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Redwood Group Annual Report

2020



Market Observation Post-System: <http://mops.twse.com.tw>
Company Website : <http://www.redwoodgroup.co>

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Redwood Group Ltd

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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: One Nexus Way, Camana Bay, Grand Cayman, KY1-9005 Cayman Islands	
Name: Redwood Group Ltd Taipei Office	
Address: International Building Room 1107 No.205, Sec.1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan(R.O.C)	Tel: (886)2-2778-9121
Name: Redwood Interior Pte Ltd	Website: www.redwood.com.sg
Address: 25 Sungei Kadut Street 2 Singapore 729239	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: Jui-Chuan Chih and Ming-chung Hsieh
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	Khay-pin Neo	Singapore	<ul style="list-style-type: none"> ● Executive Vice President of United Overseas Bank ● Director of Scanteak Company
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 of Lian Fa International Dining Business 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 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. ● Independent Director of Shin Kong Life Insurance Co., Ltd. ● Independent Director of Shin Kong Bank Co., Ltd.

Appointed Domestic Representative

Name: Pin-ching Su

Title: Manager of Finance and Investor Relations

Tel: (886)2-2778-9121

E-mail: bensu@redwoodgroup.co

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

None.

VII. Company Website:

<http://www.redwoodgroup.co>

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Chapter 1 Letter to Shareholders

The Year 2020 was and will be long remembered as the pandemic year. The Covid-19, the global pandemic, infected hundreds of millions and killing over a million people globally. It caused unprecedented economic disruptions and brought many businesses to a standstill. At the same time, the escalating trade and national security tensions between China and the United States which added to further economics volatility and uncertainties.

Challenged by such great disruptions, Redwood could not avoid being hit. Our results for the financial year ended December 2020 highlighted the adverse impact of the pandemic across all our business divisions. Against such challenging backdrop, Redwood had generated a total revenue of NTD778 million, with a gross margin of 9%, down from NTD1,654 million registered in the preceding year.

Based on the research study by the Bain Worldwide Market Monitor update in December 2020, “the luxury industry is headed for a rebound in 2021 and recession are expected to decline. Year 2021 will mark the beginning of recovery with an estimated growth to average 14% in 2021 across all sectors, although a gradual return to pre-crisis levels is expected only from 2022”.

With the completion of Redwood Building, our new Singapore headquarter, 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. The new facility will provide addition capacity and enhance our R&D efforts to receive the market rebound.

Last but not least, despite an extremely challenging year for all of us in Redwood, we are facing unprecedented challenges from the ongoing Covid-19 pandemic, global economic uncertainties and disruptions to the global economies. All our staff had to cope with split-team operations and working from home, they still put in their best performance to deliver quality work. We are confident that we can tide through this difficult period. I would like to take this opportunity to thank shareholders, colleagues, and other stakeholders for your unstinting support as we strive to overcome and emerge stronger from this crisis.

I. Implementation Results of 2020 Business Plan

(I) Implementation results of business plan

Unit: NT\$1,000

Item	FY2020	
	Amount	Percentage (%)
Operating revenue	777,536	100.00%
Operating costs	710,346	91.36
Gross profit	67,190	8.64
Net operating loss	(219,588)	(28.24)
Net loss before tax	(163,975)	(21.09)

(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		FY2020	
Cash flows	Operating revenue	777,536	
	Gross profit	67,190	
	Net loss before tax	(163,975)	
Profitability	Return on assets (%)	(6.46)%	
	Return on shareholders' equity (%)	(15.15)%	
	Percentage of paid-in capital (%)	Net operating loss	(43.71)%
		Net loss before tax	(32.64)%
	Net profit margin (%)	(16.26)%	
Earnings per share (NT\$)	(2.52)		

(IV) Research and development

Redwood new Singapore headquarter has been started its operation in February 2021. The new facility is housing many advance machineries which allows more dedication to Research and Development on new materials, pre-production method to continuously improve production efficiency and effectiveness.

II. Overview of 2021 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.

(II) Expected market conditions and reasons of forecasts

Market research carried out by Bain & Company in 2020 has indicated the expectation global luxury market rebound in 2021, an estimated 14% growth is expected. However, a gradual return to pre-crisis levels is expected only from 2022.

(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. New subsidiaries have been established in the Philippines and Thailand.

III. Future development strategies of the Company

- (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 place particular emphasis on the overall operations and further enhance and improve the quality, service quality, technology, and cost control policies of the products, 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

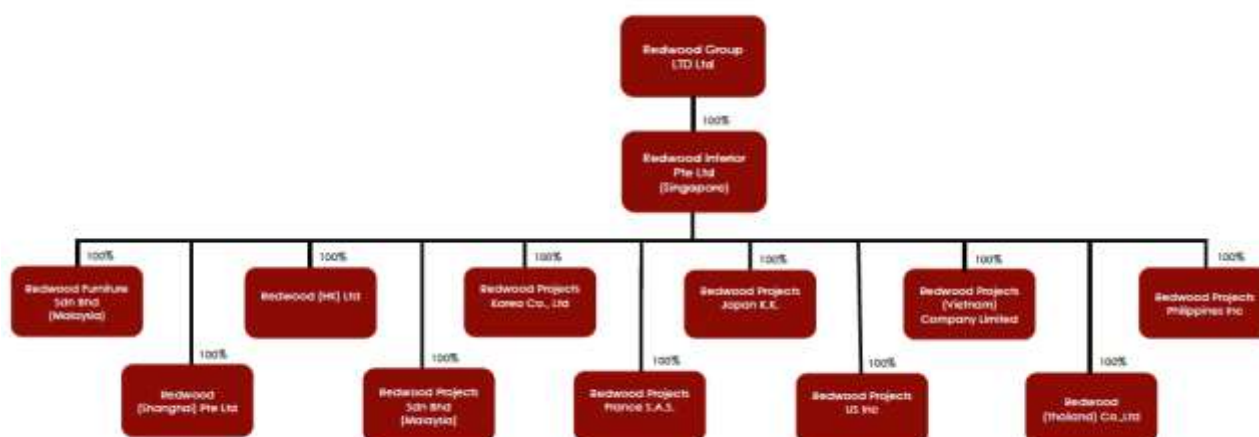
I. Introduction to the Company and the Group

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, 2021



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
Redwood Projects (Vietnam) Company Limited	100%	Vietnam
Redwood Projects Philippines Inc.	100%	Philippines

(III) Analysis of risks: Please refer to Chapter.7 VI. of the Annual Report (#Page180).

II. Brief History of the Company

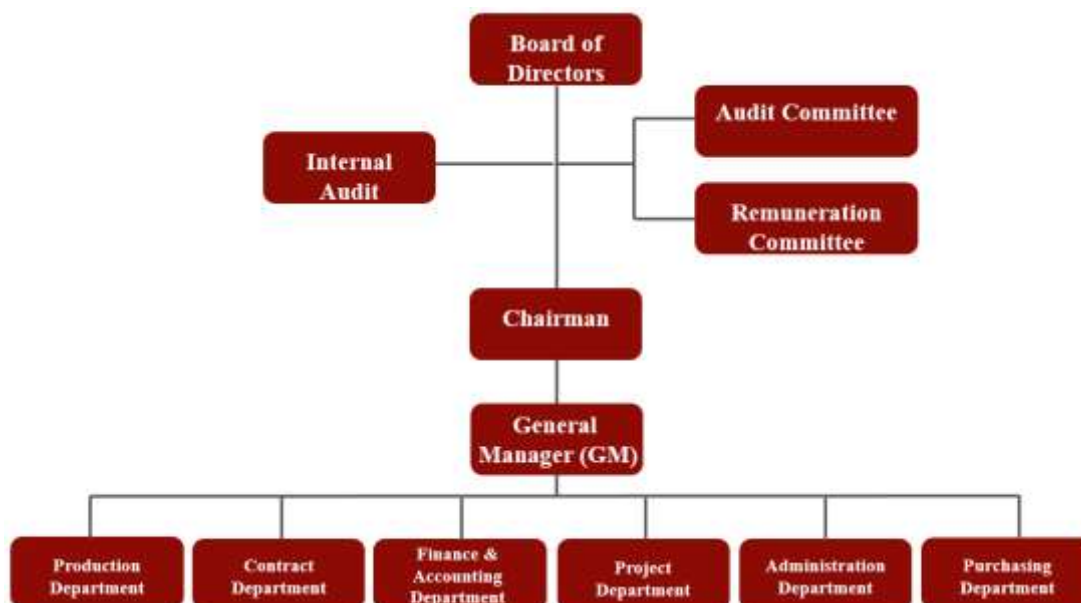
1992	<ul style="list-style-type: none"> ● Redwood Interior Pte Ltd was founded in Singapore.
1997	<ul style="list-style-type: none"> ● The plant and the office were expanded by 1,124 ping (40,000 sq. ft.).
1999	<ul style="list-style-type: none"> ● Redwood Furniture Sdn. Bhd. Was founded in Malaysia.
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.
2020	<ul style="list-style-type: none"> ● In June, Redwood Projects (Vietnam) Company Limited was founded in Ho Chi Minh City, Vietnam. ● In December, Redwood Projects Philippines Inc. was founded in Manily, Philippines
2021	<ul style="list-style-type: none"> ● In February, Singapore headquarters moved to a new factory

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 13, 2021/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 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	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 Tat Hong Equipment Service Co., Ltd. 	<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. ● Supervisor of Chinatrust Investment Co., Ltd. ● Independent Director of HeySongCorporation ● Independent Director of Lian Fa International Dining Business Corporation 	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	
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 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 Young Shine Electric Co., Ltd. ● Independent Director of Shin Kong Life Insurance Co., Ltd. ● Independent Director of Shin Kong Bank Co., Ltd. 	None	None	None	

Note 1: 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			✓					✓		✓		✓	✓	✓	✓	-
Khay-pin Neo			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Min-chiu Chien	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chin-huat Guok			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4 (Note13)
Chia-shi Lo		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

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.

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

April 13, 2021; 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	

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 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 Pte Ltd 	None	None	None	None	
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	1,134	1,134	-	-	-	-	-	-	0.89%	0.89%	-	8,280	466	-	-	-	-	0.89%	7.81%	None
Director	Lee-mui Teh																				
Director	Pok-chin Lim (Note 11)																				
Director	Khay-pin Neo																				
Independent Director	Min-chiu Chien	1,224	1,224	-	-	-	-	-	-	0.97%	0.97%	-	-	-	-	-	-	0.97%	0.97%	None	
Independent Director	Chin-huat Guok																				
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, Khay-pin Neo, and Lee-mui Teh	Thong-ming Soh, Khay- pin Neo, and Lee-mui Teh	Thong-ming Soh, Khay-pin Neo, and Lee-mui Teh	Khay-pin Neo
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				Lee-mui Teh
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-	-	Thong-ming Soh
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

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.

(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	-	3,672	-	376	-	-	-	-	-	-	-%	3.20%	None
GM of Redwood Furniture Sdn. Bhd	Lay-guat Soh													

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)	-	Sing-keong Lee
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\$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

	FY2019				FY2020			
	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	4,200	18,829	14.11%	63.27%	2,358	11,104	1.86%	8.78%
GM	-	5,566	-%	18.70%	-	4,048	-%	3.20%
Total	4,200	24,395	14.11%	81.97%	2,358	15,152	1.86%	11.98%

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 Seven (7) meetings of the Board of Directors were held in 2020, 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	7	-	100%	Reelected on June 10, 2019
Director	Lee-mui Teh	7	-	100%	Reelected on June 10, 2019
Director	Khay-pin Neo	7	-	100%	Reelected on June 10, 2019
Independent Director	Min-chiu Chien	7	-	100%	Reelected on June 10, 2019
Independent Director	Chin-huat Guok	7	-	100%	Reelected on June 10, 2019
Independent Director	Chia-shi Lo	7	-	100%	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' pinions	Resolution Result
The 4 th meeting of the 4th-term Board of Directors on March 19, 2020	Amendments to the Company's Memorandum and Articles	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Amendments to certain articles within the Company's "Rules of Procedures for Shareholders' Meeting"	None	None	
	Amendments to certain articles within the Company's "Rules of Procedure for the Board of Directors' Meetings."	None	None	
	Amendments to certain articles within the Company's "Audit Committee Charter." And "Remuneration Committee Charter."	None	None	
	Amendments to the	None	None	

	Company's internal control system.			
	Amendments to certain articles within the Company's "Rules of Procedure for establishment financial statements."	None	None	
	Limits on lending of funds between the Company and its subsidiaries/sub-subsidiaries in 2020	None	None	
	Renewal of CPAs for the subsidiary, Redwood Interior Pte Ltd (RWI)	None	None	
The 5 th meeting of the 4th-term Board of Directors on April 13, 2020	Making of new endorsements/guarantees by the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
The 6 th meeting of the 4th-term Board of Directors on May 11, 2020	Replacement of the CPAs of the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
The 7 th meeting of the 4th-term Board of Directors on August 13, 2020	Amendments to certain articles within the Company's Shareholders' Meeting and the Board of Directors' Meeting	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Amendments to certain articles within the Company's "Audit Committee Charter."	None	None	
	Limits on lending of funds between the Company and its subsidiaries/sub-subsidiaries.	None	None	
	Making of new endorsements/guarantees by the Company.	None	None	
The 9 th meeting of the 4th-term Board of Directors on November 12, 2020	Amendments to the "Procedures for Derivative Transactions" of the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	The Company's CPA professional fees	None	None	
	Evaluation of CPAs' independence	None	None	

	Amendments to certain articles within the Company's "Remuneration Committee Charter."	None	None	
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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 4th meeting of the 4th -term Board of Directors on March 19, 2020	Distribution of 2019 year-end bonuses to managerial officers of Redwood Group.	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. 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 FY2020 salary to managerial officers of Redwood Group.	

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

Frequency	Period	Scope	Method	Details
Annually	2020.01.01~ 2020.12.31	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, understanding of functional committees' duties, quality of functional committees'</p>

				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.

(II) State of operations of the Audit Committee

In 2020, 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	5	-	100%	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 4th meeting of the 4th-term Audit Committee on March 19, 2020	2019 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 certain articles within the Company's "Audit Committee Charter." And "Remuneration Committee Charter."	None	None	
	Amendments to the Company internal control regulations	None	None	
	Amendments to certain articles within the Company's "Rules of Procedure for establishment financial statements."	None	None	
	2019 Statement of Internal Control System	None	None	
	Limits on lending of funds between the Company and its subsidiaries/sub-subsidiaries in 2020	None	None	
	Renewal of CPAs for the subsidiary, Redwood Interior Pte Ltd (RWI)	None	None	
The 5th meeting of the 4th-term Audit Committee on April 13, 2020	Making of new endorsements/guarantees by the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.

The 6th meeting of the 4th-term Audit Committee on May 11, 2020	Replacement of the CPAs of the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
The 7th meeting of the 4th-term Audit Committee on August 13, 2020	2020 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 certain articles within the Company's "Audit Committee Charter."	None	None	
	Limits on lending of funds between the Company and its subsidiaries/sub-subsidiaries.	None	None	
	Making of new endorsements/guarantees by the Company.	None	None	
The 8th meeting of the 4th-term Audit Committee on November 12, 2020	Amendments to the "Procedures for Derivative Transactions" of the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	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 Best-Practice Principles for TWSE/TPEX Listed Companies"?	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 enforcement rules for internal audits, and the "Procedure for Preventing Insider Trading") and disclosed such policies on the company website.	No material departure.
II. Shareholding Structure & Shareholders' Rights				
(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?	V		(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."	(I) No material departure.
(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?	V		(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.	(II) No material departure.
(III) Does the Company establish and enforce risk control and firewall systems with its affiliated businesses?	V		(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."	(III) No material departure.
(IV) Does the Company establish an internal	V		(IV) The Company has formulated the Procedure for Preventing Insider Trading to regulate	(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		
policy to prohibit insiders from using undisclosed information to buy and sell securities in the market?			the behavior of insiders trading in securities.	
<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> <p>(II) Does the Company establish other functional committees voluntarily in addition to the Remuneration Committee and the Audit Committee?</p> <p>(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</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, banking and finance, accounting, and law, all of which are essential to the operation of the Company.</p> <p>(II) The Company currently has the Remuneration Committee and the Audit Committee only.</p> <p>(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.</p>	<p>(I) No material departure.</p> <p>(II) Other functional committees will be established based on the business development of the Company.</p> <p>(III) 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	
<p>evaluation submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?</p> <p>(IV) Does the Company regularly evaluate the independence of the CPAs?</p>	V		<p>(IV) No material departure.</p>
<p>IV. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer, as well</p>	V		<p>No material departure.</p>

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		
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. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholder zone on the company website to respond to corporate social responsibility issues in a proper manner?	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 Company at any time by phone, letter, fax, or E-mail.	No material departure.
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.	No material departure.
VII. Disclosure of Information (I) Does the Company establish a website to disclose information	V		(I) In addition to the Chinese version (http://www.redwoodgroup.co/cn/investors-cn.html), the Company has set up the	(I) 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>on financial operations and corporate governance?</p> <p>(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)?</p> <p>(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 first three quarters as well as operational status of each month prior to the prescribed deadlines?</p>	V		<p>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.</p> <p>(II) In addition to the Chinese version, the Company has set up the English company website to disclose the company's operations-related matters, it also adopts Chinese and English announcements and declarations for major information, financial reports and annual reports, etc. The Company also holds investor conferences from time to time to improve the transparency of information.</p> <p>(III) The Company has its main operating entity at Singapore with overseas subsidiaries worldwide (e.g. Malaysia, Japan, South Korea, United States, Shanghai, Paris, Vietnam and Philippines.) To tie in with the subsidiaries' financial/accounting operations and CPA audits, the Company is currently unable to publicly announce and file its financial report within two months after the end of financial year or prior to the prescribed deadlines.</p>	<p>(II) No material departure.</p> <p>(III) The Company will consolidate the Group's financial/accounting operations and discuss the auditing schedules with CPAs.</p>
VIII Does the Company provide other material information that may improve the	V		(I) Employee rights and employee care: The Company and its subsidiaries/subsidiaries offer/implement employee rights in accordance with the local laws	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		
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)?			<p>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-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>	

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>(VII) Implementation of customer policy: When receiving customer complaints, the Company communicates with customers immediately to understand and strive to meet customer needs, and know the relevant business unit supervisors to promote the interaction and mutual trust between the company and customers.</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 FY2020 Corporate Governance Evaluation and improvements are as follows:

Indicator	Item to Be Improved	Plans for Future Improvement
Protection of shareholders' rights and equal treatment of shareholders	1.6 Does the company hold a regular shareholder meeting before the end of May?	As the annual report data need to be updated to April 2021, the subsequent administrative tasks were not in time.
	1.7 Does the Company upload the shareholders' meeting manual and supplementary materials 30 days before the regular shareholders' meeting?	Same as above
	1.13 If the company pays dividends in the evaluation year, will the payment be completed within 30 days after the ex-dividend base date?	Since the company's net loss after tax in 2020, and the board of directors has resolved not to pay dividends.
	1.15 Does the Company formulate and disclose on the company website for internal rules and implementation that prohibit insiders such as directors or employees from using information that is not available in the market for profit?	The "Procedure for Preventing Insider Trading" have been formulated and disclosed on the company's website.
Enhancement on the structure and operation of the Board	2.2 Does the Company formulate a policy for diversification of board members, and disclose the implementation of the diversification policy in the annual report and company website?	The company's "Corporate Governance Best Practice Principles" has formulated a policy on diversity of board members and disclosed it on the company's website.
	2.8 Whether the company has at least two independent directors whose consecutive term does not exceed three terms?	The term of independent directors of the company has passed three terms; appropriate candidates will be adjusted according to future operational changes and needs.
	2.9 Does the company formulate succession plans for board members and important management levels, and disclose their operations on the company's website or annual report ?	The succession plan for board members and important management levels has not yet been formulated.

Indicator	Item to Be Improved	Plans for Future Improvement
Enhancement on the structure and operation of the Board	2.11 Does the company disclose in its annual report the resolution proposal and result of the Remuneration Committee, and the company's how to deal with committee members' opinions?	The 2021 annual report has disclosed the resolution proposal and result of the Remuneration Committee.
	2.13 Whether the company's Remuneration Committee members attend at least twice a year, and disclosed information about the policies, systems, standards and structure of the performance evaluation and remuneration of directors, supervisors and managers on a regular basis?	Member of the company's Remuneration Committee attended twice in 2020.
	2.14 Does the Company set up a functional committee other than statutory, the number of which is not less than three, more than half of the members and independent directors, and one or more members possess the professional capabilities required by the committee, and disclose its composition responsibilities and operations?	In addition to the existing audit and remuneration committees, the company has not set up functional committees other than statutory; in the future, it will be established in due course according to changes in operations and needs.
	2.15 Does the company disclose the communication between independent directors, internal audit supervisors, and CPA on the company's website?	The communication between independent directors, internal audit supervisors, and CPA is disclosed in the company's annual report – other items recorded in the operation of the audit committee.
	2.21 Does the company have a corporate governance director who is responsible for corporate governance-related matters, and explains the scope of authority, the focus of business execution in the current year, and the situation of further education on the company website and annual report?	The company intends to appoint a corporate governance director at the board of directors in May 2021.

Indicator	Item to Be Improved	Plans for Future Improvement
Enhancement on the structure and operation of the Board	2.22 Whether the company has formulated risk management policies and procedures approved by the board of directors to disclose the scope of risk management, organizational structure and operation conditions?	The risk management policies and procedures approved by the board of directors have not yet been formulated.
	2.23 Has the company's board of directors' performance evaluation measures been approved by the board of directors, clearly stipulating that external evaluations should be carried out at least once every three years, and the evaluation should be carried out within the time limit set by the measures, and the implementation status and evaluation results will be disclosed on the company's website or annual report?	The "Board Performance Evaluation Measures" of the company was approved by the board of directors and implemented accordingly. However, due to the impact of COVID-19 in 2020, the company's performance has declined sharply, so external evaluation has not been performed.
	2.24 Does the company establish an information security risk management framework, formulate information security policies and specific management plans, and disclose them on the company's website or annual report?	No dedicated unit for information security and risk management has been abolished.
	2.27 Does the company formulate an intellectual property management plan linked to its operational goals, disclose its implementation on the company's website or annual report, and report to the board of directors at least once a year?	Due to the characteristics of the industry, the company has almost no research and development or special research results, and has not yet formulated a related intellectual property management plan.
	2.28 Does the company have provisions for the appointment and removal of internal auditors, appraisal, and remuneration to be reported to the board of directors or the audit supervisor to sign and report to the chairman of the board of directors, and disclose on the company's website?	It has not been decided yet, and for the internal audit supervisor will sign and discuss whether to adopt in

Indicator	Item to Be Improved	Plans for Future Improvement
Improving Information Transparency	3.4 Does the company simultaneously release major messages in English?	From 2021, the English renewal news has been released simultaneously.
	3.4 Does the company publish its annual financial report within two months after the end of the fiscal year?	Depending on the actual operating conditions, it will coordinate and cooperate with the CPA audit work, which is planned to be implemented in 2021.
	3.5 Does the company upload the annual financial report disclosed in English 7 days before the regular shareholders meeting?	Same as above.
	3.6 Does the company disclose the interim financial report in English within two months after the reporting period of the Chinese version of the interim financial report?	Same as the description in 3.4 above.
	3.8 Does the company voluntarily publish the four-quarter financial forecast report and the relevant operations have not been corrected by the competent authority, and the stock exchange or counter buying center has recorded the missing situation?	No voluntarily announced four-quarter financial forecasts.
	3.10 Is the company's financial report approved by the board of directors or submitted to the board of directors 7 days before the announcement deadline, and the financial report in announced within 1 day after the date of approval or submission?	Depending on the actual operating conditions, it is planned to be implemented in 2021.
	3.11 Does the company's annual report disclose future R&D plans and estimated investment cost?	Due to the characteristics of the industry, the company mostly focused on changes in production processes, improvements in machinery and equipment, and the splicing and application of raw materials. The process hardly involves R&D or special research, so there are no expected R&D plans and investment costs.

Indicator	Item to Be Improved	Plans for Future Improvement
Improving Information Transparency	3.13 Does the company’s annual report voluntarily disclose the individual remuneration of directors and supervisors?	Will gradually plan, improve and implement the individual remuneration for disclosure of directors. (without supervisors)
	3.14 Does the company’s annual report disclose the link between directors and managers’ performance evaluation and remuneration?	It will gradually plan, improve and implement the link to disclose performance evaluation and remuneration of directors and managers.
	3.17 Does the company website disclose relevant information including finance, business and corporate governance?	The company website has disclosed relevant information on finance, business and corporate governance; however, the English version of the financial report and important internal control measures is planned to be established in
	3.20 Has the company been invited (on its own) to hold at least two legal person briefings, and the interval between the two briefings at the beginning and the end of the evaluation year is more than three months?	Due to the impact of COVID-19 in 2020, the company’s performance has declined sharply, so only one online legal person briefing will be held this year.
	3.21 Does the company’s annual report voluntarily disclose the individual remuneration of the general manager and deputy general managers?	Will gradually plan, improve and implement the individual remuneration for the disclosure of the general manager (without deputy general manager).
Implementing Corporate Social Responsibility Indicator	4.1 Whether the company has set up a full-time(part-time) unit to promote corporate social responsibility, conducts risk assessment of environmental, social or corporate governance issues related to the company’s operations in accordance with the principle of materiality, formulates relevant risk management policies or strategies, and exposes them on the company’s website and annual report?	No full-time(part-time) unit has been established to promote corporate social responsibility; however, the “Corporate Social Responsibility Best Practice Principles” has been formulated and published on the company’s website.

Indicator	Item to Be Improved	Plans for Future Improvement
Implementing Corporate Social Responsibility Indicator	4.2 Whether the company has set up a full -time (part-time) unit to promote the corporate social responsibility, responsible for the formulation and supervision of the integrity management policy and prevention plan, and explain the operation and implementation of the unit on the company website and annual report, and report to the board of directors at least once a year report?	Same as above ; However, the implementation status has not been explained on the company’s website and annual report.
	4.3 Does the company regularly disclose the specific promotion plan and implementation results of corporate social responsibility on the company’s website or annual report?	Same as the description in 4.2 above.
	4.4 Has the company prepared and uploaded the corporate social responsibility report on the public information observatory and the company website before the end of September in accordance with the internationally accepted guidelines for the preparation of reports?	The corporate social responsibility report has not yet been prepared
	4.5 Has the company’s corporate social responsibility report been verified by a third party?	Same as above
	4.6 Does the company refer to international human rights conventions to formulate human rights protection policies and specific management plans, and expose them on the company’s website or annual report?	Human rights protection policies and management plans have not been prepared; however, in practice, the labor and human rights policies of the company and its subsidiaries in various regions are in compliance with the relevant regulations of the country where its policies located.
	4.7 Does the company sign a group agreement with the labor union in accordance with the group agreement law?	There is no labor union in the company and its subsidiaries.

Indicator	Item to Be Improved	Plans for Future Improvement
Implementing Corporate Social Responsibility Indicator	4.9 Do the company's website and annual report disclose various employee welfare measures, retirement systems and their implementation?	The company's employee benefits, retirement system, and labor safety environment and protection are in compliance with the labor-related laws and regulations of the countries where the subsidiaries are located, but have not been disclosed on the company's website.
	4.10 Do the company's website and annual report disclose the protection measures and implementation status of employees' personal safety and working environment?	Same as above
	4.11 Has the company disclosed its greenhouse gas emissions, water consumption and total waste weight in the past two years?	Not calculated and disclosed.
	4.12 Does the company formulate energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management policies?	Not calculated and disclosed.
	4.13 Has the company obtained ISO 14001, ISO50001 or similar environmental or energy management system certification?	None; but the company and its subsidiaries in various regions have not been punished by the local competent authority due to environmental or energy incidents.
	4.14 Does the company's website or annual report disclose the identity of the other stakeholders, issues of concern, communication channels and response methods?	The company has "Investor Relations" specialists to respond to relevant inquiries from interested parties, and from time to time disclose major company issues/information, or organize legal person briefings to enhance the transparency of information.
	4.15 Does the company website or annual report disclose the integrity management policy approved by the board of directors, specifying specific practices and prevent dishonest behaviors?	The "Ethical Corporate Management Best Practice Principles" has been formulated and implemented on the company's website.

Indicator	Item to Be Improved	Plans for Future Improvement
Implementing Corporate Social Responsibility Indicator	4.16 Has the company established and detailed on the company's website a reporting system for illegal and unethical behaviors by insiders and outsiders?	Same as above
	4.17 Does the company website or corporate social responsibility report disclose the established supplier management policies that require suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights, and explain the implementation status?	Establish a supplier inventory and related management and evaluation methods, but based on the mutual agreement between the two parties, the company website cannot disclose relevant information.

(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. The term of the Remuneration Committee is the same as the appointed board of directors. 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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
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 2020, 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	2	1	100%	Reelected on June 10, 2019

Material Resolutions of the Remuneration Committee and Implementation :

Date	Term	Opinions of all Independent Directors	Resolution Result
2020.03.19	The 2nd meeting of the 4th-term Remuneration Committee	<ol style="list-style-type: none"> 2020 monthly remuneration for directors of the Company Distribution of 2019 year-end bonuses to managerial officers of Redwood Group Adjustment of FY2020 salary to managerial officers of Redwood Group Amendments to certain articles within the Company's "Remuneration Committee Charter". 	<ol style="list-style-type: none"> The proposal was passed without objection. The proposal was passed without objection. The proposal was passed without objection. The proposal was passed without objection.
2020.11.12	The 3rd meeting of the 4th-term Remuneration Committee	<ol style="list-style-type: none"> Amendments to certain articles within the Company's "Remuneration Committee Charter". 	<ol style="list-style-type: none"> The proposal was passed without objection.

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.
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.

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) 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	(III) 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	
(IV) Does the Company establish an effective competency development career training program for employees?	V		(occupational safety and health) (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, customer privacy, marketing and labeling of products and services, and formulate relevant consumer protection policies and complaint procedures?	V		(V) As the Company's customers are all internationally renowned luxury brands, the marketing and labeling of products and services 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.	(V) No material departure.
(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		(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.

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	
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	
I. Establishing Ethical Corporate Management Policies and Programs (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	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.

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>management to proactively implement those management policies in its guidelines and external documents?</p> <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.

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>II. Implementing Ethical Corporate Management</p> <p>(I) Does the Company evaluate the integrity records of counterparties and specify the terms of ethical conduct in the contracts signed with the counterparties?</p>	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.
<p>(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?</p>	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.
<p>(III) Does the Company formulate policies to prevent conflicts of interest, provide proper channels of explanation, and implement them?</p>	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.
<p>(IV) Does the Company establish effective accounting and internal control systems to implement ethical corporate</p>	V		(IV) To ensure the effect of the Company's accounting system and internal control system, internal auditors audit the compliance of the	(IV) No material departure.

<p>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?</p> <p>(V) Does the Company regularly hold internal/external training on ethical corporate management?</p>	<p>V</p>	<p>systems on a regular basis, and external auditors are appointed to audit the internal control system every year.</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>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>(I) Does the Company formulate the standard operating procedures for investigation and the confidentiality mechanisms for the reported matters?</p> <p>(II) Does the Company take measures to protect the whistle-blowers from improper infringement due to reporting?</p>	<p>V</p> <p>V</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>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 website → Investor Relations → Major Internal Policies → "Ethical Corporate Management Best Practice Principles"</p>	<p>No material departure.</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."

VI. Other important information on the Company's implementation of ethical corporate management (such as amendments to the ethical corporate management principles): None.

(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 18, 2021

The Company hereby states the results of the self-evaluation of the internal control system in 2020 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, 2020 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 18, 2021, 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
2020. 06.08	Annual Shareholders' Meeting 2020	I. Report Item 1. 2019 business report 2. Audit Committee's approval and audit report for 2019. 3. Amendments to certain articles within the Company's "Rules of Procedure for the Board of Director Meetings."		
		II. Adoption Items 1. Adoption of 2019 financial statements 2. Adoption of 2019 earnings distribution.	Passed by ordinary resolution Passed by ordinary resolution.	The Company has adopted the 2019 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 "Rules of Procedures for Shareholders' Meeting." 3. Amendments to certain articles within the Company's "Procedures for Lending Funds to Other Parties."	Passed by special resolution. Passed by ordinary resolution. Passed by ordinary resolution.	Once passed, amendments are processed following the due procedures, and publicly announced at websites designated by the competent authorities and the company website.

Material Resolutions of the Board Meetings and Implementation

Date	Meeting	Material Resolutions	Resolutions and Implementation
2020.03.20	The 4 th meeting of the 4th-term Board of Directors	<ol style="list-style-type: none"> 1. 2019 consolidated financial statements and business report of the Company 2. Distribution of 2019 earnings of the Company 3. Distribution of earnings of sub-subsidiaries. 4. Amendments to the Company's Memorandum and Articles 5. Amendments to certain articles within the Company's "Rules of Procedure for Shareholders' Meeting " 6. Amendments to certain articles within the Company's "Rules of Procedure for the Board of Directors' Meetings." 7. Amendments to certain articles within the Company's "Audit Committee Charter." And "Remuneration Committee Charter". 8. Amendments to the Company's internal control system 9. Amendments to certain articles within the Company's "Rules of Procedure for establishment financial statements." 10. Preparation of the Company's Statement of Internal Control System. 11. 2020 monthly remuneration for directors of the Company 12. Distribution of 2019 year-end bonuses to managerial officers of Redwood Group 	<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. The proposal was passed without objection. 8. The proposal was passed without objection. 9. The proposal was passed without objection. 10. The proposal was passed without objection. 11. The proposal was passed without objection. 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>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. New Investment plans of Redwood Interior Pte Ltd (RWI)</p> <p>17. Formulation of the policy for handling of shareholder proposals and nomination of candidates for independent directors</p> <p>18. Convention of the Company's annual shareholders' meeting 2020.</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> <p>18. The proposal was passed without objection.</p>
2020.04.13	The 5th meeting of the 4th-term Board of Directors	Making of new endorsements/guarantees by the Company.	The proposal was passed without objection.
2020.05.11	The 6th meeting of the 4th-term Board of Directors	Replacement of the CPAs of the Company.	The proposal was passed without objection.
2020.08.13	The 7th meeting of the 4th-term Board of Directors	<p>1. Consolidated financial statements for the Company for the first half of 2020.</p> <p>2. The Company proposed not to distribute dividends for the first half of 2020.</p> <p>3. Revision of 2020 budgets of the Company and subsidiaries/sub-subsidiaries</p> <p>4. Amendments to certain articles</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>within the Company's Shareholders' Meeting and the Board of Directors' Meeting.</p> <p>5. Amendments to certain articles within the Company's "Audit Committee Charter."</p> <p>6. Limits on lending of funds between the Company and its subsidiaries/sub-sidiaries.</p> <p>7. Making of new endorsements/guarantees by the Company.</p> <p>8. New Investment plans of Redwood Interior Pte Ltd (RWI)</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>
2020.09.11	The 8th meeting of the 4th-term Board of Directors	New Investment plans of Redwood Interior Pte Ltd (RWI)	The proposal was passed without objection.
2020.11.12	The 9th meeting of the 4th-term Board of Directors	<p>1. 2021 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 Derivative Transactions".</p> <p>4. The Company's CPA professional fees</p> <p>5. Evaluation of CPAs' independence</p> <p>6. Amendments to certain articles within the Company's "Remuneration Committee Charter".</p> <p>7. Distribution of earnings of sub-subsidiaries.(Shanghai)</p>	<p>1. The proposal was passed without objection.</p> <p>2. The proposal was passed without objection.</p> <p>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>
2020.12.03	The 10th meeting of the 4th-term Board of Directors	Distribution of earnings of Redwood Interior Pte Ltd (RWI)	The proposal was passed without objection.
2021.03.18	The 11th meeting of	1. 2019 consolidated financial statements and business report of	1. As independent directors' ask the CPA explanation of the nine

	the 4th-term Board of Directors	<p>the Company.</p> <p>2. The 2020 annual statement of deficit compensation.</p> <p>3. Amendments to certain articles within the Company’s Rules of Procedure for Shareholders’ Meeting.”</p> <p>4. Preparation of the Company’s Statement of Internal Control System.</p> <p>5. Lending of funds between the Company and subsidiaries/sub-subsidiaries in 2020.</p> <p>6. Subsidiary is engaged in derivative product case.</p> <p>7. 2021 monthly remuneration for directors of the Company.</p> <p>8. Renewal of the CPAs of Redwood Interior Pte Ltd(RWI).</p>	<p>warning thresholds that the competent authority intends to supervise the KY stock community and the impact on the Company. 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. After independent directors inquired and confirmed the capital loan and authorization limits and usage conditions. The proposal was passed without objection.</p> <p>6. The audit committee’s recommendations: (1)Request the financial department of the subsidiary to submit a review report on the negligence of this case, and strengthen the training of relevant personnel to avoid similar situations in the future; (2)The internal audit unit should also review whether the procedures for receiving relevant documents. There are omissions or other regulations to avoid delays or omissions in the receiving time and content of important information in the future; especially for derivatives transactions, more attention should be paid. 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>
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		9. Formulation of the policy for handling of shareholder proposals and nomination of candidates for independent directors.	9. The proposal was passed without objection.
		10. Convention of the Company's annual shareholders' meeting 2021.	10. The proposal was passed without objection.

(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	Jui-chuan Chih	Ming-chung Hsieh	FY2020	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\$3,313		NT\$3,313
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	2020		As of April 13, 2021	
		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	-	-	-	-
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	-	-	-

(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 13, 2021
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	2,482,668	4.94	-	-	-	-	-	-	
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)	-	-	-	-	-	-	-	-	
Hung-Chang, Chen	630,000	1.25	-	-	-	-	-	-	
Jing-xuan, Wen	311,100	0.562	-	-	-	-	-	-	
Kuang-Min, Shih	293,000	0.58	-	-	-	-	-	-	
Yong-fa, Chang	284,887	0.57							

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, 2020/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	17,989,395	100.00	-	0	-	100.00
Redwood Furniture Sdn. Bhd.	25,000,000	100.00	-	0	-	100.00
Redwood (Shanghai) Pte Ltd	-	100.00	-	0	-	100.00
Redwood (HK) Ltd	1,560,000	100.00	-	0	-	100.00
Redwood Projects Sdn. Bhd.	750,000	100.00	-	0	-	100.00
Redwood Projects Korea Co., Ltd	80,000	100.00	-	0	-	100.00
Redwood Projects Japan K.K	900	100.00	-	0	-	100.00
Redwood Projects France S.A.S	600,000	100.00	-	0	-	100.00
Redwood Projects US Inc.	500,000	100.00	-	0	-	100.00
Redwood Projects (Vietnam) Company Limited	-	100.00	-	0	-	100.00
Redwood Projects Philippines Inc.	10,000,000	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	OTC stocks. Code:8426

(II) Shareholder structure

April 13, 2021; Unit: Person; Shares

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Foreigners	Total
Number of Shareholders	-	-	7	1,974	24	2,005
Number of Shares Held	-	-	734,375	16,137,930	33,370,195	50,242,500
Shareholding Percentage	-	-	1.46	32.12	66.42	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 13, 2021

Shareholding Percentage	Number of Shareholders	Number of Shares Held	Shareholding Percentage (%)
1 ~ 999	663	88,533	0.18
1,000 ~ 5,000	925	1,864,078	3.71
5,001 ~ 10,000	192	1,367,865	2.72
10,001 ~ 15,000	70	865,025	1.72
15,001 ~ 20,000	39	707,034	1.41
20,001 ~ 30,000	35	857,065	1.71
30,001 ~ 50,000	32	1,230,976	2.45
50,001 ~ 100,000	21	1,464,107	2.91
100,001 ~ 200,000	14	1,894,572	3.77
200,001 ~ 400,000	7	1,881,812	3.75
400,001 ~ 600,000	-	-	-
600,001 ~ 800,000	3	2,106,496	4.19
800,001 ~ 1,000,000	-	-	-
Over 1,000,001	4	35,914,937	71.48
Total	2,005	50,242,500	100.00

(IV) List of major shareholders

April 13, 2021

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	2,482,668	4.94

Major Shareholder	Shares	Number of Shares Held	Shareholding Percentage
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
Hung-Chang, Chen		630,000	1.25
Jing-xuan, Wen		311,100	0.62
Kuang-Min, Shih		293,000	0.58
Yong-fa, Chang		284,887	0.57
Total		38,910,420	77.44

(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	2019	2020	As of March 31, 2021
Market Price per Share	Highest		27.90	23.40	16.35
	Lowest		20.00	10.90	10.95
	Average		23.14	14.79	13.99
Net Worth per Share	Before distribution		18.17	15.04	14.33
	After distribution		18.17	(Note 1)	--
Earnings per Share	Weighted average number of shares		50,243	50,243	50,243
	Earnings (losses) per share (Note 2)		0.59	(2.52)	(0.38)
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)		39.22	(5.87)	-
	Price-dividend ratio (Note 5)		-	(Note 1)	-
	Cash dividend yield (Note 6)		-	(Note 1)	-

Source: CPA-audited consolidated financial statements for 2019 and 2020.

Note 1: The proposal for 2020 deficit compensation 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.

In addition to the distribution of dividends after the end of each fiscal year, the Company can also distribute interim dividends in the first half of the fiscal year. If the Board of Directors decides not to pay interim dividends, the Board of Directors shall, after the first half of the fiscal year, confirm the non-payment of interim dividends by a resolution. The distribution of dividends after the end of the fiscal year shall comply with the requirements, and procedures specified in Articles 34.1 to 34.8 and Articles 34.12 to 34.13 of this Articles of Association, and shall comply with Articles 34.8 to Articles 34.8 to 34.13 of the Articles of Association when dividends are distributed after the first half of the fiscal year.

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

The Company reported a net loss after tax in 2020. On March 18, 2021, the Board of Directors resolved not to distribute dividends.

(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 2020.

(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 2020, 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 and recognized 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 shareholders' meeting resolved year.

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 loss after tax in 2020. On March 18, 2021, 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 income after tax in 2019. On March 19, 2020, the Board of Directors and on June 8, 2020 Shareholders' meeting resolved not to distribute employee bonuses and Director remuneration in cash.

(IX) Share repurchases

The Company did not repurchase any of its shares in 2020.

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: None.

(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	2019		2020	
	Amount	Percentage	Amount	Percentage
Interior Decoration	1,166,747	70.53	559,933	70.85
General Construction	296,045	17.90	172,113	22.14
Storefront Decoration	191,422	11.57	54,490	7.01
Total	1,654,214	100.00	777,536	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:

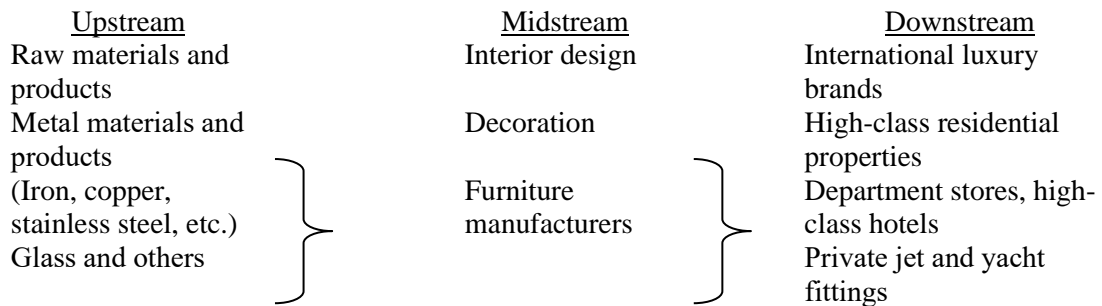
According to the research report updated by the authoritative market research agency Bain & Company in December 2020, the luxury goods industry will

rebound in 2021, which means that 2021 will mark the beginning of economic recovery. The growth rate will reach 14%, and will gradually return to pre-crisis levels from 2022.

(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 production process, and enhance the production skills and quality of products. 	<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 share. 3. Establish the long-term customer relationship, from preliminary design to production. 4. Develop supplier management plans to maintain the optimal level of raw material prices.

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		2019		2020	
Area		Amount	Percentage	Amount	Percentage
Export	Asia	1,344,880	81.30	589,472	75.81
	America	268,732	16.24	141,534	18.20
	Europe	24,953	1.51	20,182	2.60
	Middle East	15,649	0.95	26,348	3.39
Total		1,506,228	1,654,214	777,536	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	2019				2020				As of Q1 of 2021			
	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	46,581	10.72	None	Supplier A	6,258	10.72	None	Supplier A	2,610	4.00	None
	Others	387,834	89.28	None	Others	213,328	89.28	None	Others	62,581	96.00	None
	Net procurement	434,415	100.00		Net procurement	219,586	100.00		Net procurement	65,191	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 purchases in 2020 will be significantly reduced by 86.57% compared with 2019, accounting for only 2.85% of the net purchase in 2020. Mainly because A is the supplier of LED lighting products designated by the company's two major brand customers, and the company's net sales to this brand customer in 2020 decreased.

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	2019				2020				As of Q1 of 2021			
	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	635,666	38.43	None	Customer A	152,614	19.63	None	Customer A	45,512	16.99	None
2	Customer B	59,709	3.61	None	Customer B	147,512	18.97	None	Customer B	37,062	13.92	None
3	Customer C	216,722	13.10	None	Customer C	65,131	8.38	None	Customer C	6,497	2.44	None

Item	2019				2020				As of Q1 of 2021			
	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
	Others	742,117	44.86	None	Others	412,279	53.02	None	Others	177,401	66.65	None
	Net Sales	1,654,214	100.00		Net Sales	777,536	100.00		Net Sales	266,172	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: In 2020, the sales volume of Customer A was significantly reduced by 75.99% compared to 2019, accounting for 19.63% of the total annual net sales in 2020, still maintaining the first place. Mainly in 2019, it mainly completed the case of the brand's specialty stores in George Street and Perth Lane in Sydney, Australia, as well as the specialty stores in Kuala Lumpur Mid Valley Plaza and Sunshine Shopping Center in Malaysia. In 2020, due to the global novel coronavirus (COVID-19) The number of work cases affecting the brand has dropped sharply compared to the same period last year.

Note 3: The sales volume of Customer B in 2020 increased by 147.05% compared to 2019, accounting for 18.97% of the total net sales in 2020. Mainly due to the completion of several projects for the brand in India in 2020.

Note 4: The sales volume of Customer C in 2020 decreased by 69.95% compared with 2019, accounting for 8.38% of the net sales in 2020. This is mainly due to the completion of the brand in Siam Paragon Department Store in Bangkok, Thailand, Qingdao, China and the United States in 2019. The case of Honolulu's Specialty store, and the number of work cases for this brand in 2020 due to the global novel coronavirus (COVID-19) pandemic has dropped sharply compared to the same period last year.

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

Unit: NT\$1,000

Production Volume/Value Main Product (or Sector)	Year		2019			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value		
Interior Decoration	-	443	874,422	-	221	497,606		
General Construction	-	254	218,931	-	101	156,575		
Storefront Decoration	-	30	140,540	-	10	49,422		
Total	-	727	1,233,893	-	332	703,604		

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		2019				2020			
	Domestic Sales		Export		Domestic Sales		Export			
	Volume	Value	Volume	Value	Volume	Value	Volume	Value		
Interior Decoration	-	-	443	1,166,747	-	-	221	550,933		
General Construction	-	-	254	296,045	-	-	101	172,113		
Storefront Decoration	-	-	30	191,422	-	-	10	54,490		
Total	-	-	727	1,654,214	-	-	332	777,536		

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		2019	2020	As of April 30, 2021
Number of Employees	Managerial officers or above	90	79	76
	General employees	182	170	183
	Production line staff	750	651	638
	Total	1,022	900	897
Average Age		35	36	37
Average Years of Service		5.15	5.69	5.9
Education Level	Doctor of Philosophy	0.10%	0.00%	0.00%
	Master's Degree	0.59%	0.22%	0.22%
	Bachelor's Degree	15.85%	22.07%	20.96%
	Senior High School or below	83.46%	77.71%	78.82%

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 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. Bank overdraft, with the line of credit reaching SGD50,000. 2. 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. 3. Foreign exchange loans, with the line of credit reaching SGD2 million for a term of up to 12 months. 4. Revolving credit, with the line of credit reaching SGD 1,500,000. 5. Standby letter of credit, with the line of credit reaching SGD 1,200,000.. 6. Non-revolving mutual credit, with the line of credit reaching SGD15 million for a term of up to 60 months. 7. Long-term loans for the construction of new office buildings, with the line of credit reaching SGD23 million for a term of 20 years. 8. Installment for equipment, with the line of credit reaching SGD3 million. 9. Corporate financing plan, temporary overdue loan of SGD5 million. 10. Corporate financing plan, 	<ol style="list-style-type: none"> 1. The factory and land at No. 25 Sungei Kadut Street 2 in Singapore are used as a collateral. 2. Redwood Group Ltd acts a joint guarantor 3. 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
			temporary overdue loan of SGD1 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.	<ol style="list-style-type: none"> 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.
Sales Agreement	Company B (Note 3)	January 2021~ (Note 4)	Interior decoration of Company B's store in Singapore	None
Sales Agreement	Company H (Note 3)	January 2021~ (Note 4)	Interior decoration of Company H's store in the U.S	None
Sales Agreement	Company C (Note 3)	January 2021~ (Note 4)	Interior decoration of Company C's store in the U.S	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	<ol style="list-style-type: none"> 1. An undertaking is given that no legal action or taxation results in the contingent loss of the Company. 2. Material matters require approval of all shareholders. 3. In case of a full capacity, the affiliates of

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
				<p>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.

(II) 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. 3. Bank guarantees, with the line of credit reaching MYR564,000. 	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.

(III) 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	2019.07~2021.07	Leasing of Office	None
Sales Agreement	Company L (Note 1)	March 2021~ (Note 2)	Interior decoration of CompanyL's store in the Korea	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.

(IV) Redwood (Shanghai) Pte Ltd

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Lease Agreement	Shanghai Distrii Technology Development Co., Ltd	2019.07~2021.07	Leasing of Office	None

(V) 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	2020.06~2021.05	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.

(VI) 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 2020~ September 2021	Leasing of Office	None

(VII) Redwood Projects US INC.

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Sales Agreement	Company L (Note 1)	March 2021~ (Note 2)	Interior decoration of Company L's store in the U.S.	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.

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

Year		Financial Information for the Past Five Years (Note 1)					Financial Information as of March 31, 2021
		2016	2017	2018	2019	2020	
Item							
Current Assets		1,130,223	1,089,541	1,002,714	878,316	760,722	792,597
Property, Plant, and Equipment (Note 2)		461,913	475,134	508,874	855,857	995,505	994,528
Intangible Assets		-	-	-	-	-	-
Other Assets (Note 2)		78,830	113,701	155,930	111,707	119,264	112,018
Total Assets		1,670,966	1,678,376	1,667,518	1,845,880	1,875,491	1,899,143
Current Liabilities	Before distribution	510,215	500,006	607,361	588,932	525,380	579,960
	After distribution	701,615	585,419	607,361	588,932	(Note 2)	(Note 2)
Non-current Liabilities		99,100	120,703	114,010	343,954	594,402	599,307
Total Liabilities	Before distribution	609,315	620,709	721,371	932,886	1,119,782	1,179,267
	After distribution	800,715	706,122	721,371	932,886	(Note 2)	(Note 2)
Equity Attributable to Owners of Parent Company							
Share Capital		483,000	506,925	502,425	502,425	502,425	502,425
Capital Surplus		313,601	313,601	293,911	293,911	293,911	293,911
Retained Earnings	Before distribution	494,353	449,187	339,291	369,052	242,618	223,472
	After distribution	302,953	363,774	339,291	369,052	(Note 2)	(Note 2)
Others		(205,113)	(187,856)	(189,480)	(252,394)	(283,245)	(299,932)
Treasury Stock		(24,190)	(24,190)	(24,190)	-	-	-
Non-controlling Interests		-	-	-	-	-	-
Total Equity	Before distribution	1,061,651	1,057,667	946,147	912,994	755,709	719,876
	After distribution	870,251	972,254	946,147	912,994	(Note 2)	(Note 2)

Note 1: The CPA-audited consolidated financial statements for 2016~2020.

Note 2: The proposal for 2020 deficit compensation is yet to be passed by the shareholders' meeting.

Year Item	Financial Information for the Past Five Years (Note 1)					Financial Information as of March 31, 2021
	2016	2017	2018	2019	2020	
Operating Revenue	2,060,546	1,771,132	1,506,228	1,654,214	777,536	266,172
Gross Profit	772,245	560,047	330,025	421,368	67,190	50,431
Operating Profit or Loss	356,186	210,509	(6,305)	46,232	(219,588)	(30,768)
Non-operating Income and Expenses	14,086	(1,271)	(10,553)	(842)	55,613	13,692
Net Income before Tax	370,272	209,238	(16,858)	45,390	(163,975)	(17,076)
Net Income from Continuing Operations	290,819	170,159	(24,483)	29,761	(126,434)	(19,146)
Loss from Discontinued Operations	-	-	-	-	-	-
Net Income (Loss)	290,819	170,159	(24,483)	29,761	(126,434)	(19,146)
Other Comprehensive Income (net, after tax)	(62,598)	17,257	1,983	(62,914)	(30,851)	(16,687)
Total Comprehensive Income	228,221	187,416	(22,500)	(33,153)	(157,285)	(35,833)
Net Income Attributable to Owners of Parent Company	290,819	170,159	(24,483)	29,761	(126,434)	(19,146)
Net Income Attributable to Non-controlling Interests	-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of Parent Company	228,221	187,416	(22,500)	(33,153)	(157,285)	(35,833)
Total Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	-
Earnings per Share	5.79	3.39	(0.49)	0.59	(2.52)	(0.38)

Note 1: The CPA-audited consolidated financial statements for 2016~2020.

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

Year	CPA Firm	Name of CPA	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
2020	Deloitte Taiwan	Jui-Chuan Chih and Ming-chung Hsieh	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, 2021
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt ratio	36.46	36.98	43.26	50.54	59.71	62.09
	Ratio of long-term funds to property, plant, and equipment	251.29	248.01	208.33	146.86	135.62	132.64
Solvency (%)	Current ratio	221.52	217.91	165.09	149.14	144.79	136.66
	Quick ratio	178.97	178.77	121.12	91.01	102.88	86.72
	Times interest earned	85.56	41.72	-0.44	6.75	-19.47	-4.76
Operating Ability	Accounts receivable turnover (times)	4.93	3.89	3.45	5.71	3.75	5.10
	Average collection days	74.03	93.79	105.87	63.94	97.37	71.63
	Inventory turnover (times)	7.60	7.31	6.60	4.85	2.97	4.15
	Accounts payable turnover (times)	11.01	7.28	6.35	7.43	4.90	8.26
	Average days for sale	48.02	49.96	55.29	75.27	123.02	87.9
	Property, plant, and equipment turnover (times)	4.23	3.78	3.06	2.42	0.84	1.07
	Total assets turnover (times)	1.23	1.06	0.90	0.90	0.41	0.56
Profitability	Return on assets (%)	18.26	10.41	-0.45	1.99	-6.46	-3.35
	Return on equity (%)	28.87	16.06	-2.44	3.20	-15.15	-10.38
	Ratio of income before tax to paid-in capital (%)	76.66	41.28	-3.36	9.03	-32.64	-13.59
	Net margin (%)	14.11	9.61	-1.63	1.80	-16.26	-7.19
	Earnings per share (NT\$)	5.79	3.39	-0.49	0.59	-2.52	-0.38
Cash Flows	Cash flow ratio (%)	68.28	10.09	13.88	26.72	20.38	-1.73
	Cash flow adequacy ratio (%)	115.95	109.02	96.17	82.61	59.46	30.61
	Cash flow reinvestment ratio (%)	15.46	-9.08	-0.07	9.26	5.88	-0.56
Leverage	Operating leverage	1.16	1.27	-9.47	2.56	0.71	0.36
	Financial leverage	1.01	1.03	0.35	1.21	0.96	0.91

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

1. Solvency: The current ratio and the quick ratio have remained the same in the past two years, but the interest protection multiple for 2020 has a negative value due to the net loss before income tax and interest expense.
2. Operating ability: All measures of operating ability in 2020 have declined, mainly due to the significant reduction in revenue and costs in 2020 under the influence of the global novel coronavirus (COVID-19) epidemic.
3. Profitability: Due to the impact of the global novel coronavirus (COVID-19) epidemic, the revenue in 2020 will plummet and the profit will be low, resulting in a net loss, making all profitability measures negative.
4. Cash flows: All measures of cash flow in 2020 have declined, mainly due to the significant decrease in net cash inflow from operating activities in 2020.
5. Leverage: Both the operating leverage and financial leverage decreased in 2020, mainly due to the decrease in revenue in 2020 and the decrease in profit resulting in net operating losses.

The CPA-audited consolidated financial statements for 2016~2020.

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

5. Cash Flows

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

6. Leverage

- (1) Operating leverage = $(\text{Net operating revenue} - \text{Variable operating costs and expenses}) / \text{Operating income}$ (Note 6)
- (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$

Note 1: 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 2: 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 3: 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 Audit Report

The Board of Directors has prepared the Company's 2020 Business Report, Consolidated Financial Statements and Annual Statement of Deficit Compensation. Among these documentations, the financial statements have been audited by the auditors, Deloitte, and the audit reports relating to the Financial Statements have been granted. The Business Report, Financial Statements and Annual Statement of Deficit Compensation have been audited and determined to be fairly presented by the Audit Committee members of Redwood Group Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company law, we here by submit the audit report to the Company's shareholders.

Sincerely,

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 100 to #174.**
- 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, 2020 and 2019 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020 are stated as follows:

Revenue Recognized Based on Construction in Progress

As described in in Notes 4, section 10 and Note 5 of the consolidated financial statements, revenue recognition of the Group is based on the percentage of completion of construction. 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.

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 whether the total contract price was consistent with the total contract price for calculating the project revenue or not. If the project changed, we examined the relevant proposal and revised order, etc.
2. We sampled each construction proposal, examined the contract, estimated cost sheet and other relevant documents of the project, and recalculated the completion percentage to assess the correctness of the project revenue recognition.
3. We verified the completion status of the construction in progress at the end of the period and whether there were major changes or contract modifications, obtained appropriate certificates, gathered supporting documents for the variation of the project, and verified its rationality.

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 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, 2020 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 Jui-Chuan Chih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 338,409	18	\$ 296,210	16
Contract assets - current (Note 20)	107,518	6	202,926	11
Trade receivables (Notes 9 and 26)	183,795	10	210,736	12
Other receivables (Notes 9 and 26)	13,657	1	2,069	-
Other receivables from related parties (Notes 9, 26 and 27)	123	-	61	-
Inventories (Note 10)	82,026	4	86,381	5
Current tax assets (Note 22)	4,334	-	23,628	1
Prepayments (Notes 14 and 26)	30,666	2	53,014	3
Other current assets (Note 14)	194	-	3,291	-
Total current assets	<u>760,722</u>	<u>41</u>	<u>878,316</u>	<u>48</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 25)	37,942	2	43,557	2
Property, plant and equipment (Notes 12 and 28)	995,505	53	855,857	46
Right-of-use assets (Notes 13 and 28)	44,321	2	53,231	3
Deferred tax assets (Note 22)	23,412	1	1,935	-
other non-current assets (Notes 14 and 26)	<u>13,589</u>	<u>1</u>	<u>12,984</u>	<u>1</u>
Total non-current assets	<u>1,114,769</u>	<u>59</u>	<u>967,564</u>	<u>52</u>
TOTAL	<u>\$ 1,875,491</u>	<u>100</u>	<u>\$ 1,845,880</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 59,317	3	\$ 99,322	6
Contract liabilities-current (Note 20)	207,061	11	91,878	5
Trade payables (Notes 16 and 26)	116,305	6	170,180	9
Trade payables to related parties (Notes 16, 26 and 27)	2,317	-	1,179	-
Lease liabilities - current (Note 13)	1,913	-	5,861	-
Other payables (Notes 17 and 26)	59,001	3	151,629	8
Current tax liabilities (Note 22)	4,572	1	11,797	1
Current portion of long-term borrowings (Note 15 and 28)	53,273	3	56,772	3
Other current liabilities (Note 17)	<u>21,621</u>	<u>1</u>	<u>314</u>	<u>-</u>
Total current liabilities	<u>525,380</u>	<u>28</u>	<u>588,932</u>	<u>32</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Note 7 and 25)	14,205	1	-	-
Lease liabilities - non-current (Note 13)	483	-	2,397	-
Long-term borrowings (Note 15 and 28)	578,816	31	321,556	18
Deferred tax liabilities (Note 22)	<u>898</u>	<u>-</u>	<u>20,001</u>	<u>1</u>
Total non-current liabilities	<u>594,402</u>	<u>32</u>	<u>343,954</u>	<u>19</u>
Total liabilities	<u>1,119,782</u>	<u>60</u>	<u>932,886</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital - ordinary shares	<u>502,425</u>	<u>27</u>	<u>502,425</u>	<u>27</u>
Capital surplus	<u>293,911</u>	<u>15</u>	<u>293,911</u>	<u>16</u>
Retained earnings				
Special reserve	252,393	13	235,380	13
Unappropriated earnings	(9,775)	-	133,672	7
Total retained earnings	<u>242,618</u>	<u>13</u>	<u>369,052</u>	<u>20</u>
Other equity				
Exchange differences on translation of foreign financial statements	(220,338)	(12)	(193,842)	(11)
Unrealized loss on financial assets of fair value through other comprehensive income	(62,907)	(3)	(58,552)	(3)
Total other equity	<u>(283,245)</u>	<u>(15)</u>	<u>(252,394)</u>	<u>(14)</u>
Total equity attributable to owners of the Company	<u>755,709</u>	<u>40</u>	<u>912,994</u>	<u>49</u>
TOTAL	<u>\$ 1,875,491</u>	<u>100</u>	<u>\$ 1,845,880</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)				
Construction revenue	\$ 777,536	100	\$ 1,654,214	100
OPERATING COSTS (Note 21)				
Construction costs	(710,346)	(91)	(1,232,846)	(74)
GROSS PROFIT	67,190	9	421,368	26
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	(6,598)	(1)	(9,500)	(1)
General and administrative expenses	(285,771)	(37)	(360,202)	(22)
Expected credit (loss) gain	5,591	1	(5,434)	-
Total operating expenses	(286,778)	(37)	(375,136)	(23)
PROFIT (LOSS) FROM OPERATIONS	(219,588)	(28)	46,232	3
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	526	-	859	-
Other income	79,654	10	8,293	-
Other gains and losses	(16,557)	(2)	(2,103)	-
Finance costs	(8,010)	(1)	(7,891)	-
Total non-operating income and expenses	55,613	7	(842)	-
PROFIT (LOSS) BEFORE INCOME TAX	(163,975)	(21)	45,390	3
INCOME TAX EXPENSE (Note 22)	37,541	5	(15,629)	(1)
NET PROFIT (LOSS) FOR THE YEAR	(126,434)	(16)	29,761	2
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	(4,355)	-	(47,716)	(3)
Exchange differences arising on translation to the presentation currency	2,115	-	(5,535)	-

(Continued)

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	(<u>28,611</u>)	(<u>4</u>)	(<u>9,663</u>)	(<u>1</u>)
Other comprehensive income (loss) for the year, net of income tax	(<u>30,851</u>)	(<u>4</u>)	(<u>62,914</u>)	(<u>4</u>)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(<u>\$ 157,285</u>)	(<u>20</u>)	(<u>\$ 33,153</u>)	(<u>2</u>)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	(<u>\$ 126,434</u>)	(<u>16</u>)	<u>\$ 29,761</u>	<u>2</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	(<u>\$ 157,285</u>)	(<u>20</u>)	(<u>\$ 33,153</u>)	(<u>2</u>)
EARNINGS PER SHARE (Note 23)				
Basic	(<u>\$ 2.52</u>)		<u>\$ 0.59</u>	
Diluted	(<u>\$ 2.52</u>)		<u>\$ 0.59</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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Total Equity
	Share (In Thousand)	Capital Surplus	Retained Earnings		Other Equity		
			Special Reserve	Unappropri- ed 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, 2019	\$ 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 income (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
Appropriation of 2019 earnings							
Special reserve	-	-	17,013	(17,013)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-
Net loss for the year ended December 31, 2020	-	-	-	(126,434)	-	-	(126,434)
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,355)	(26,496)	(30,851)
Total comprehensive loss for the year ended December 31, 2020	-	-	-	(126,434)	(4,355)	(26,496)	(157,285)
BALANCE AT DECEMBER 31, 2020	\$ 502,425	\$ 293,911	\$ 252,393	\$ (9,775)	\$ (62,907)	\$ (220,338)	\$ 755,709

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	(\$ 163,975)	\$ 45,390
Adjustments for:		
Depreciation expenses	63,814	72,185
Expected credit loss recognized (reversed) on trade receivables	(5,591)	5,434
Net loss of financial assets and liabilities at fair value through profit and loss	14,205	-
Finance costs	8,010	7,891
Interest income	(526)	(859)
Write-downs of inventories	6,742	-
Reversal of write-downs of inventories	-	(1,047)
Net (gain) loss on foreign currency exchange	10,931	(6,301)
Gain on disposal of property, plant and equipment	(1,282)	(694)
Changes in operating assets and liabilities		
Contracts assets	95,408	(43,025)
Trade receivables	33,030	131,662
Other receivables	(11,650)	(1,878)
Inventories	(1,645)	(25,826)
Prepayments	22,348	(1,195)
Other current assets	3,097	1,208
Contracts liabilities	119,537	(13,025)
Trade payables	(52,737)	10,959
Other payables	(52,988)	(9,672)
Other current liabilities	<u>16,953</u>	<u>(1,037)</u>
Cash generated from operations	103,681	170,170
Interest paid	(6,417)	(7,455)
Income taxes paid	<u>9,784</u>	<u>(5,368)</u>
Net cash generated from operating activities	<u>107,048</u>	<u>157,347</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(265,314)	(389,405)
Proceeds from disposal of property, plant and equipment	2,304	14,676
Increase in refundable deposits	-	(1,426)
Decrease in refundable deposits	6	-
Decrease in other non-current assets	92	2
Increase in prepayments for equipment	(703)	(659)
Interest received	<u>526</u>	<u>859</u>
Net cash used in investing activities	<u>(263,089)</u>	<u>(375,953)</u>

(Continued)

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(40,005)	(44,550)
Proceeds from long-term borrowings	310,533	276,529
Repayments of long-term borrowings	(56,772)	(58,486)
Repayment of the principal portion of lease liabilities	(5,944)	(8,793)
Net cash generated from financing activities	<u>207,812</u>	<u>164,700</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(9,572)	(3,143)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	42,199	(57,049)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>296,210</u>	<u>353,259</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 338,409</u>	<u>\$ 296,210</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, 2020 AND 2019

(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 18, 2021.

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) Amendments to IAS 1 and IAS 8 "Definition of Materiality"

The Group has applied the amendment since January 1, 2020, changed to "can be reasonably expected to affect users" as the threshold of materiality, adjusted the disclosure of the consolidated financial report, and deleted non-significant information that might obscure material information.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1

“First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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 11, 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 property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, 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.

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

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses/ any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. The remaining amount of changes in the fair value of that liability is presented in profit or loss. If this accounting treatment related to credit

risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

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

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.

1. 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 other income on a systematic basis over the periods in which the Group recognizes as expenses and 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 deferred income 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

The Group calculates income tax payable (recoverable) based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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 and interests in joint ventures, 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 Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect 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	
	2020	2019
Cash on hand	\$ 1,318	\$ 1,070
Checking accounts and demand deposits	<u>337,091</u>	<u>295,140</u>
	<u>\$ 338,409</u>	<u>\$ 296,210</u>

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

	<u>December 31</u>	
	2020	2019
Bank balance	0%-0.5%	0%-0.5%

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>December 31</u>	
	2020	2019
<u>Non-current</u>		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contract	\$ 14,205	\$ -

At the end of the year, outstanding interest rate swap contract not under hedge accounting was as follows:

December 31, 2020

<u>Notional Amount</u> <u>(In Thousands)</u>	<u>Maturity Period</u>	<u>Range of Interest</u> <u>Rates Paid</u>	<u>Range of Interest</u> <u>Rates Received</u>
SGD15,000	08.04.2020 – 28.04.2025	2.18% (Fixed)	0.98676% (Floating)

The economic substance of the pay-floating receive-fixed interest rate swap contract listed in the table above is the managing of the exposures to the fair value interest rate risk of redeemable cumulative preference shares. However, the contract did not meet the criteria of hedge effectiveness and, therefore, was not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2020	2019
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 37,942	\$ 43,557

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2020	2019
<u>Non-current</u>		

Foreign investments

Unlisted shares	<u>\$ 37,942</u>	<u>\$ 43,557</u>
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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, 2020 and 2019, the Company evaluated the above investment value for impairment and recognized impairment losses of \$4,355 thousand and \$47,716 thousand under other equity - unrealized gains and losses of financial assets measured at fair value through other comprehensive income or loss.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 190,910	\$ 223,940
Less: Allowance for impairment loss	(7,115)	(13,204)
	<u>\$ 183,795</u>	<u>\$ 210,736</u>
<u>Other receivables</u>		
Other receivables	\$ 13,657	\$ 2,069
Other receivables from related parties	<u>123</u>	<u>61</u>
	<u>\$ 13,780</u>	<u>\$ 2,130</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, 2020

	Less than 60		181 to 360	361 to 720	Over 721 Days	Total
	Days	61 to 180 Days	Days	Days		
Expected credit loss rate	0%-0.58%	0%-1.92%	0%-1.15%	0%-0%	100%	
Gross carrying amount	\$ 107,839	\$ 46,769	\$ 23,431	\$ 7,136	\$ 5,735	\$ 190,910
Loss allowance (Lifetime ECL)	(449)	(703)	(228)	-	(5,735)	(7,115)
Amortized cost	<u>\$ 107,390</u>	<u>\$ 46,066</u>	<u>\$ 23,203</u>	<u>\$ 7,136</u>	<u>\$ -</u>	<u>\$ 183,795</u>

December 31, 2019

	Less than 60		181 to 360	361 to 720	Over 721 Days	Total
	Days	61 to 180 Days	Days	Days		
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)	(820)	(1,622)	(395)	(5,110)	(5,257)	(13,204)
Amortized cost	<u>\$ 131,184</u>	<u>\$ 58,827</u>	<u>\$ 8,093</u>	<u>\$ 12,632</u>	<u>\$ -</u>	<u>\$ 210,736</u>

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

	For the Year Ended December	
	2020	2019
Balance at January 1	\$ 13,204	\$ 7,923

Add: Net remeasurement of loss allowance	-	5,434
Less: Net remeasurement of loss allowance	(5,591)	-
Foreign exchange gains and losses	(498)	(153)
Balance at December 31	<u>\$ 7,115</u>	<u>\$ 13,204</u>

10. INVENTORIES

	December 31	
	2020	2019
Raw materials	<u>\$ 82,026</u>	<u>\$ 86,381</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$710,346 thousand and \$1,232,846 thousand, respectively. The cost of goods sold for the years ended December 31, 2020 and 2019 included inventory write-downs of \$6,742 thousand and reversal of \$1,047 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Description	Remark
			December 31			
			2020	2019		
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	Redwood Projects	Decoration of global	100	100	Established by 100% direct	*

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Description	Remark
			December 31			
			2020	2019		
Pte. Ltd.	Korea Co., Ltd.	advanced boutique brand store			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,	*
Redwood Interior Pte. Ltd.	Redwood Projects (Vietnam) Company Limited	Decoration of global advanced boutique brand store	100	-	Established by 100% direct or indirect investment in September 2020.	*
Redwood Interior Pte. Ltd.	Redwood Projects Philippines Inc.	Decoration of global advanced boutique brand store	100	-	Established by 100% direct or indirect investment in December 2020.	*

Remarks:

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

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Group	<u>\$ 995,505</u>	<u>\$ 855,857</u>

	2020						
	Land	Buildings	Machinery	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 34,182	\$ 345,425	\$ 439,835	\$ 30,295	\$ 65,876	\$ 381,924	\$1,297,537
Additions	-	175	35,204	2,803	7,503	178,595	224,280

Disposal	-	-	(1,275)	(8,688)	(2,152)	(269)	(12,384)
Effect of foreign currency							
exchange differences	(1,134)	(11,396)	(14,521)	(988)	(2,136)	(12,342)	(42,517)
Balance at December 31, 2020	<u>\$ 33,048</u>	<u>\$ 334,204</u>	<u>\$ 459,243</u>	<u>\$ 23,422</u>	<u>\$ 69,091</u>	<u>\$ 547,908</u>	<u>\$1,466,916</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ -	\$ 141,444	\$ 228,602	\$ 23,955	\$ 47,679	\$ -	\$ 441,680
Disposal	-	-	(1,125)	(8,762)	(1,475)	-	(11,362)
Depreciation expense	-	13,347	32,836	2,006	6,975	-	55,164
Effect of foreign currency							
exchange differences	-	(4,547)	(7,344)	(694)	(1,486)	-	(14,071)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 150,244</u>	<u>\$ 252,969</u>	<u>\$ 16,505</u>	<u>\$ 51,693</u>	<u>\$ -</u>	<u>\$ 471,411</u>
Carrying amounts at December 31,							
2020	<u>\$ 33,048</u>	<u>\$ 183,960</u>	<u>\$ 206,274</u>	<u>\$ 6,917</u>	<u>\$ 17,398</u>	<u>\$ 547,908</u>	<u>\$ 995,505</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	(381)	(3,413)	(4,008)	(281)	(636)	(586)	(9,305)
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	_____ -	_____ (1,523)	_____ (2,679)	_____ (248)	_____ (481)	_____ -	_____ (4,931)
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, 2020 and 2019 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.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ -	\$ 711
Land access	42,042	45,050
Buildings	2,178	7,437
Office equipment	<u>101</u>	<u>33</u>
	<u>\$ 44,321</u>	<u>\$ 53,231</u>
	For the Year Ended December	
	31	
	2020	2019
Additions to right-of-use assets	<u>\$ 117</u>	<u>\$ 2,729</u>

Depreciation charge for right-of-use assets

Land	\$ 1,339	\$ 1,463
Land access	1,551	1,630
Buildings	5,721	6,085
Office equipment	<u>39</u>	<u>57</u>
	<u>\$ 8,650</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.

Except for the additions and recognition of depreciation charge listed above, there was no major sublease or impairment loss of the right-of-use assets of the Group in 2020 and 2019.

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

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 1,913</u>	<u>\$ 5,861</u>
Non-current	<u>\$ 483</u>	<u>\$ 2,397</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	4.32%	4.32%
Land access	4.32%	4.32%
Office equipment	4.32%	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

	For the Year Ended December	
	31	
	2020	2019
Expenses relating to low-value asset leases	<u>\$ 1,625</u>	<u>\$ 1,498</u>
Total cash outflow for leases	<u>\$ 7,569</u>	<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.

14. OTHER ASSETS

	December 31	
	2020	2019
<u>Current</u>		
Prepayments - goods	\$ 15,089	\$ 19,809
Prepayments - expenses	12,130	17,919
Other prepayments	<u>3,447</u>	<u>15,286</u>
	<u>\$ 30,666</u>	<u>\$ 53,014</u>
Other current assets	<u>\$ 194</u>	<u>\$ 3,291</u>
<u>Non-current</u>		
Prepaid equipment	\$ 1,362	\$ 659
Refundable deposits	12,227	12,233
Others	<u>-</u>	<u>92</u>
	<u>\$ 13,589</u>	<u>\$ 12,984</u>

15. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2020	2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 59,317	\$ 99,322

The range of weighted average effective interest rate on bank loans was 1.9422% ~ 3.4708% and 2.5000% ~ 3.5543% per annum as of December 31, 2020 and 2019, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	2020	2019
<u>Secured borrowings (Note 28)</u>		
Bank loans*	\$ 632,089	\$ 342,234
<u>Unsecured borrowings</u>		
Bank loans	-	36,094
Less: Current portion	(53,273)	(56,772)
Long-term borrowings	\$ 578,816	\$ 321,556

* As of December 31, 2020 and 2019, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and building (refer to Note 28) was 1.2054% ~ 5.3719% and 2.6747% ~ 5.3719% per annum, respectively.

		<u>December 31</u>	
	Major Clause	2020	2019
<u>Unsecured loan</u>			
CTBC	Long-term loan: Credit line US\$2,000 thousand interest payable monthly, with interest rate of 1.95213% based on LIBOR,	\$ -	\$ 36,094

	Major Clause	December 31	
		2020	2019
	repayable.		
<u>Secured loan</u>			
DBS Bank	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
	Long-term loan: credit line SGD15,000 thousand only interest payable monthly, with interest rate of 2.18% for first 5 years and 2.5% for the remaining years. The loan installment commencement date will be from April 2021 and repayable in 80 quarterly installments.	323,400	-
	Long-term loan: credit line SGD8,000 thousand only interest will be paid until 110/3/31 or the new factory building is completed. The actual repayment principal and interest will be notified by DBS.	118,450	-
	Long-term loan: SGD5,000 thousand was obtained in April 2020 under Enterprise Financing Scheme (“EFS”) Temporary Bridging Loan 1 (TBL1) with an interest rate of 2.50% per annum on monthly rests, and for a tenor of 5 years. The loan installment commencement date will be from June 2021.	107,800	-
	Long-term loan: SGD1,000 thousand was obtained in August	21,560	-

		December 31	
Major Clause		2020	2019
	2020 under EFS SME Working Capital Loan with an interest rate of 2.25% per annum on monthly rests and for a tenor of 5 years. The loan installment commencement date will be from October 2021.		
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	16,634	19,698
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	44,245	64,218
Less: Borrowing due within one year		(<u>53,273</u>)	(<u>56,772</u>)
		<u>\$ 578,816</u>	<u>\$ 321,556</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

	December 31	
	2020	2019
<u>Current</u>		
Other payables		
Payable for salaries or bonuses	\$ 15,872	\$ 44,950
Payable for purchase of equipment	10,492	51,526
Payable for utilities	2,416	3,163
Payable for provident fund	3,169	3,776
Payable for professional service fees	1,528	1,602
Payable for shipping expenses	9,250	25,962
Payable for interest expenses	1,394	-
Others	<u>14,880</u>	<u>20,650</u>
	<u>\$ 59,001</u>	<u>\$ 151,629</u>
Deferred Income		
Government Grants (Note 21)	<u>\$ 21,400</u>	<u>\$ 4,354</u>
Other liabilities		
Others	<u>\$ 221</u>	<u>\$ 314</u>

Deferred income is that the Singapore government has subsidized the relevant company's equipment for the new plant. The Group received \$4,213 thousand and \$4,354 thousand in advance as of December 31, 2020 and 2019. The income will be recognized in installments after the new equipment starts to be used; and The Singapore government has implemented "Jobs Support Scheme" to assist businesses in coping with Covid-19 pandemic. The Group is expected to receive a fourth subsidy of \$17,187 thousand from the Singapore government in March 2021(refer to Note 21).

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

	December 31	
	2020	2019
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	
	2020	2019
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 2019 and 2018 were approved in the shareholders' meetings on June 08, 2020 and June 10, 2019, respectively; the amounts were as follows:

	Appropriation of Earnings	
	For the Year Ended December	
	31	
	2019	2018
Special reserve	<u>\$ 17,013</u>	<u>(\$ 9,212)</u>

Since it is a net loss after tax for year 2020, the board of directors of the Company proposed not to distribute the 2020 year surplus on March 18, 2021.

The appropriation of earnings for 2020 is subject to the resolution of the shareholders' meeting to be held on June 11, 2021.

d. Special reserve

	For the Year Ended December	
	31	
	2020	2019
Balance at January 1	\$ 235,380	\$ 244,592
Appropriations in respect of		

Debits to other equity items others	17,013	-
Reversals:		
Reversal of the debits to other equity items	<u>-</u>	<u>(9,212)</u>
Balance at December 31	<u>\$ 252,393</u>	<u>\$ 235,380</u>

e. Other equity items

Unrealized valuation gain or loss on financial assets at FVTOCI

	For the Year Ended December	
	31	
	2020	2019
Balance at January 1	(\$ 58,552)	(\$ 10,836)
Recognized for the year		
Unrealized gain or loss - equity instruments	<u>(4,355)</u>	<u>(47,716)</u>
Balance at December 31	<u>(\$ 62,907)</u>	<u>(\$ 58,552)</u>

20. REVENUE

	For the Year Ended December	
	31	
	2020	2019
Revenue from contracts with customers		
Construction contract revenue	<u>\$ 777,536</u>	<u>\$ 1,654,214</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, 2020	December 31, 2019	January 1, 2019
Trade receivables (Note 9)	<u>\$ 183,795</u>	<u>\$ 210,736</u>	<u>\$ 347,679</u>
Contract assets			
Retentions receivable	\$ 11,170	\$ 38,834	\$ 44,520
Decoration project			
Contract assets - current	<u>96,348</u>	<u>164,092</u>	<u>115,381</u>
	<u>\$ 107,518</u>	<u>\$ 202,926</u>	<u>\$ 159,901</u>
Contract liabilities			
Decoration project	<u>\$ 207,061</u>	<u>\$ 91,878</u>	<u>\$ 104,903</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	
	2020	2019
Expected credit loss rate	0.58%	0.82%
Gross carrying amount	\$107,518	\$202,926
Allowance for impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>
	<u>\$107,518</u>	<u>\$202,926</u>

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

	For the Year Ended December 31	
	2020	2019
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	
	2020	2019
From contract liabilities at the start of the year		
Decoration project	<u>\$ 91,878</u>	<u>\$104,903</u>

c. Disaggregation of revenue

Refer to Note 33 for information about the disaggregation of revenue.

d. Partially completed contracts

As of December 31, 2020, the aggregate amounts of the transaction prices allocated to the performance obligations that are unsatisfied are \$207,061 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. Interest income

	For the Year Ended December	
	31	
	2020	2019
Interest income		
Bank deposits	<u>\$ 526</u>	<u>\$ 859</u>

b. Other income

	For the Year Ended December	
	31	
	2020	2019
Government grants	\$ 76,262	\$ 2,530
Others	<u>3,392</u>	<u>5,763</u>
	<u>\$ 79,654</u>	<u>\$ 8,293</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 \$200 thousand and \$811 thousand in 2020 and 2019, 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 \$1,639 thousand and \$1,578 thousand in 2020 and 2019, respectively.
- 3) In response to the impact of Covid-19 pandemic, the Singapore government has implemented the "Fortitude Budget" since 2020. The budget will subsidize employee salaries to help companies survive the peak of the epidemic. The Company recognized subsidy revenue of \$73,795 thousand in 2020.
- 4) The Shanghai government rewarded companies for innovation and other subsidies. The Company recognized subsidy income of \$11 thousand and \$141 thousand in 2020 and 2019, respectively.
- 5) In order to help small and medium-sized enterprises affected by Covid-19 pandemic to tide over the low tide, the Japanese government has implemented relevant subsidy policies (sustainable benefit payment system) since 2020. This policy provides companies with fixed subsidies to support their daily operations. The Company recognized subsidy revenue of \$556 thousand in 2020.
- 6) The Japanese government issued a one-month emergency declaration in May 2020, and then continued to extend it. In order to assist the affected business owners, the rent subsidy policy (rental support payment) was implemented since July 2020. This policy subsidizes related rental expenses for enterprises to reduce the burden of daily operations. The Company recognized subsidy revenue of \$61 thousand in 2020.

c. Other gains and losses

	For the Year Ended December	
	31	
	2020	2019
Gain on disposal of property, plant and equipment	\$ 1,282	\$ 694
Net foreign exchange (losses)	(1,699)	317
Others	(<u>16,140</u>)	(<u>3,114</u>)
	(<u>\$ 16,557</u>)	(<u>\$ 2,103</u>)

d. Finance costs

	For the Year Ended December	
	31	
	2020	2019
Interest on bank loans	\$ 18,047	\$ 13,394

	For the Year Ended December 31	
	2020	2019
Interest on lease liabilities	<u>199</u>	<u>436</u>
	18,246	13,830
Less: Amounts included in the cost of qualifying assets	<u>(10,236)</u>	<u>(5,939)</u>
	<u>\$ 8,010</u>	<u>\$ 7,891</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	\$ 10,231	\$ 5,939
	1.2054%~	2.5000%~
Capitalization rate	2.6747%	3.5543%

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 35,309	\$ 38,389
Operating expenses	<u>28,505</u>	<u>33,796</u>
	<u>\$ 63,814</u>	<u>\$ 72,185</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits (Note 18)		
Defined contribution plan	\$ 28,574	\$ 35,787
Other employee benefits	<u>350,953</u>	<u>499,807</u>
	<u>\$ 379,527</u>	<u>\$ 535,594</u>

	For the Year Ended December	
	31	
	2020	2019
An analysis of employee benefits expense by function		
Operating costs	\$ 158,203	\$ 258,119
Operating expenses	<u>221,324</u>	<u>277,475</u>
	<u>\$ 379,527</u>	<u>\$ 535,594</u>
		(Concluded)

g. 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.

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.

The Company did not accrue employees' compensation and remuneration of directors and supervisors due to net loss for the year ended December 31, 2020.

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, 2019 and 2018.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December	
	31	
	2020	2019
Foreign exchange gains	\$ 1,853	\$ 5,116
Foreign exchange losses	(3,552)	(4,799)
	<u>(\$ 1,699)</u>	<u>\$ 317</u>

22. INCOME TAX

a. Income tax recognized in profit or loss:

Major components of income expense (benefit) are as follows:

	For the Year Ended December	
	31	
	2020	2019
<u>Current tax</u>		
In respect of the current year	\$ 3,351	\$ 7,544
Adjustments for prior year	(1,066)	-
	<u>2,285</u>	<u>7,544</u>
<u>Deferred tax</u>		
In respect of the current year	(39,826)	<u>8,085</u>
Income tax expense (benefit) recognized in profit or loss	<u>(\$ 37,541)</u>	<u>\$ 15,629</u>

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

	For the Year Ended December	
	31	
	2020	2019
Profit (Loss) before tax	<u>(\$ 149,906)</u>	<u>\$ 45,390</u>
Income tax expense calculated at the statutory rate	(\$ 30,424)	\$ 12,675

Nondeductible expenses in determining taxable income	2,049	15,306
Tax-exempt income	(264)	(12,287)
Tax losses	20,811	-
Unused loss carryforwards and deductible temporary differences	(29,530)	-
Adjustments for prior years' tax	(1,066)	-
Others	<u>883</u>	(<u>65</u>)
Income tax expense recognized in profit or loss	<u>(\$ 37,541)</u>	<u>\$ 15,629</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	
	2020	2019
Current tax assets		
Tax refund receivable	<u>\$ 4,334</u>	<u>\$ 23,628</u>
Current tax liabilities		
Income tax payable	<u>\$ 4,572</u>	<u>\$ 11,797</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, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Temporary differences				
Unrealized exchange gains and losses	\$ 17	\$ -	\$ 1	\$ 18
Depreciation expense	92	-	(4)	88
Property, plant and equipment	(11)	-	1	(10)

Others	10	42	-	52
Tax losses	<u>1,827</u>	<u>21,480</u>	(<u>43</u>)	<u>23,264</u>
	<u>\$ 1,935</u>	<u>\$ 21,522</u>	(<u>\$ 45</u>)	<u>\$ 23,412</u>
		Recognized		
	Opening	in Profit or	Exchange	Closing
Deferred Tax Liabilities	Balance	Loss	Difference	Balance
Write-down of inventory	(\$ 5,034)	(\$ 1,473)	\$ 141	(\$ 6,366)
Unrealized exchange gains and losses	(49)	(158)	18	(189)
Property, plant and equipment	34,425	(7,956)	(1,188)	25,281
Others	(<u>9,341</u>)	(<u>8,717</u>)	<u>230</u>	(<u>17,828</u>)
	<u>\$ 20,001</u>	(<u>\$ 18,304</u>)	(<u>\$ 799</u>)	<u>\$ 898</u>

For the year ended December 31, 2019

		Recognized		
	Opening	in Profit or	Exchange	Closing
Deferred Tax Assets	Balance	Loss	Difference	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>

		Recognized		
	Opening	in Profit or	Exchange	Closing
Deferred Tax Liabilities	Balance	Loss	Difference	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>

d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 of Redwood Furniture Sdn. Bhd. comprised:

	December 31	
	2020	2019
Loss carryforwards		
No expiration date	<u>\$ 106,047</u>	<u>\$ 22,763</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 2020, have been assessed by the tax authorities. Redwood Projects Japan K.K. until 2021, have been assessed by the tax authorities.

23. EARNINGS (LOSS) PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December	
	31	
	2020	2019
Basic earnings (loss) per share	(<u>\$ 2.52</u>)	<u>\$ 0.59</u>
Diluted earnings (loss) per share	(<u>\$ 2.52</u>)	<u>\$ 0.59</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	
2020	2019

Earnings (loss) used in the computation of basic earnings per share	(\$ 126,434)	\$ 29,761
Earnings (loss) used in the computation of diluted earnings per share	(\$ 126,434)	\$ 29,761

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

	For the Year Ended December	
	31	
	2020	2019
Weighted average number of ordinary shares used in the 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 (loss) 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, 2020 and 2019, 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 \$224,280 thousand, the equipment payable was decreased by \$41,034 thousand, in cash payment of \$265,314 thousand for the year ended December 31, 2020. (Refer to Note 12).
- 2) 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 12).

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

Opening	Cash Flows	Non-cash Changes		Closing
		New Leases	Others	
Balance				

Short-term borrowings	\$ 99,322	(\$ 40,005)	\$ -	\$ -	\$ 59,317
Long-term borrowings - current portions	56,772	(56,772)	-	53,273	53,273
Long-term borrowings	321,556	310,533	-	(53,273)	578,816
Lease liabilities (Note 3)	<u>8,258</u>	<u>(5,944)</u>	<u>117</u>	<u>199</u>	<u>2,396</u>
	<u>\$ 485,908</u>	<u>\$ 207,812</u>	<u>\$ 117</u>	<u>\$ 199</u>	<u>\$ 693,802</u>

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
Long-term borrowings	<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>

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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>37,942</u>	\$ <u>37,942</u>
Financial liabilities at FVTPL				
Derivatives	\$ <u> -</u>	\$ <u>14,205</u>	\$ <u> -</u>	\$ <u>14,025</u>

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>

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, 2020

	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2020	\$ 43,557
Recognized in other comprehensive income	(4,355)
Net exchange difference	(<u>1,260</u>)
Balance at December 31, 2020	\$ <u>37,942</u>

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	(819)
Balance at December 31, 2019	<u>\$ 43,557</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - Interest rate swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward interest rates at the end of the reporting period, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

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 23% is regarded as the assumed liquidity discount in an available market.

c. Categories of financial instruments

	<u>December 31</u>	
	2020	2019
Financial assets		
Financial assets at amortized cost (1)	\$ 548,211	\$ 521,309
Financial assets at FVTOCI		
Equity instruments	37,942	43,557
Financial liabilities		
Financial liabilities at amortized cost (2)	869,029	800,638

Financial liabilities at FVTPL

Derivatives

14,205

-

- 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 31.

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	
	2020	2019
Profit or loss	(\$ 514)	(\$ 1,445)

	Currency USD's Impact	
	For the Year Ended December	
	31	
	2020	2019
Profit or loss	(\$ 189)	(\$ 435)

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, 2020 and 2019 would have decreased by \$3,457 thousand and \$2,388 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, 2020 and 2019, the Group had available unutilized short-term bank loan facilities set out in (b) 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, 2020

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 59,317	\$ -	\$ -
Trade payables	118,622	-	-
Lease liabilities	1,913	483	-
Other payables	59,001	-	-
Current portion of long-term borrowings	53,273	-	-
Long-term borrowings	<u>-</u>	<u>236,733</u>	<u>342,083</u>

\$ 292,126 \$ 237,216 \$ 342,083

Additional information about the maturity analysis fore lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 2,047</u>	<u>\$ 462</u>

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>

b) Financing facilities

	December 31	
	2020	2019
Unsecured bank overdraft facility:		
Amount used	\$ 59,317	\$ 135,416
Amount unused	<u>33,347</u>	<u>38,814</u>
	<u>\$ 92,664</u>	<u>\$ 174,230</u>
Secured bank overdraft facility:		
Amount used	\$ 632,089	\$ 342,234
Amount unused	<u>179,282</u>	<u>411,427</u>
	<u>\$ 811,371</u>	<u>\$ 753,661</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

Related Party Name	Related Party Category
DDG Glass Pte. Ltd.	Related party in substance
DDG Glass MFG Sdn. Bhd.	Related party in substance
Teh Lee Mui	Related party in substance

b. Purchases of goods

	For the Year Ended December 31	
Related Party Categories	2020	2019
Related party in substance	<u>\$ 14,930</u>	<u>\$ 16,374</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)

Line Items	Related Party Categories	December 31	
		2020	2019
Other receivables	Related party in substance	\$ <u>123</u>	\$ <u>61</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

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

Line Items	Related Party Categories	December 31	
		2020	2019
Trade payables	Related party in substance	\$ <u>2,317</u>	\$ <u>1,179</u>

The outstanding trade payables to related parties are unsecured.

- e. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Item	Purchase Price For the Year Ended December 31	
		2020	2019
Related party in substance/Teh Lee Mui	Transportation Equipment	\$ <u>2,761</u>	\$ <u>-</u>

- f. Lease arrangements

Related Party Categories	For the Year Ended December 31	
	2020	2019
<u>Interest expense</u>		
Related party in substance	\$ <u>-</u>	\$ <u>2</u>

Lease expense

Related party in substance \$ - \$ 30

Subsidiary Redwood Projects Sdn. Bhd. leased the business premises from the substantive person of the Group under operating leases. The rent was not subject to significant differences in the signing of the contract according to the general market conditions. Lease expenses recognized for the years ended May 31, 2019.

g. Other transactions with related parties

Line Items	Related Party Categories	December 31	
		2020	2019
Other income	Related party in substance	\$ <u> 1,814</u>	\$ <u> 1,867</u>

h. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 13,318	\$ 21,504
Post-employment benefits	<u> 730</u>	<u> 970</u>
	<u>\$ 14,048</u>	<u>\$ 22,474</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	
	2020	2019
Land	\$ 33,048	\$ 34,182
Right-of-use - asset (land access)	42,042	45,761
Buildings	154,786	168,818
Equipments	20,343	26,999

Construction in Progress	<u>547,758</u>	<u>381,924</u>
	<u>\$ 797,977</u>	<u>\$ 657,684</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, 2020 and 2019 were as follows:

Significant Commitments

- a. As of December 31, 2020 and 2019, the Group signs a contractual commitment with the manufacturer for purchases machinery and equipment amounted to approximately \$1,092 thousand and \$2,244 thousand, respectively.
- b. Unrecognized commitments are as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Acquisition of property, plant and equipment	<u>\$ 56,311</u>	<u>\$ 256,288</u>

30. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, overseas business travels were blocked, causing a sharp drop in the volume of project orders. Furthermore, the main operating centers and production factories of the Group experienced a continued suspension or postponement of resumption of work due to border and production control orders imposed by the local governments, resulting in a significant decrease in revenue for Apr to Dec 2020. Although the current epidemic is slowing down, most countries still adopt closed management. The global economic situation is still severe, consumption patterns continue to shrink, and the timing of the Group's return to normal operations is uncertain

In response to the impact of the epidemic, the Group takes the following actions:

- a. Adjust operating strategies
 - 1) Reduce operating costs, strive to reduce rework and waste in the production process, implement salary reduction measures, and streamline the number of employees.
 - 2) Pursue market diversification, develop commercial and residential interior decoration businesses, and related projects are now being negotiated.
 - 3) Delay capital expenditures to ease funding pressure.
- b. Financing strategies
 - 1) Subsidiary Redwood Interior Pte Ltd applied to DBS Bank Singapore for a long-term financing line of SGD6 million due to operational needs.

- 2) Regarding the long-term loan related to the new factory and office building, after negotiation with DBS Bank, the principal was delayed until the new factory was built or the repayment began after March 31, 2021 at the latest.

c. Government relief measures

The Group has successively applied to the government for various subsidies such as salaries, working capital, interest, rents, etc. Funds of up to \$75,434 thousand was received in 2020.

31. 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, 2020

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,354	1.330 (USD:SGD)	\$ 38,822
EUR	1,092	1.624 (EUR:SGD)	<u>38,228</u>
			<u>\$ 77,050</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,077	4.055 (USD:MYR)	\$ 30,885
USD	936	1.330 (USD:SGD)	26,829
MYR	7,262	0.328 (MYR:SGD)	<u>51,352</u>
			<u>\$ 109,066</u>

December 31, 2019

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,983	1.350 (USD:SGD)	\$ 119,800
EUR	326	1.508 (EUR:SGD)	<u>10,944</u>
			<u>\$ 130,744</u>
 <u>Financial liabilities</u>			
Monetary items			
USD	1,631	4.112 (USD:MYR)	\$ 49,070
USD	3,819	1.350 (USD:SGD)	114,855
MYR	19,750	0.328 (MYR:SGD)	144,459
EUR	519	1.508 (EUR:SGD)	<u>17,440</u>
			<u>\$ 325,824</u>

The Group is mainly exposed to SGD, MYR, HKD and RMB. 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				
		2020	2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
SGD	(SGD:NTD)	\$ 2,534	(SGD:NTD)	(\$ 1,346)
MYR	(MYR:NTD)	(788)	(MYR:NTD)	102
HKD	(HKD:NTD)	-	(HKD:NTD)	6
RMB	(RMB:NTD)	(16)	(RMB:NTD)	(134)
JPY	(JPY:NTD)	(219)	(JPY:NTD)	278
KRW	(KRW:NTD)	155	(KRW:NTD)	777
USD	(USD:NTD)	25	(USD:NTD)	-
VND	(VND:NTD)	<u>8</u>	(VND:NTD)	<u>-</u>

32. 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. (Note 7 and 26)
- 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.
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

33. SEGMENT INFORMATION

Operating segment financial information

The Company and its subsidiaries determine the operating segments based on the management reports used by the management authority (the chief operating decision maker) to make decisions, evaluate performance and allocate resources. The Company and its subsidiaries only have a single operating segment to provide the decoration business for boutique brand stores. The chief operating decision makers consider that their businesses have similar risks and rewards. Therefore, the Company and its subsidiaries do not apply to segment information disclosure.

a. Revenue from major products and services

The main products and services income of the continuing operations of the Group are all from the decoration and furniture trading of global high-end boutique brand stores.

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		Non-current Assets	
	For the Year Ended		December 31	
	December 31			
	2020	2019	2020	2019
Asian	\$ 589,472	\$ 1,344,880	\$ 1,105,730	\$ 965,629
Middle East	26,348	15,649	-	-
America	141,534	268,732	-	-
Europe	<u>20,182</u>	<u>24,953</u>	<u>81</u>	<u>-</u>
	<u>\$ 777,536</u>	<u>\$ 1,654,214</u>	<u>\$ 1,105,811</u>	<u>\$ 965,269</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 \$777,536 thousand and \$1,654,214 thousand in 2020 and 2019, respectively, is revenue of approximately \$300,126 thousand and \$852,388 thousand which arose from sales to single customers contributing 10% or more to the Group's revenue.

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

	For the Year Ended December	
	31	
	2020	2019
Customer A (Note 1)	\$ 152,614	\$ 635,666
Customer B (Note 1)	147,512	(Note 2)
Customer C (Note 1)	<u>(Note 2)</u>	<u>216,722</u>
	<u>\$ 300,126</u>	<u>\$ 852,388</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, 2020

(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 (Note 1)	Aggregate Financing Limit (Note 1)
													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	\$ -	-	\$ -	\$ 226,713	\$ 302,284
		Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	226,713	302,284
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	743,261	743,261
		Redwood (Shanghai) Pte. Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	743,261	743,261
		Redwood (HK) Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	743,261	743,261
		Redwood Projects Sdn. Bhd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	743,261	743,261
		Redwood Group Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	743,261	743,261
		Redwood Projects Japan K.K.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	743,261	743,261
		Redwood Projects France S.A.S.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	743,261	743,261
		Redwood Projects Korea Co., Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	743,261	743,261
2	Redwood Projects US Inc.	Redwood Interior Pte. Ltd.	Other receivables for related parties	Yes	7,378	7,378	-	-	Short-term financing	-	Financing need	-	-	-	21,621	21,621
		Redwood Interior Pte. Ltd.	Other receivables for related parties	Yes	17,395	17,395	-	-	Short-term financing	-	Financing need	-	-	-	30,180	30,180

Note 1: The limit amount is calculated as follows:

a. The total amount available for lending purpose shall not exceed $\$755,709$ (in thousands) $\times 40\% = \$302,284$ (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 $\$755,709$ (in thousands) $\times 30\% = \$226,713$ (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.

b. The total amount available for lending purpose shall not exceed $\$743,261$ (in thousands) $\times 40\% = \$297,304$ (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 $\$743,261$ (in thousands) $\times 20\% = \$148,652$ (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 $\$743,261$ (in thousands) $\times 100\% = \$743,261$ (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.

c. The total amount available for lending purpose shall not exceed $\$14,414$ (in thousands) $\times 40\% = \$5,766$ (in thousands) of the net worth of Redwood Projects US Inc.

If there are transactions with Redwood Projects US Inc., 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 $\$14,414$ (in thousands) $\times 20\% = \$2,883$ (in thousands) of the net worth of Redwood Projects US Inc.

The total amount for lending to a company for funding for a short-term period shall not exceed $\$14,414$ (in thousands) $\times 150\% = \$21,621$ (in thousands) for funding between domestic and foreign parent which holds, directly or indirectly, 100% of the voting shares of the net worth of Redwood Projects US Inc.

d. The total amount available for lending purpose shall not exceed $\$20,120$ (in thousands) $\times 40\% = \$8,048$ (in thousands) of the net worth of Redwood Projects France S.A.S.

If there are transactions with Redwood Projects France S.A.S., 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 $\$20,120$ (in thousands) $\times 20\% = \$4,024$ (in thousands) of the net worth of Redwood Projects France S.A.S.

The total amount for lending to a company for funding for a short-term period shall not exceed $\$20,120$ (in thousands) $\times 150\% = \$30,180$ (in thousands) for funding between domestic and foreign parent which holds, directly or indirectly, 100% of the voting shares of the net worth of Redwood Projects France S.A.S.

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, 2020

(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	\$ 906,851	\$ 802,874	\$ 732,005	\$ 700,528	\$ -	96.86	\$ 906,851	Y	N	N
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Note 2	594,609	20,095	15,817	15,817	-	2.09	594,609	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, 2020 is the net value of \$755,709 (in thousands) \times 120% = \$906,851 (in thousands); the limit for endorsement of a single enterprise is net value of \$755,709 (in thousands) \times 20% = \$151,142 (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, 2020 is the net value of \$743,261 (in thousands) \times 80% = \$594,609 (in thousands); the limit for endorsement of a single enterprise is net value of \$743,261 (in thousands) \times 20% = \$148,652 (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, 2020

(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, 2020			
				Number of Shares (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value
Redwood Interior Pte. Ltd.	Unlisted shares DDG Glass Pte. Ltd.	Related party in substance	Financial assets at FVTOCI	8,387	\$ 37,942	18.48	\$ 37,942

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)	\$ 460,499 (SGD 20,494)	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	(\$292,900)	(94.12%)	30 days of the month	According to the Company's transfer pricing policy	-	\$ 49,649	92.98	

REDWOOD GROUP LTD AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

(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	Accounts payable	\$ 49,649 (SGD 2,303)	No significant difference in terms for related parties	2.6%
		Redwood Furniture Sdn. Bhd.	3	Purchase	293,164 (SGD13,594)	By Redwood Interior Pte. Ltd. transfer pricing policy	37.7%
		Redwood Furniture Sdn. Bhd.	3	Other receivables	20,918 (SGD 970)	No significant difference in terms for related parties	1.1%
		Redwood (Shanghai) Pte. Ltd.	3	Sales revenue	6,999 (SGD 330)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.9%
		Redwood Projects Japan K.K.	3	Sales revenue	21,922 (SGD 1,017)	By Redwood Interior Pte. Ltd. transfer pricing policy	2.8%
		Redwood Projects France S.A.S.	3	Purchase	10,560 (SGD 490)	By Redwood Interior Pte. Ltd. transfer pricing policy	1.4%
		Redwood Projects France S.A.S.	3	Accounts payable	5,395 (SGD 250)	No significant difference in terms for related parties	0.3%
		Redwood Projects US Inc.	3	Other receivables	13,123 (SGD 609)	No significant difference in terms for related parties	0.7%
		Redwood Projects US Inc.	3	Sales revenue	22,389 (SGD 1,030)	By Redwood Interior Pte. Ltd. transfer pricing policy	2.9%
2	Redwood Furniture Sdn. Bhd.	Redwood Projects Sdn. Bhd.	3	Sales revenue	18,454 (SGD 855)	By Redwood Interior Pte. Ltd. transfer pricing policy	2.4%

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, 2020

(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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	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	\$ 743,261	(\$ 112,538)	(\$ 112,538)	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	392,972	(39,402)	(39,402)	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	7,471	(1,854)	(1,854)	Second-tier subsidiary
	Redwood Projects Sdn. Bhd.	Malaysia	Decoration of global advanced boutique brand store	6,195 (SGD 256)	6,195 (SGD 256)	-	100	53,120	2,883	2,883	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	12,405	2,281	2,281	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	20,120	788	788	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	8,419	3,290	3,290	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	14,414	1,612	1,612	Second-tier subsidiary
	Redwood Projects (Vietnam) Company Limited	Vietnam	Decoration of global advanced boutique brand store	2,917 (US\$ 100)	-	-	100	2,383	(208)	(208)	Second-tier subsidiary
	Redwood Projects Philippines Inc.	Philippines	Decoration of global advanced boutique brand store	5,895 (PHP 10,000)	-	-	100	5,786	(80)	(80)	Second-tier subsidiary

Note 1: For information of investments in mainland China, please refer to Table 8.

Note 2: The exchange rate was SGD1=NT\$21.56; MYR1=NT\$7.0717; HK\$1=NT\$3.6738; KRW1=NT\$0.0259; EUR1=NT\$35.0199; JPY1=NT\$0.276; US\$1=NT\$28.6748; VND1=NT\$0.0011; PHP1=NT\$0.5864 as of December 31, 2020.

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.	\$ -	\$ -	\$ -	\$ -	(\$ 1,261)	100	(\$ 1,261)	\$ 42,994	\$ -

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.

REDWOOD GROUP LTD AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Standard Chartered Bank Trust Account of Soh Thong Ming	16,608,571	33.05%
Standard Chartered Bank Trust Account of Teh Lee Mui	15,456,264	30.76%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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, 2020	December 31, 2019	Variation	
			Amount	%
Current Assets	760,722	878,316	(117,594)	(13.39)
Funds and Investment		-		
Fixed Assets	995,505	855,857	139,648	16.32
Intangible Assets		-		
Other Assets	119,264	111,707	7,557	6.76
Total Assets	1,875,491	1,845,880	29,611	1.60
Current Liabilities	525,380	588,932	(63,552)	(10.79)
Long-term Liabilities	578,816	321,556	257,260	80.00
Other Liabilities	15,586	22,398	(6,812)	(30.41)
Total Liabilities	1,119,782	932,886	186,896	20.03
Share Capital	502,425	502,425	-	-
Capital Surplus	293,911	293,911	-	-
Retained Earnings	242,618	369,052	(126,434)	(34.26)
Others	(283,245)	(252,394)	(30,851)	(12.22)
Treasury Stock		-	-	-
Total Equity	755,709	912,994	(157,285)	(17.23)

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

1. Current assets: Mainly due to current contract assets in 2020 decrease significantly.
2. Fixed assets: Mainly due to the construction of new factory and office buildings and the purchase of machinery and equipment by Redwood Interior Pte Ltd in 2020.
3. Current Liabilities: Mainly due to repayment of short-term loans of Taiwan CITIC Bank in 2020.
4. Long-term liabilities: Mainly due to the 2020 Redwood Interior Pte Ltd borrowing long-term loans from DBS Bank for the construction of new factories and office buildings and operations.
5. Other liabilities: Mainly due to the decrease in deferred income tax liabilities in 2020.
6. Retained earnings: Mainly due to the decrease in revenue 2020 and the decrease in profits.
6. Others: Mainly due to the exchange difference in the conversion of the financial statements of foreign operation institutions in 2020.

Source: The CPA-audited consolidated financial statements for 2019~2020

II. Financial Performance

Comparative Analysis of Financial Performance

Unit: NT\$1,000; %

Year Item	2020	2019	Variation	
			Amount	%
Net Operating Revenue	777,536	1,654,214	(876,678)	(53.00)
Operating Costs	710,346	1,232,846	(522,500)	(42.38)
Gross Profit	67,190	421,368	(354,178)	(84.05)
Operating Expenses	286,778	375,136	(88,358)	(23.55)
Operating Income (Loss)	(219,588)	46,232	(265,820)	(574.97)
Non-operating Income and Expenses	55,613	(842)	56,455	6704.87
Net Income (Loss) before Tax	(163,975)	45,390	(209,365)	(461.26)
Income Tax Expenses	(37,541)	15,629	(53,170)	(340.20)
Net Income (Loss)	(126,434)	29,761	(156,195)	(524.83)

Year Item	2020	2019	Variation	
			Amount	%
Please explain any material changes (amounting over 10% and accounting for 1% of total assets):				
1. Net operating revenue: Mainly due to the impact of the COVID-19 epidemic in 2020 on the international economy and trade, and the significant reduction in the number of projects.				
2. Operating costs: Mainly due to the decrease in operating-related variable costs in 2020 with the decrease in revenue.				
3. Gross profit: Mainly because the decrease in operating costs in 2020 is lower than the decrease in revenue.				
4. Operating expenses: Mainly due to the decrease in salary-related expenses in 2020.				
5. Operating (loss) income: Mainly due to the decrease in operating margin in 2020.				
6. Non-operating income and expenses: Mainly due to the impact of the new coronavirus pneumonia epidemic in 2020, the Singapore government implemented the "Fortitude Forward Budget" to subsidize employees' salaries. .				
7. Net (loss) income before tax: Mainly due to the net operating loss in 2020.				
8. Income tax expenses: Mainly due to the deferred income tax benefit caused by the 2020 net loss before tax.				
9. Net (loss) income: Mainly due to the decrease in revenue in 2020 and the decrease in profits.				

Source: The CPA-audited consolidated financial statements for 2019~2020.

III. Cash Flows

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

Unit: NT\$1,000; %

Year Item	2020	2019	Change by Amount	Change by Percentage
Net Cash Inflows (Outflows) from Operating Activities	107,048	157,347	(50,299)	(31.97)
Net Cash Inflows (Outflows) from Investing Activities	(263,089)	(375,953)	112,864	30.02
Net Cash Inflows (Outflows) from Financing Activities	207,812	164,700	43,112	26.18

Analysis of Cash Flows

(1) Cash flow changes in the most recent year:

Operating activities: The decrease in net cash inflow from operating activities in mainly due to the decrease in revenue and the decrease in profit in 2020.

Investing activities: The decrease in net cash outflow from investing activities was mainly due to the construction of new factories and offices by Redwood Interior Pte Ltd in 2019 and the purchase of larger machinery and equipment. .

Financing activities: The increase in net cash inflows from financing activities was mainly due to the increase in borrowings for Redwood Interior Pte Ltd in 2020 due to construction of new factories and offices and to meet operational needs.

(2) Remedial measures for projected cash flow shortfalls and liquidity analysis:

Investment plan: Not applicable.

Financing plan: Not applicable.

(II) Analysis of liquidity for the upcoming year (2021)

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
338,409	22,913	(170,071)	191,251	—	—

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- 2020.02	554,983	To meet the needs of business and production	Long-term loans from banks
Cefla S.C. - Roller Application	2020.08.04	7,846	To meet the needs of production	cash transactions, outflow of funds
Costa Levigatrici Spa - Top Sanding Machine & Top Calibrating Machine	2020.08.05	6,626	To meet the needs of production	cash transactions, outflow of funds

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 2020	Investment Policy	Reason for Profit/Loss	Improvement Plan
Redwood Interior Pte Ltd	(112,538)	Develop key operations in the global market and provide sales and technical support	Mainly due to the sharp decline in revenue and declining profits in 2020 under the influence of COVID-19 epidemic.	Develop new markets and customers, increase the number of orders, and control construction costs
Redwood Furniture Sdn. Bhd.	(39,402)	Provide key operations for production and research and development	Mainly due to less orders in 2020 which led to an decrease in production capacity	Improve the production capacity, craftsmanship, and efficiency
Redwood (Shanghai) Pte Ltd	(1,261)	Develop key operations in Greater China and provide sales and technical support	Mainly due to less orders in 2020 which led to an decrease in production capacity	Actively explore the market, increase the number of orders, and control project costs.
Redwood (HK) Ltd	(1,854)	Act as the operation for sales in Hong Kong	Mainly due to administrative and operating expenses at the early restarting stage	Not applicable
Redwood Projects Sdn. Bhd.	2,883	Develop the market in Malaysia and provide sales and technical support	Good business performance	Not applicable
Redwood Projects Korea Ltd.	2,281	Act as the operation for sales in South Korea	Good business performance	Not applicable
Redwood Projects France S.A.S.	788	Act as the operation for sales in Europe	Good business performance	Not applicable
Redwood Projects Japan K.K.	3,290	Act as the operation for sales in Japan	Good business performance	Not applicable
Redwood Projects US Inc.	1,612	Act as the operation for sales in the U.S.	Good business performance	Not applicable
Redwood Projects (Vietnam) Company Limited	(208)	Act as the operation for sales in Vietnam	Mainly due to administrative and operating expenses at the early stage of incorporation	Not applicable
Redwood Projects Philippines Inc.	(80)	Act as the operation for sales in Philippines	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 (2019 and 2020, same as below) was NT\$859,000 and NT\$526,000, respectively, accounting for 0.05% and 0.07% of net operating revenue, respectively. The interest expenses of Redwood Group in the most recent two years were NT\$7,891,000 and NT\$8,010,000, respectively, accounting for 0.48% and 1.03% 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\$317,000 and NT\$(1,699,000) for the most recent two years, respectively, accounting for 0.02% and 0.22% 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 analyze 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 2020 and up to the 2021 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.

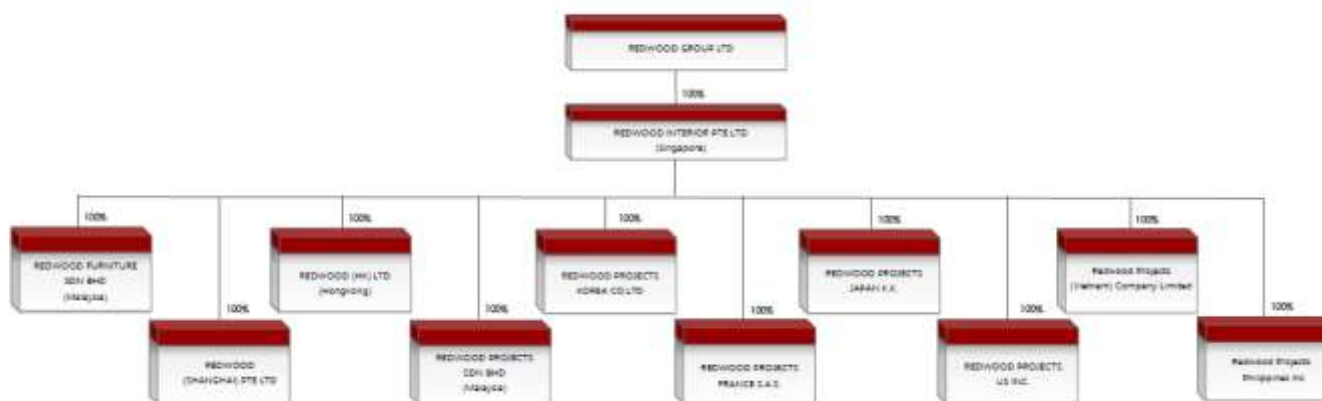
Chapter 8 Special Items to be Included

I. Information Relating to the Company's Affiliates

(I) Consolidated business report

1. Redwood Group structure

2021.04.30



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
Redwood Projects (Vietnam)	2020.06.29	Vietnam	USD 100,000	High quality interior fittings for the world's top luxury

Company Name	Date of Incorporation	Location	Paid-in Capital	Major Lines of Business
Company Limited				brands
Redwood Projects Philippines Inc.	2020.12.15	Philippines	PHP 10,000,000	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 the ,Ide Yukinari, Hisatoshi Nagata, Sing-Keong, Lee	100%
Redwood Projects US Inc.	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh	100%
Redwood Projects (Vietnam) Company Limited	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh	100%
Redwood Projects Philippines Inc.	Director	Representative of Redwood Interior Pte Ltd: Thong-ming Soh; Jun-Wei, Soh	100%

5. Overview of business operations of affiliates

December 31, 20

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	1,765,757	1,022,496	743,261	618,685	(165,255)	(112,538)	(6.26)
Redwood Furniture Sdn. Bhd.	509,476	503,417	110,445	392,972	311,183	(52,903)	(39,402)	(1.58)
Redwood (Shanghai) Pte Ltd	24,486	49,186	6,192	42,994	29,671	(1,546)	(1,261)	Not applicable
Redwood (HK) Ltd	6,081	7,563	92	7,471	-	(1,753)	(1,854)	(1.19)
Redwood Projects Sdn. Bhd.	6,195	79,269	26,149	53,120	81,074	4,922	2,883	3.84
Redwood Projects Korea Co., Ltd.	11,160	14,103	1,698	12,405	26,120	2,498	2,281	28.51
Redwood Projects France S.A.S.	21,233	22,179	2,059	20,120	10,551	826	788	1.31
Redwood Projects JAPAN K.K	11,980	18,094	9,675	8,419	41,958	3,189	3,290	3,655.56
Redwood Projects US Inc.	15,493	57,914	43,500	14,414	45,478	2,748	1,612	3.22
Redwood Projects (Vietnam) Company Limited	2,917	2,490	107	2,383	-	(200)	(208)	Not applicable
Redwood Projects Philippines Inc.	5,895	5,931	145	5,786	-	(114)	(80)	(0.01)

(II) Consolidated financial statements of affiliates: Please refer to #Pages 101 to#174.

(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
<ol style="list-style-type: none"> 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 report to the competent authority for approval. 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. 	<ol style="list-style-type: none"> 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 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. 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.
<ol style="list-style-type: none"> 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 	<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</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
<p>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>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' 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>
<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> <p>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</p>	<p>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</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
<p>of all businesses or property from others by the Company that may have a material effect on the company's operation;</p> <ol style="list-style-type: none"> 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 de-merger; and 6. Issuance of new restricted employee shares. 7. Share Exchange 	<p>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.</p> <ol style="list-style-type: none"> 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, apart from being passed by Special Resolution of the Company's general meeting under the Cayman Companies Law.</p> (2) Dissolution: <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> (3) Merger: <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</p>

Major Items for Shareholders Rights Protection	The Company’s Memorandum and Articles of Association and Reasons for the Differences
	<p>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 A OA, 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 general meeting to elect new supervisors. 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. 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. 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. 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 	<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>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>2. 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 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</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
	<p>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>

(II) Unfulfilled TPEX-listed commitments: The Company has fulfilled all of its TPEX-listed commitments. Status as of the latest period (first quarter of 2021) is as follows :

Follow-up on TPEX-listed Commitments

TPEX-listed Commitments	Implementation Status of Commitments
<p>1. The Company undertook to include the following provisions in the “ Procedures for Acquisition or Disposal of Assets” : The Company shall not waive its rights on capital increases of Redwood Interior Pte Ltd (hereinafter referred to as the Singapore Redwood) in subsequent years. Singapore Redwood shall not waive its rights on capital increases of Redwood Furniture Sdn. Bhd. (hereinafter referred to as the Malaysia Redwood) in subsequent years. If, due to consideration of strategic alliance or other circumstances approved by the Taipei Exchange, the Company has to waive its rights on the capital increases of aforementioned companies or dispose of these companies, a special resolution from the Board of Directors is required. “ Moreover, if the Procedures were amended</p>	<p>1. The Company's Annual Shareholders' Meeting on June 18, 2012 had resolved to include the provisions of “ The Company shall not waive its rights on capital increases of Redwood Interior Pte Ltd (hereinafter referred to as the Singapore Redwood) in subsequent years. Singapore Redwood shall not waive its rights on capital increases of Redwood Furniture Sdn. Bhd. (hereinafter referred to as the Malaysia Redwood) in subsequent years “ in the “Procedures for Acquisition or Disposal of Assets.”</p> <p>2. In the 17th meeting of the 3rd-term Board of Directors on March 20, 2019, it was resolved to amend some articles within the Company's “Procedures for Acquisition or Disposal of Assets. “ The amendments were approve in the Annual Shareholders' Meeting on Jun, 10, 2019.</p> <p>3. The amendments to the “ Procedures for Acquisition</p>

TPEx-listed Commitments	Implementation Status of Commitments
<p>subsequently, the amendments shall be disclosed as material information on the Market Observatory Post System and reported to the Taipei Exchange by letter for future reference.</p>	<p>or Disposal of Assets” were to comply with relevant laws or regulations of the competent authority.</p>
<p>2. The Company undertook to have designated personnel conducting internal audits on Singapore Redwood and Malaysia Redwood annually after the Company was listed on Taipei Exchange.</p>	<ol style="list-style-type: none"> 1. The Company’s 2020 audit plan was resolved in the Board of Directors’ meeting on November 12, 2019. 2. Internal audits of the Group (Singapore Redwood, Malaysia Redwood and other overseas second-tier subsidiaries) were conducted by Internal Audit Officer, Tsui-ling Hsu, and Singaporean Auditor, Hsiao-Ching Lei, respectively, in accordance with the audit plans monthly. 3. The Group’s auditing personnel (Tsui-ling Hsu and Hsiao-Ching Lei) were not changed in recent years.
<p>3. The Company undertook not to amend the methods for Director election stipulated in the Memorandum and Articles of Association and Rules for Election of Directors unless otherwise required by relevant interpretative letters or directives during its listing on the Taipei Exchange.</p>	<ol style="list-style-type: none"> 1. In the 14th meeting of the 1st-term Board of Directors on May 4, 2012, its was resolved to amend the Company’s “ Rules for Election of Directors. “ The Rules were approved in the Annual Shareholder’s Meeting on June 18, 2012. 2. The said amendments were to add the wordings of "Independent Directors" to the Rules for Election of Directors. The methods for Director election stipulated in the Memorandum and Articles of Association and Rules for Election of Directors were not amended. 3. In the 16th meeting of the 2nd-term Board of Directors on March 26, 2015, it was resolved to amend some articles within the Company's "Memorandum and Articles of Association" and "Rules for Election of Directors." The amendments were approved in the Annual Shareholders' Meeting on June 16, 2015. 4. In the 4th meeting of the 4th-term Board of Directors on March 19, 2020, it was resolved to amend some provisions concerning the election of Directors in Article 25.2 of the Company's "Memorandum and Articles of Association." The amendments were approved in the Annual Shareholders' Meeting on June 8, 2020. The amendments to the "Memorandum and Articles of Association" were to comply with relevant laws or regulations of the competent authority.

TPEX-listed Commitments	Implementation Status of Commitments
	<p>5. In the 7th meeting of the 4th-term Board of Directors on August 13, 2020, it was resolved to amend some articles within the Company's "Rules for Election of Directors." The amendments are pending for approval by the Annual Shareholders' Meeting on June 11, 2021. The amendments were to comply with relevant laws or regulations of the competent authority.</p>

Chapter 9 Any of the Situations Listed in Subparagraph 2, Paragraph 3, 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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