

Significant Commitments

- a. As of December 31, 2019 and 2018, the merger company signs a contractual commitment with the manufacturer for purchases machinery and equipment amounted to approximately \$2,244 thousand and \$833 thousand, respectively.
- b. Unrecognized commitments are as follows:

	December 31	
	2019	2018
Acquisition of property, plant and equipment	<u>\$ 256,288</u>	<u>\$ 479,265</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2019

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,003	1.35 (USD:SGD)	<u>\$ 120,401</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,631	4.112 (USD:MYR)	\$ 49,070
USD	3,819	1.35 (USD:SGD)	114,855
MYR	19,750	0.328 (MYR:SGD)	<u>144,459</u>
			<u>\$ 308,384</u>

December 31, 2018

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,714	1.35 (USD:SGD)	<u>\$ 234,104</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,031	4.1033 (USD:MYR)	\$ 61,637
USD	4,367	1.35 (USD:SGD)	132,530
MYR	15,319	0.329 (MYR:SGD)	<u>113,298</u>
			<u>\$ 307,465</u>

The Group is mainly exposed to SGD, MYR, HKD, RMB and KRW. The following information was aggregated by the functional currencies of the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2019		2018	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
SGD	(SGD:NTD)	\$ (1,346)	(SGD:NTD)	\$ (5,130)
MYR	(MYR:NTD)	102	(MYR:NTD)	318
HKD	(HKD:NTD)	6	(HKD:NTD)	(336)
RMB	(RMB:NTD)	(134)	(RMB:NTD)	279
JPY	(JPY:NTD)	278	(JPY:NTD)	-
KRW	(KRW:NTD)	<u>777</u>	(KRW:NTD)	<u>(90)</u>
		<u>\$ (317)</u>		<u>\$ (4,959)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)

- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
 - 6) Disposal of individual real estate at a price of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 - 9) Trading in derivative instruments. (None)
 - 10) Intercompany relationships and significant intercompany transactions. (Table 6)
 - 11) Information on investees. (Table 7)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

b. Geographical information

The Group operates in three principal geographical areas - Singapore, Malaysia, and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers			
	For the Year Ended December 31		Non-current Assets December 31	
	2019	2018	2019	2018
Asian	\$ 1,344,880	\$ 1,264,316	\$ 965,629	\$ 662,845
Middle East	15,649	8,197	-	-
America	268,732	220,670	-	-
Europe	<u>24,953</u>	<u>13,045</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,654,214</u>	<u>\$ 1,506,228</u>	<u>\$ 965,269</u>	<u>\$ 662,845</u>

Non-current assets do not include deferred income tax assets.

c. Information about major customers

Included in revenue arising from decoration of global advanced boutique brand store of \$1,654,214 thousand and \$1,506,228 thousand in 2019 and 2018, respectively, is revenue of approximately \$852,388 thousand and \$957,627 thousand which arose from sales to the Group's largest customer.

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2019	2018
Customer A (Note 1)	\$ 635,666	\$ 305,491
Customer B (Note 1)	216,722	241,623
Customer C (Note 1)	(Note 2)	210,208
Customer D (Note 1)	<u>(Note 2)</u>	<u>200,305</u>
	<u>\$ 852,388</u>	<u>\$ 957,627</u>

Note 1: Revenue from decoration.

Note 2: Single customers contributing 10% less to the Group's revenue

REDWOOD GROUP LTD AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	Redwood Group Ltd.	Redwood Interior Pte. Ltd.	Other receivables for related parties	Yes	\$ 30,000	\$ 30,000	\$ -	-	Short-term financing	\$ -	Financing need	\$ -	-	\$ -	\$ 273,898	\$ 365,198
		Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	273,898	365,198
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	60,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738
		Redwood (Shanghai) Pte. Ltd.	Other receivables for related parties	Yes	30,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738
		Redwood (HK) Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738
		Redwood Projects Sdn. Bhd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738
		Redwood Group Ltd.	Other receivables for related parties	Yes	30,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738
		Redwood Projects Japan K.K.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738
		Redwood Projects France S.A.S.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738
		Redwood Projects Korea Co., Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738
		Redwood Projects US Inc.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	946,738	946,738

Note 1: The limit amount is calculated as follows:

- The total amount available for lending purpose shall not exceed \$912,994 (in thousands) x 40% = \$365,198 (in thousands) of the net worth of Redwood Group Ltd. The total amount for lending to a company for funding for a short-term period shall not exceed \$912,994 (in thousands) x 30% = \$273,898 (in thousands) for funding between domestic and foreign subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares of the net worth of Redwood Group Ltd.
- The total amount available for lending purpose shall not exceed \$946,738 (in thousands) x 40% = \$378,695 (in thousands) of the net worth of Redwood Interior Pte. Ltd. If there are transactions between Redwood Interior Pte. Ltd. and subsidiaries, the total amount available for lending purpose shall not exceed the amount of business transactions in the most recent year. The total amount available for lending purpose shall not exceed \$946,738 (in thousands) x 20% = \$189,348 (in thousands) of the net worth of Redwood Interior Pte. Ltd. The total amount for lending to a company for funding for a short-term period shall not exceed \$946,738 (in thousands) x 100% = \$946,738 (in thousands) for funding between domestic and foreign subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares of the net worth of Redwood Interior Pte. Ltd.

Note 2: Transactions have been written off in these consolidated financial statements

REDWOOD GROUP LTD AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement / Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement / Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement / Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement / Guarantee Limit	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Redwood Group Ltd.	Redwood Interior Pte. Ltd.	Note 1	\$ 1,095,592	\$ 771,147	\$ 691,794	\$ 631,415	\$ -	75.77	\$ 1,095,592	Y	N	N
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Note 2	757,390	33,535	20,594	20,594	-	2.26	757,390	N	N	N

Note 1: Subsidiary

Note 2: Second-tier subsidiary

Note 3: According to Redwood Group Ltd., the endorsement of the operating procedures is guaranteed as follows:

- a. The total amount of the external endorsement guarantee is 120% of the net equity value and the limit for endorsement of a single enterprise is 20% of the net equity value.
- b. According to the above regulations, the maximum limit for the endorsement of the external endorsement on December 31, 2019 is the net value of \$912,994 (in thousands) \times 120% = \$1,095,592 (in thousands); the limit for endorsement of a single enterprise is net value of \$912,994 (in thousands) \times 80% = \$730,395 (in thousands). If the Company directly and indirectly holds 100% of the voting rights of the Company, it is not subject to the guarantee limit of the single enterprise endorsement.

Note 4: According to Redwood Interior Pte. Ltd., the endorsement of the operating procedures is guaranteed as follows:

- a. The total amount of the external endorsement guarantee is 80% of the net equity value and the limit for endorsement of a single enterprise is 20% of the net equity value.
- b. According to the above regulations, the maximum limit for the endorsement of the external endorsement on December 31, 2019 is the net value of \$946,738 (in thousands) \times 80% = \$757,390 (in thousands); the limit for endorsement of a single enterprise is net value of \$946,738 (in thousands) \times 20% = \$189,348 (in thousands). If the Company directly and indirectly holds 100% of the voting rights of the Company, it is not subject to the guarantee limit of the single enterprise endorsement.

REDWOOD GROUP LTD AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019			
				Number of Shares (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value
Redwood Interior Pte. Ltd.	<u>Unlisted shares</u> DDG Glass Pte. Ltd.	Related party in substance	Financial assets at FVTOCI	8,387	\$ 43,557	18.48	\$ 43,557

REDWOOD GROUP LTD AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Redwood Interior Pte. Ltd.	Property, plant and equipment	2017.10.5	\$ 516,810 (SGD 23,000)	\$ 260,522 (SGD 11,594)	Trust - Build Engineering & Construction Pte. Ltd.	NA	-	-	-	\$ -	Note 1	Self-use	-

Note 1: The assets obtained should be valued according to the regulations, and the results of the valuation should be indicated in the "Reference Basis for Price Determination" column.

Note 2: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's share has no denomination or the denomination is not NT\$10, the transaction amount of 20% of the paid-up capital shall be calculated based on 10% of the equity of the owner of the parent company.

Note 3: The date of occurrence refers to the date of the transaction signing date, payment date, entrusted transaction date, transfer date, board resolution date or other date on which the transaction object and transaction amount are fully determined.

REDWOOD GROUP LTD AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Redwood Furniture Sdn. Bhd.	Redwood Interior Pte. Ltd.	Subsidiary	Sale	\$(534,578)	(81)	30 days of the month	According to the Company's transfer pricing policy	-	\$ 143,910	99	

REDWOOD GROUP LTD AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	3	Other receivables	\$ 143,910 (SGD 6,459)	No significant difference in terms for related parties	8
		Redwood Furniture Sdn. Bhd.	3	Sales revenue	534,578 (SGD23,617)	By Redwood Interior Pte. Ltd. transfer pricing policy	33
		Redwood Furniture Sdn. Bhd.	3	Other receivables	71,052 (SGD 3,189)	No significant difference in terms for related parties	4
		Redwood Projects Sdn. Bhd.	3	Sales revenue	30,188 (SGD 1,334)	By Redwood Interior Pte. Ltd. transfer pricing policy	2
		Redwood Projects Sdn. Bhd.	3	Other receivables	21,777 (SGD 955)	No significant difference in terms for related parties	1
		Redwood (Shanghai) Pte. Ltd.	3	Sales revenue	43,491 (SGD 1,921)	By Redwood Interior Pte. Ltd. transfer pricing policy	3
		Redwood Projects Korea Co., Ltd.	3	Other receivables	15,285 (SGD 686)	No significant difference in terms for related parties	1
		Redwood Projects Korea Co., Ltd.	3	Sales revenue	54,576 (SGD 2,411)	By Redwood Interior Pte. Ltd. transfer pricing policy	3
		Redwood Projects Japan K.K.	3	Sales revenue	20,913 (SGD 924)	By Redwood Interior Pte. Ltd. transfer pricing policy	1
		Redwood Projects France S.A.S.	3	Sales revenue	16,656 (SGD 736)	By Redwood Interior Pte. Ltd. transfer pricing policy	1
		Redwood Projects France S.A.S.	3	Other receivables	13,484 (SGD 605)	No significant difference in terms for related parties	1
2	Redwood Furniture Sdn. Bhd.	Redwood Projects Sdn. Bhd.	3	Sales revenue	128,717 (SGD 5,687)	By Redwood Interior Pte. Ltd. transfer pricing policy	8

Note 1: Intercompany relationships and significant intercompany transactions information are noted within the number column as follows:

- a. Number 0 represents the parent company.
- b. Number 1 to 2 represents subsidiaries.

Note 2: Parties involved in the transaction have a directional relationship noted by the following:

- a. No. 1 represents transactions from parent company to subsidiary.
- b. No. 2 represents transactions from subsidiary to parent company.
- c. No. 3 represents transactions between subsidiaries.

Note 3: The amounts of asset accounts and liability accounts are calculated as a percentage of the consolidated total assets. The amounts of income accounts are calculated as a percentage of the consolidated total sales.

Note 4: The above transactions has been written off in the consolidated statement.

REDWOOD GROUP LTD AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
The Company	Redwood Interior Pte. Ltd.	Singapore	Decoration of global advanced boutique brand store	\$ 704,949 (SGD 30,034)	\$ 704,949 (SGD 30,034)	-	100	\$ 946,738	\$ 50,675	\$ 50,675	Subsidiary
Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Malaysia	Design, produce and sale of customized furniture	509,476 (SGD 21,668)	509,476 (SGD 21,668)	-	100	447,255	5,261	5,261	Second-tier subsidiary
	Redwood (HK) Ltd.	Hong Kong	Decoration of global advanced boutique brand store	6,081 (HK\$ 1,560)	6,081 (HK\$ 1,560)	-	100	9,693	(1,974)	(1,974)	Second-tier subsidiary
	Redwood Projects Sdn. Bhd.	Malaysia	Decoration of global advanced boutique brand store	6,195 (SGD 256)	6,195 (SGD 256)	-	100	73,883	31,632	31,632	Second-tier subsidiary
	Redwood Projects Korea Co., Ltd.	Korea	Decoration of global advanced boutique brand store	11,160 (KRW 400,000)	11,160 (KRW 400,000)	-	100	10,460	6,611	6,611	Second-tier subsidiary
	Redwood Projects France S.A.S.	France	Decoration of global advanced boutique brand store	21,233 (EUR 600)	7,190 (EUR 200)	-	100	18,517	3,846	3,846	Second-tier subsidiary
	Redwood Projects Japan K.K.	Japan	Decoration of global advanced boutique brand store	11,980 (JPY 45,000)	11,980 (JPY 45,000)	-	100	5,258	(1,805)	(1,805)	Second-tier subsidiary
	Redwood Projects US Inc.	U.S.A.	Decoration of global advanced boutique brand store	15,493 (US\$ 500)	15,493 (US\$ 500)	-	100	13,460	876	876	Second-tier subsidiary

Note 1: For information of investments in mainland China, please refer to Table 7.

Note 2: The exchange rate was SGD1=NT\$22.28; MYR1=NT\$7.3145; HK\$1=NT\$3.85; KRW1=NT\$0.0267; EUR1=NT\$33.5893; JPY1=NT\$0.2763; US\$1=NT\$30.078 as of December 31, 2019.

REDWOOD GROUP LTD AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outward	Inward						
Redwood (Shanghai) Pte. Ltd.	Decoration of global advanced boutique brand store	\$ 24,486 (US\$ 825)	Established by 100% direct investment by Redwood Interior Pte. Ltd.	\$ -	\$ -	\$ -	\$ -	\$ 3,549	100	\$ 3,549	\$ 78,011	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ -	\$ -	\$ -

Note: Amount was recognized based on the audited financial statements.

Chapter 7

Chapter 7 Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial Position

Comparative Analysis of Financial Position

Unit: NT\$1,000; %

Item \ Year	December 31, 2019	December 31, 2018	Variation	
			Amount	%
Current Assets	878,316	1,002,714	(124,398)	(12.41)
Funds and Investment	-	-	-	-
Fixed Assets	855,857	508,874	346,983	68.19
Intangible Assets	-	-	-	-
Other Assets	111,707	155,930	(44,223)	(28.36)
Total Assets	1,845,880	1,667,518	178,362	10.70
Current Liabilities	588,932	607,361	(18,429)	(3.03)
Long-term Liabilities	321,556	101,799	219,757	215.87
Other Liabilities	22,398	12,211	10,187	83.42
Total Liabilities	932,886	721,371	211,515	29.32
Share Capital	502,425	502,425	-	-
Capital Surplus	293,911	293,911	-	-
Retained Earnings	369,052	339,291	29,761	8.77
Others	(252,394)	(189,480)	(62,914)	(33.20)
Treasury Stock	-	-	-	-
Total Equity	912,994	946,147	(33,153)	(3.50)

Please explain any material changes (amounting over 10% and accounting for 1% of total assets):

1. Current assets: Mainly due to significant decreases in cash and cash equivalents and net accounts receivables in 2019.
2. Fixed assets: Mainly due to the construction of new office building and acquisition of machinery and equipment by Redwood Interior Pte Ltd in 2019.
3. Other assets: Mainly due to the unrealized loss on financial assets at fair value through other comprehensive income generated in 2019.
4. Long-term liabilities: Mainly due to the long-term loans from DBS Bank for the construction of new office building by Redwood Interior Pte Ltd in 2019.
5. Other liabilities: Mainly due to an increase in deferred income tax liabilities in 2019.
6. Others: Mainly due to the recognition of impairment loss on financial assets at fair value through other comprehensive income in 2019.

Source: The CPA-audited consolidated financial statements for 2018~2019.

II. Financial Performance

Comparative Analysis of Financial Performance

Unit: NT\$1,000; %

Year Item	2019	2018	Variation	
			Amount	%
Net Operating Revenue	1,654,214	1,506,228	147,986	9.82
Operating Costs	1,232,846	1,176,203	56,643	4.82
Gross Profit	421,368	330,025	91,343	27.68
Operating Expenses	375,136	336,330	38,806	11.54
Operating Income (Loss)	46,232	(6,305)	52,537	833.26
Non-operating Income and Expenses	(842)	(10,553)	9,711	92.02
Net Income (Loss) before Tax	45,390	(16,858)	62,248	369.25
Income Tax Expenses	15,629	7,625	8,004	104.97
Net Income (Loss)	29,761	(24,483)	54,244	221.56

Please explain any material changes (amounting over 10% and accounting for 1% of total assets):

1. Gross profit: Mainly due to a smaller increase in variable costs of operations than the revenue, and an increase in production capacity.
2. Operating expenses: Mainly due to an increase in expenses associated with salaries in 2019 and the recognition of more gains on reversal of expected credit loss from collection of receivables in 2018.
3. Operating (loss) income: Mainly due to an increase in gross profit in 2019.
4. Non-operating income and expenses: Mainly due to an increase in exchange gains from USD appreciation and a decrease in interest expense from capitalization of interests.
5. Net (loss) income before tax: Mainly due to the operating income generated and a decrease in non-operating expenses in 2019, whereas there was operating loss with higher non-operating expenses in 2018.
6. Income tax expenses: Mainly due to an increase in net income before tax in 2019.
7. Net (loss) income: Mainly due to an increase in revenue and growth in profitability in 2019.

Source: The CPA-audited consolidated financial statements for 2018~2019.

III. Cash Flows

(I) Analysis of cash flow changes in the most recent year

Unit: NT\$1,000; %

Year Item	2019	2018	Change by Amount	Change by Percentage
Net Cash Inflows (Outflows) from Operating Activities	157,347	84,330	73,017	86.58
Net Cash Inflows (Outflows) from Investing Activities	(375,953)	(123,389)	(252,564)	(204.69)
Net Cash Inflows (Outflows) from Financing Activities	164,700	40,077	124,623	310.96
<p>Analysis of Cash Flows</p> <p>(1) Cash flow changes in the most recent year: Operating activities: The increase in net cash inflows from operating activities was mainly due to an increase in revenue, growth in profitability and a decrease in income tax paid in 2019. Investing activities: The increase in net cash outflows from investing activities was mainly due to the construction of new office building and acquisition of machinery and equipment by Redwood Interior Pte Ltd in 2019. Financing activities: The increase in net cash inflows from financing activities was mainly due to an increase in the Group's borrowings and no distribution of cash dividends.</p> <p>(2) Remedial measures for projected cash flow shortfalls and liquidity analysis: Investment plan: Not applicable. Financing plan: Not applicable.</p>				

(II) Analysis of liquidity for the upcoming year (2020)

Unit: NT\$1,000

Cash Balance, Beginning of Year (1)	Net Cash Flows from Operating Activities (2)	Net Cash Flows from Other Activities (3)	Cash Balance, End of Year (1)+(2)+(3)	Remedial Measures for Cash Flow Shortfalls	
				Investment Plan	Financing Plan
296,210	158,992	(19,952)	435,250	—	—

IV. Impact of Any Major Capital Expenditures on Financial Operations during the Most Recent Year

Unit: NT\$1,000

Item	Date of Acquisition	Price	Reason for Acquisition	Impact on Financial Operations
Construction of a New Office	2018.10- 2018.12	391,286	To meet the needs of business and production	Long-term loans from banks
Adige SPA - Laser System Adige LT8.10 Fiber	2019.12.16	26,716	To meet the needs of production	80% from bank loans using letter of credit financing
Trumpf Pte Ltd - TruLaser 3060 fiber (L81)	2019.10.04	21,463	To meet the needs of production	80% from bank loans via installments

V. Investment Policy for the Most Recent Year, Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Investment Profitability, and Investment Plans for the Upcoming Year

Unit: NT\$1,000

Item	Profit/Loss Recognized in 2019	Investment Policy	Reason for Profit/Loss	Improvement Plan
Redwood Interior Pte Ltd	50,675	Develop key operations in the global market and provide sales and technical support	Mainly due to an increase in revenue and growth in profitability in 2019	Develop new markets and customers, increase the number of orders, and control construction costs
Redwood Furniture Sdn. Bhd.	5,261	Provide key operations for production and research and development	Mainly due to more orders in 2019 which led to an increase in production capacity	Improve the production capacity, craftsmanship, and efficiency
Redwood (Shanghai) Pte Ltd	3,549	Develop key operations in Greater China and provide sales and technical support	Good business performance	Not applicable
Redwood (HK) Ltd	(1,974)	Act as the operation for sales in Hong Kong	Mainly due to administrative and operating expenses at the early restarting stage	Not applicable

Item	Profit/Loss Recognized in 2019	Investment Policy	Reason for Profit/Loss	Improvement Plan
Redwood Projects Sdn. Bhd.	31,632	Develop the market in Malaysia and provide sales and technical support	Good business performance	Not applicable
Redwood Projects Korea Ltd.	6,611	Act as the operation for sales in South Korea	Good business performance	Not applicable
Redwood Projects France S.A.S.	3,846	Act as the operation for sales in Europe	Mainly due to administrative and operating expenses at the early stage of incorporation	Not applicable
Redwood Projects Japan K.K.	(1,805)	Act as the operation for sales in Japan	Mainly due to administrative and operating expenses at the early stage of incorporation	Not applicable
Redwood Projects US Inc.	876	Act as the operation for sales in the U.S.	Mainly due to administrative and operating expenses at the early stage of incorporation	Not applicable

VI. Analysis and Assessment of Risks during the Most Recent Year and Up to the Date of Publication of the Annual Report

(I) Effect of interest rate and exchange rate fluctuations as well as changes in the inflation rate upon the Company's profits (losses), and response measures to be taken in the future

1. Interest rate

The interest revenue of Redwood Group mainly comes from interest on bank loans; the interest expenses of Redwood Group mainly come from interest on bank loans. The interest revenue of Redwood Group in the most recent two years (2018 and 2019, same as below) was NT\$1,037,000 and NT\$859,000, respectively, accounting for 0.07% and 0.05% of net operating revenue, respectively. The interest expenses of Redwood Group in the most recent two years were NT\$11,711,000 and NT\$7,891,000, respectively, accounting for 0.78% and 0.48% of net operating revenue, respectively. The ratio of interest revenue or interest expenses was not high, so the interest rate changes did not have a significant impact on the Company.

Response Measures

In the future, Redwood Group will adjust the application of funds in a timely manner depending on the changes in interest rates.

2. Exchange rate

The raw materials or commodities of Redwood Group were sourced mainly in USD and SGD, followed by EUR, and most of the major products were sold to customers in Asia, Europe, the U.S. and the Middle East in USD and SGD; therefore, the receivables and payables generated from the purchases and sales can be mutually offset as a natural hedge; in addition, Redwood Group would engage in forward

foreign exchange trading appropriately to avoid exchange rate risks depending on the business operations and the trend of exchange rates. Redwood Group reported the exchange gain (loss) of NT\$(4,959,000) and NT\$317,000 for the most recent two years, respectively, accounting for 0.02% and 0.33% of net operating revenue, respectively. As a result, the exchange loss had a limited impact on the Company.

Response Measures

The main functional currency of Redwood Group is SGD. As of today, there has been no material fluctuation in the exchange rate. Considering that the Company (which was registered in the Cayman Islands and listed in Taiwan) raises funds in Taiwan and distributes dividends to domestic investors at the exchange rates between SGD and TWD, the Company will have a risk of fluctuations in the exchange rates between SGD and TWD. The following are measures to be taken by the Finance Department of Redwood Group in response:

- (1) Improve employees' understanding of foreign exchange hedging and use the online real-time forex system and strengthen the communication with financial institutions to analyse and judge the trend of exchange rates as a basis for settlement.
- (2) Use sales revenue to offset purchase-related expenses in the same currency as a natural hedge.
- (3) Engage in forward foreign exchange trading appropriately to avoid exchange rate risks after offsetting accounts receivable and accounts payable.

3. Inflation/Deflation

There has been no material impact of inflation/deflation on the Company's profit or loss. The Company also adjusts the sales strategies, cost structure, and terms of transaction in line with the trends to avoid the potential effect of inflation/deflation.

- (II) The Company's policy regarding high-risk investments, highly leveraged investments, lending of funds to other parties, endorsement and guarantee, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company has formulated the "Procedures for Acquisition or Disposal of Assets", the "Procedures for Lending Funds to Other Parties", the "Procedures for Endorsement and Guarantee", and the "Procedures for Derivative Transactions" as the guidelines for engaging in related business activities. In 2019 and up to the 2020 date of publication of the Annual Report, Redwood Group has not engaged in any high-risk, highly leveraged derivatives transactions. In addition, Redwood Group has not made any loans or endorsements/guarantees to other parties. Adopting a prudent financial policy, Redwood Group has been focusing on its major lines of business and has not engaged in any high-risk, highly leveraged investments, so such risk has a limited impact.

- (III) Research and development (R&D) work to be carried out in the future, and further expenditures expected for R&D work

With its R&D items different from other general industries, the decoration industry integrates design based on the needs of owners and delivers products and equipment with added value to improve performance, creating a business environment up to and beyond the customers' expectations. As a result, Redwood Group has no further expenditures expected for R&D work.

In response to the development trends and diversified products in the luxury goods market, Redwood Group will continuously enhance the

functions and characteristics of existing products through design integration to improve the added value of products and its competitiveness in the market.

- (IV) Effect of important policies adopted and changes in the legal environment at home and abroad upon the Company's finance and operations, and measures to be taken in response

The Company is registered in the Cayman Islands, where financial service is the main economic activity. Boasting a stable political and economic environment, the Cayman Islands has an open economy without foreign exchange controls. Redwood Group mainly operates in Singapore and Malaysia and produces and sells luxury and consumer goods. As Redwood Group is not in a licensed or restricted industry, there is no material effect of important policies adopted and changes in the legal environment in the Cayman Islands, Singapore, and Malaysia upon its finance and operations.

- (V) Effect of developments in science and technology and industrial changes upon the Company's finance and operations, and measures to be taken in response

The Company keeps abreast of developments in science and technology and industrial changes to control the latest market trend and evaluate its impact on the operations of the Company. In the most recent year and up to the date of publication of the Annual Report, there has been no material effect of developments in science and technology and industrial changes upon the Company's finance and operations.

- (VI) Effect of changes in the corporate image upon the Company's crisis management, and measures to be taken in response

Since the incorporation of Redwood Interior Pte Ltd, Redwood Group has improved its craftsmanship in line with market trends. Upholding the business philosophy of putting quality first, technology-leading, and perfect service, Redwood Group has strived to offer high quality interior fittings to the outlets of world's top luxury brands, including Bvlgari, Cartier, Coach, Gucci, Hermes, Louis Vuitton, Michael Kors, and Tiffany & Co., and had a fine reputation in the industry. In addition, the Company has been TPEX-listed, which considerably benefits the corporate image. In the most recent year and up to the date of publication of the Annual Report, the Company has no effect of changes in the corporate image upon its crisis management.

- (VII) Expected benefits and possible risks associated with any mergers and acquisitions, and measures to be taken in response

In the most recent year and up to the date of publication of the Annual Report, the Company has no specific plan for mergers and acquisitions. If there is a plan for mergers and acquisitions, the Board of Directors will evaluate with prudence whether it can bring the specific synergy to the Company to protect the rights and interests of shareholders.

- (VIII) Expected benefits and possible risks associated with any plant expansion, and measures to be taken in response

1. Expected benefits: Due to the public construction planning of the government of Singapore, Redwood Interior Pte Ltd has to relocate to and rebuild a new office. The new office, along with the relocation and trial production, is expected to be completed in the first half of 2020. The new office will have an area of 15,000 square meter, of which 9,000 square meter is used for production. In addition to increasing the production capacity of Redwood Group, the new facility will help develop a new business model and clientele and improve the production efficiency, further driving the business momentum of Redwood Group.
2. Possible risks: The increase in the production capacity, production equipment, and labor costs may lead to the increase in operating costs.

3. Measures to be taken in response: The Company will evaluate the prospects and growth of the luxury goods industry with prudence and strengthen the long-term relationship with existing customers; in addition, the Company will develop customer relationships with other luxury brands to maintain its leadership of the industry.

(IX) Risks associated with any consolidation of sales or purchasing operations, and measures to be taken in response

1. Purchasing operations

Major raw materials of Redwood Group include wood (board), glass, copper, iron, stainless steel, and paint. Redwood Group sources raw materials from at least two major suppliers under long-term cooperation and good relationships, therefore the supply of raw materials is stable. There has been no supply shortage or disruption that affects production. In the most recent two years and up to the date of publication of the Annual Report, no suppliers account for more than 10% of net purchases.

2. Sales operations

Redwood Group mainly offers high quality interior fittings through projects to customers, which are different from those of general manufacturing. When contracting construction projects with higher prices, the Company recognizes revenue from construction projects of certain customers during construction. To control related risks, the Company has evaluated the customers' credit status before contracting construction projects and stayed alert to the customers' operation and market information at any time during construction, so as to protect the interest of Redwood Group. To distribute the risk of consolidation of sales, Redwood Group continues to evaluate existing customers and develop new the customer base.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a Director, Supervisor, or shareholder holding greater than a 10% shares in the Company has been transferred or has otherwise changed hands, and measures to be taken in response

In the most recent year and up to the date of publication of the Annual Report, there has been no material effect upon and risk to the Company in the event a major quantity of shares belonging to a Director or shareholder holding greater than a 10% shares in the Company has been transferred or has otherwise changed hands.

(XI) Effect upon and risk to the Company associated with any changes in the governance personnel or top management, and measures to be taken in response

In the most recent year and up to the date of publication of the Annual Report, the Company has no changes in the governance personnel or top management.

(XII) Litigious and non-litigious matters

Please list major litigious, non-litigious or administrative disputes that:

(1) involve the Company's Director, Supervisor, or GM, any person with actual responsibility for the Company, any major shareholder holding greater than a 10% shares, and/or any company controlled by the Company; and

(2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such disputes could materially affect shareholders' equity or the prices of the Company's securities, please disclose the facts of the disputes, amount of money at stake in

the disputes, the commencement date of litigation, the main parties to the disputes, and the status of the disputes as of the date of publication of the Annual Report: None.

(XIII) Other important risks, and measures to be taken in response: None.

VII. Other Important Matters: None.

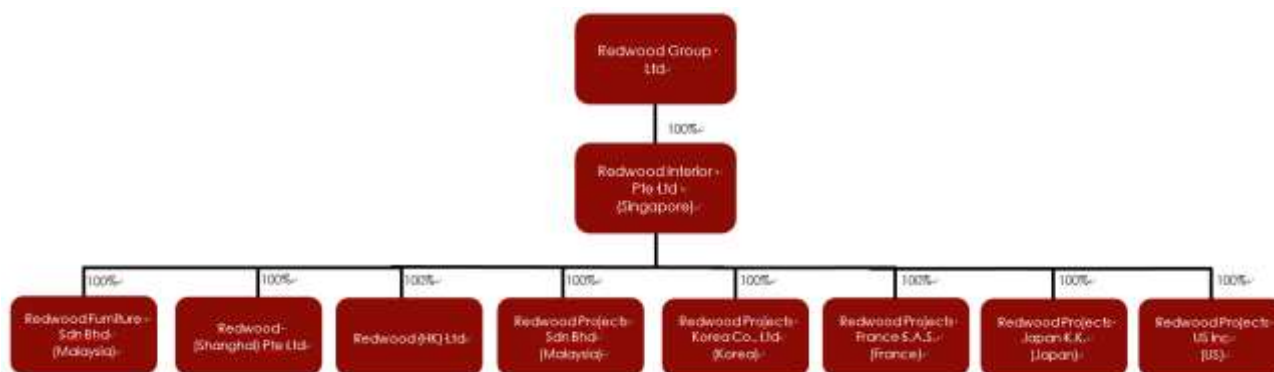
Chapter 8 Special Items to be Included

I. Information Relating to the Company's Affiliates

(I) Consolidated business report

1. Redwood Group structure

2020.04.30



2. Basic information of affiliates

Company Name	Date of Incorporation	Location	Paid-in Capital	Major Lines of Business
Redwood Interior Pte Ltd	1992.07.21	Singapore	SGD17,989,395	High quality interior fittings for the world's top luxury brands
Redwood Furniture Sdn. Bhd.	1999.02.08	Malaysia	MYR25 million	Design, manufacture and trading of customized fittings
Redwood (Shanghai) Pte Ltd	2011.11.18	China	USD825,000	High quality interior fittings for the world's top luxury brands
Redwood (HK) Ltd	2012.02.03	Hong Kong	HKD1,560,000	High quality interior fittings for the world's top luxury brands
Redwood Projects Sdn. Bhd.	2012.11.09	Malaysia	MYR750,000	High quality interior fittings for the world's top luxury brands
Redwood Projects Korea Co., Ltd	2017.06.08	South Korea	KRW400 million	High quality interior fittings for the world's top luxury brands
Redwood Projects France S.A.S	2018.01.30	France	EUR600,000	High quality interior fittings for the world's top luxury brands
Redwood Projects Japan K.K.	2018.02.05	Japan	JPY 45 million	High quality interior fittings for the world's top luxury brands
Redwood Projects US INC.	2018.10.25	USA	USD 500,000	High quality interior fittings for the world's top luxury brands

3. For those who are concluded as having controlling and subordinate relation, the information of the same shareholders: Not applicable.

4. Information on Directors, Supervisors, and GMs of affiliates

Company Name	Title	Name or Representative	Shareholding Percentage
Redwood Interior Pte Ltd	Director	Representative of Redwood Group Ltd: Thong-ming Soh and Lee-mui Teh	100%
	GM	Sing-keong Lee	
Redwood Furniture Sdn. Bhd.	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh, Lee-mui Teh, Lay-guat Soh, and Lay-choo Soh	100%
	GM	Lay-guat Soh	
Redwood (Shanghai) Pte Ltd	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh	100%
	Supervisor	Lay-fang Soh	
Redwood (HK) Ltd	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh	100%
Redwood Projects Sdn. Bhd.	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh, Lee-mui Teh, Lay-guat Soh, and Lay-choo Soh	100%
	GM	Lay-guat Soh	
Redwood Projects Korea., Ltd	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh	100%
Redwood Projects France S.A.S	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh	100%
Redwood Projects Japan K.K.	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh, Lee-mui Teh, Ide Yukinari	100%
Redwood Projects US Inc.	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh	100%

5. Overview of business operations of affiliates

December 31, 2018

Unit: NT\$1,000

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Net Operating Profit (Loss)	Net Profit (Loss) after Tax	Earnings (Loss) per Share after Tax
Redwood Interior Pte Ltd	704,949	1,787,936	841,198	946,738	1,334,845	835	50,675	2.82
Redwood Furniture Sdn. Bhd.	509,476	666,487	219,232	447,255	663,104	14,990	5,261	0.21
Redwood (Shanghai) Pte Ltd	24,486	83,631	5,620	78,011	65,884	2,104	3,549	Not applicable
Redwood (HK) Ltd	6,081	9,801	108	9,693	-	(1,955)	(1,974)	(1.27)
Redwood Projects Sdn. Bhd.	6,195	137,963	64,081	73,883	305,500	38,279	31,632	42.18
Redwood Projects Korea Co., Ltd.	11,160	33,006	22,546	10,460	74,114	7,480	6,611	82.64
Redwood Projects France S.A.S.	21,233	20,176	1,659	18,517	16,710	3,898	3,846	6.41
Redwood Projects JAPAN K.K	11,980	13,703	8,444	5,258	32,246	(1,427)	(1,805)	(2,006.03)
Redwood Projects US Inc.	15,493	13,581	121	13,460	8,119	1,022	876	1.75

(II) Consolidated financial statements of affiliates: Please refer to #Pages 93 to159#.

(III) Affiliation report: Not applicable.

II. Private Placement of Securities during the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of the Company's Shares by Subsidiaries during the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

IV. Other Matters that Require Additional Description

(I) Protection of shareholders' equity

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
1. Shareholders holding more than 3% of the company's issued and outstanding shares for one year or above are entitled to request the board of directors to convene an extraordinary general meeting in writing by specifying the proposals and reasons for them. Where the board of directors fails to give notice to convene such meeting within 15 days of such request, the shareholders may do so by themselves after making a	1. With respect to the shareholders' convention of an extraordinary general meeting, Article 15.5 of the Articles of Association ("AOA") does not provide that the shareholders shall make a report to the competent authority for approval before convening an extraordinary general meeting by themselves, because such convention does not require any approval from the local competent authority under the Cayman Companies Law. In addition, as the shareholders may convene an extraordinary general

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
<p>report to the competent authority for approval.</p> <p>2. If it intends to call a shareholders' meeting, the Company shall compile a meeting handbook as well as announce the meeting handbook or other related meeting information at least 21 days prior to an annual general meeting or 15 days prior to an extraordinary general meeting.</p>	<p>meeting by themselves without any approval from the local competent authority of Cayman Islands, Article 15.5 of the AOA only stipulates that the shareholders shall file with the Taipei Exchange for approval before convening an extraordinary general meeting by themselves, instead of "filing with the Taipei Exchange for approval within two days of receipt by the shareholders of the permission from the competent authority" required by the Major Items for Shareholder Right Protection.</p> <p>2. In connection with the announcement of the meeting handbook and other related meeting information of the shareholders' meeting, the Article 16.5 of the AOA states that the board of directors shall transmit such meeting handbook and supplemental materials to the Market Observation Post System of the R.O.C. and send the same to or make the same available to the shareholders in accordance with relevant regulations applicable to public companies in Taiwan.</p>
<p>1. The articles of association shall specify that voting by way of electronic transmission is listed as one of the ways to exercise voting rights, and that a shareholder may exercise his/her voting right in writing or by way of electronic transmission; where the company hold a shareholders' meeting outside the R.O.C., the company shall provide the shareholders with the option to exercise their voting rights by way of a written ballot or by way of electronic transmission.</p> <p>2. The company shall specify the ways to exercise voting rights in writing or by electronic means on the shareholder meeting notice. Shareholders exercising their voting rights in writing or by electronic means shall be deemed as presence in person at the shareholders' meeting but as a waiver of their voting rights to any extempore motions and amendment to the original proposals.</p>	<p>With respect to exercise of voting rights of the shareholders in writing or by electronic means, according to Cayman Islands counsel, Cayman Companies Law does not specify whether a member exercising his voting power by way of written ballot or by way of electronic transmission could be regarded as attending the shareholders' meeting in person, and they are not aware of a relevant case law. Therefore, the arrangement of voting of a written ballot or by way of electronic transmission set forth in the AOA may be deemed as authorizing the chairman of the shareholders' meeting to vote; in addition, the voting rights so exercised by such chairman by proxy is exempt from being capped at 3% of the total voting rights represented by the issued and outstanding shares of the Company. In this regard, Article 18.4 of the AOA provides that "A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document", which are different from the provisions as stipulated in Shareholders' Rights Protection Checklist that "Shareholders exercising their voting rights in writing or by electronic means shall be deemed as presence in person at the shareholders'</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
	meeting". In addition, Article 19.2 of the AOA provides that the voting rights so exercised by such chairman by proxy is exempt from being capped at 3% of the total voting rights represented by the issued and outstanding shares of the Company.
<p>The following proposals involving major shareholders rights shall be adopted by a majority of the voting rights represented by the shares which are held by the shareholders present at the meeting and account for at least two-thirds of the total issued and outstanding shares of the company. Such proposals may be adopted by at least two-thirds of the voting rights represented by the shares which are held by the shareholders present at the meeting and account for at least half of the total issued and outstanding shares of the company, if the total number of shares held by the shareholders present at the meeting does not meet the above threshold:</p> <ol style="list-style-type: none"> 1. Entry into, alteration of or termination of any agreement whereby all businesses are leased, entrusted to others for operation or operated continually and collectively with others, assignment of all or a substantial part of the businesses or property, or assumption of all businesses or property from others by the Company that may have a material effect on the company's operation; 2. Change of the articles of association; 3. A resolution of a preferred shareholders' meeting is necessary to approve the change of the articles of association that may prejudice the preferred shareholder rights; 4. Distribution of dividends and bonuses in part or in whole by way of issuance of new shares; 5. Resolutions on dissolution, merger or demerger; and 6. Issuance of new restricted employee shares. 7. Share Exchange 	<ol style="list-style-type: none"> 1. With reference to the means of resolution by the shareholders' meeting, in addition to the ordinary resolution and the supermajority resolution under Taiwan law, the "Special Resolution" defined under the Cayman Companies Law is prescribed by Article 1.1 of Redwood's AOA, which means a resolution passed by at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given. The difference between such resolution and the Shareholders Rights Protection Checklist lies in the fact that the AOA prescribe the Shareholders Rights Protection Checklist that requires Supermajority Resolution as matters to be approved by a Supermajority Resolution and by a Special Resolution. Such difference should only have a limited influence on the shareholder rights, because it arises from the Cayman Islands law and because the AOA have prescribed the Shareholders' Rights Protection Checklist that requires Supermajority Resolution as matters to be approved by Supermajority Resolution and/or by Special Resolution. 2. According to the Cayman Companies Law, the following matters shall be adopted by a special resolution: <ol style="list-style-type: none"> (1) Change of the AOA: <p>According to the Cayman Islands law, changes of the AOA shall be subject to Special Resolution. Therefore, the resolution requirement for changes of the constitutional documents and the AOA is not changed into the matters requiring a supermajority resolution under Taiwan law as required by the Shareholders Rights Protection Checklist. In addition, according to Article 9.1 of the AOA, any changes of the AOA to the prejudice of any type of shareholders (such as shareholders of preferred shares) shall be passed by a special resolution of the affected shareholders' meeting,</p>

Major Items for Shareholders Rights Protection	The Company’s Memorandum and Articles of Association and Reasons for the Differences
	<p>apart from being passed by Special Resolution of the Company’s general meeting under the Cayman Companies Law.</p> <p>(2) Dissolution:</p> <p>Under the Cayman Islands law, where a company resolves to carry out voluntary liquidation and dissolution due to its failure to repay its debts when due, such dissolution shall be passed by shareholders at general meeting; provided, where the company voluntarily carries out voluntary liquidation and dissolution, such dissolution shall be passed by a special resolution under the Cayman Companies Law. Accordingly, the resolution requirement for the Company’s liquidation and dissolution under Article 12.5 of the AOA is not changed into the matters requiring Supermajority Resolution under Taiwan law as required by the Shareholders Rights Protection Checklist.</p> <p>(3) Merger:</p> <p>Article 12.4(b) of the AOA stipulates that a merger (except the one defined under the Cayman Companies Law) shall be passed by Supermajority Resolution, because the Cayman Companies Law contains a compulsive provision regarding the merger defined under the Cayman Islands law.</p> <p>Those differences result from the difference between Taiwan and Cayman Islands law. While a voluntary liquidation and dissolution due to its failure to repay its debts when due may be simply passed by an ordinary resolution under the AOA, Redwood is unable to operate normally under this situation. As applying merely to this specific situation, it should only have a limited influence on the shareholder rights.</p>
<ol style="list-style-type: none"> 1. Supervisors of the company shall be elected by the shareholders’ meeting, among whom at least one supervisor shall have a domicile within Taiwan. 2. The term of office of a supervisor shall not exceed three years, but he may be eligible for re-election. 3. In case all supervisors of the company are discharged, the board of directors shall, within 60 days, convene an extraordinary 	<p>There is no such a concept as a “supervisor” under the Cayman Islands law. In addition, no provision relating to supervisors is stipulated in the AOA because it has an Audit Committee.</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
<p>general meeting to elect new supervisors.</p> <p>4. Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the company's business and financial conditions, inspect, transcribe or make copies of the accounting books and documents, and request the board of directors or officers to make reports thereon.</p> <p>5. Supervisors shall examine the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make a report of their findings and opinions at the shareholders' meeting.</p> <p>6. In performing their functional duties, supervisors may appoint, on behalf of the company, a certified public accountant or a lawyer to conduct the examination.</p> <p>7. Supervisors may attend the meeting of the board of directors to express their opinions. In case the board of directors or any director commits any act in carrying out any business of the company in violation of the laws, regulations, the AOI or the resolutions of the shareholders' meeting, supervisors shall forthwith require the board of directors or the director, as the case may be, to cease such act in a notice.</p> <p>8. Supervisor may solely exercise their respective power of supervision.</p> <p>9. A supervisor shall not concurrently act as a director, an officer or other staff of the company.</p>	
<p>1. Shareholders holding at least 1% of the company's total issued and outstanding shares for more than six months are entitled to request, in writing, supervisors to file an action against the directors for the company, with the Taiwan Taipei District Court being the competent court.</p> <p>In the event that supervisors fail file such action within 30 days after the request by the shareholders, the shareholders may file such action for the company, with the Taiwan Taipei District Court being the competent court.</p>	<p>There is no equivalent concept of "Supervisor" under the Cayman Islands law. In addition, no provision relating to supervisors is stipulated in Redwood's Memorandum and Articles of Incorporation because it has an Audit Committee. However, by referring to the provision of Article 214 of Taiwan's Company Act regarding the filing of an action against directors at the request of minority shareholders, Article 45 of the AOA provides that, subject to the Cayman Islands law, shareholders holding at least 1% of Redwood's total issued and outstanding shares for more than six months are entitled to file an action against the directors for</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
	<p>Redwood, with the Taiwan Taipei District Court being the competent court</p> <p>As advised by Cayman Islands counsel, the AOA is not a contract between shareholders and directors. Therefore, according to Cayman Islands counsel, even if the AOA permitted minority shareholders to file a derivative action against directors, such directors will not be bound by such permission. However, under the common law, the right to commence a derivative action (including against the directors of the company) is available to all shareholders (including minority shareholders), irrespective of the level of the shareholding or the amount of time they have held their shares. Once the proceedings are commenced by the shareholders, the Cayman court will have the absolute discretion in determining whether or not to allow a derivative action to proceed. That means, even if the Articles contains a provision permitting minority shareholders (or certain shareholders with the requisite shareholding and holding period) to commence an action on behalf of the company against the directors, whether the shareholders will be entitled to continue with the claim is a matter for the Cayman court to decide. According to a relevant decision given by the Cayman Island Grand Court, the applicable test when determining whether to give leave to continue a derivative action, was whether the court was satisfied that the plaintiff had a prima facie case both in relation to the merits of the claim on behalf of the company and that the alleged wrongdoing had been perpetrated by those in control of the company and who were in a position to prevent the company from pursuing a claim against them. And the court will make its decision based on the facts of each case (though the provisions of the Articles of the company would be a factor but would not be determinative).</p> <p>Under Cayman Islands law, the board of directors is required to act together as a whole (rather than each director acting individually), for and on behalf of the Company. Therefore, the directors are required to pass board resolutions in accordance with the articles of association of the Company to authorise any director(s) to commence proceedings on behalf of the Company, against another director.</p> <p>(Note: According to Article 214 of Taiwan's Company Act regarding the filing of an action against directors at the request of minority shareholders and Cayman</p>

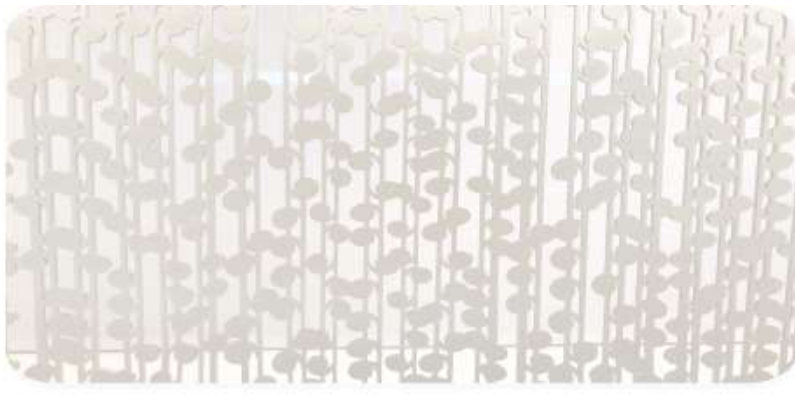
Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
	<p>Islands law, the board of directors is required to act together as a whole (rather than each director acting individually), for and on behalf of the Company, and Redwood will propose to Article 45 of the AOA at its general meeting in 2020 as follows: "under the laws of the Cayman Islands, Members continuously holding one per cent (1%) or more of the total issued shares of Redwood for six months or longer may: (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Redwood against any of the Directors; or (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Redwood against any of the Directors; the Member(s) may, to the extent permitted under the laws of the Cayman Islands, file a petition with the Taipei District Court, ROC for and on behalf of the Redwood against the relevant Directors within thirty (30) days after such Member(s) having made the request under the preceding clause (a) or (b) if (i) in the case of clause (a), the Board fails to make such authorisation or the Independent Director of the Audit Committee having been authorised by the Board fails to file such petition, or (ii) in the case of clause (b), the Independent Director of the Audit Committee fails to file such petition."</p>

- (II) Unfulfilled TPEX-listed commitments: The Company has fulfilled all of its TPEX-listed commitments.

Chapter 9 Any of the Situations Listed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities during the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

Redwood Group Ltd

Chairman: Thong-ming Soh



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