

REDWOOD GROUP ANNUAL REPORT



Stock Code: 8426

Redwood Group Ltd



2021 Annual Report

Printed on April 30, 2022

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

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: Chief Governance officer
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: Hui-ming Chen 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 of DDG Glass Pte Ltd ● Director of DDG Glass Mfg Sdn
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 ● Supervisor of Hokuang Optics Co., Ltd. ● Supervisor of UniLite Corporation ● Supervisor of Chinatrust Investment Co., Ltd. ● Supervisor of Coho Technology Co., Ltd. ● Independent Director of Tat Hong Equipment Service Co., Ltd. ● Independent Director of Hey Song Corporation ● Independent Director of Lian Fa International Dining Business Corporation ● Independent Director of AME Holding Limited
Independent Director	Chin-huat Guok	Singapore	<ul style="list-style-type: none"> ● Independent Director & Chairman of Bukit Sembawang ● 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"> ● Chief Attorneys-at-law of Forum, Legal Professionals ● Attorneys-at-law of Tsar & Tsai Law Firm ● Attorneys-at-law of Deloitte Legal ● 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.

VI. Appointed Domestic Representative

Name: Pin-ching Su

Title: Chief Governance Officer

Tel: (886)2-2778-9121

E-mail: bensu@redwoodgroup.co

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

None.

VIII. Company Website:

<http://www.redwoodgroup.co>



Table of Contents

Chapter I	Letter to Shareholders	1
Chapter II	Company Profile	5
I	Introduction to the Company and the Group	5
II	Brief History of the Company	6
Chapter III	Corporate Governance Report	8
I	Organizational System	8
II	Information on the Company's Directors, Supervisors, GM, Vice GMs, Assistant Managers, and the Supervisors of All Divisions and Branches	9
III	Remuneration Paid during the Most Recent Year to the Directors, Supervisors, GMs , and Vice GMs	19
IV	State of the Company's Implementation of Corporate Governance	30
V	Information on CPA Professional Fees	63
VI	Information on the Replacement of CPA	63
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	63
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	64
IX	Relationship Information between the Company's 10 Largest Shareholders (Such as Related Party or Relative within the Second Degree of Kinship)	65
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	66
Chapter IV	Information on Capital Raising Activities	67
I	Capital and Shares	67
II	Issuance of Corporate Bonds	72
III	Preferred Shares	72
IV	Overseas Depository Shares	72

V	Employee Share Subscription Warrants	72
VI	New Restricted Employee Shares	72
VII	Issuance of New Shares in Connection with Mergers or Acquisitions of Other Companies	72
VIII	Implementation of the Company's Capital Allocation Plans	72

Chapter V	Overview of Business Operations	73
------------------	--	-----------

I	Description of the Business	73
II	Analysis of the Market, Production, and Sales	77
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	83
IV	Environmental Protection Expenditures	83
V	Labor Management Relations	83
VI	Information security management	84
VII	Important Contracts	85

Chapter VI.	Overview of Financial Status	91
--------------------	-------------------------------------	-----------

I	Condensed Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Years	91
II	Financial Analysis for the Most Recent Five Years	94
III	Audit Committee's Report for the Financial Statements of the Most Recent Year	97
IV	Financial Statements for the Most Recent Year	98
V	CPA-certified Parent Company Only Financial Statements for the Most Recent Year	98
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	98

Chapter VII.	Review and Analysis of Financial Position and Financial Performance, and Risk	165
---------------------	--	------------

I	Financial Position	165
II	Financial Performance	166
III	Cash Flow	167
IV	Impact of Any Major Capital Expenditures on Financial Operations during the Most Recent Year	168
V	Investment Policy for the Most Recent Year, Main Reasons for the	168

	Profits/Losses Generated Thereby, the Plan for Improving Investment Profitability, and Investment Plans for the Upcoming Year	
VI	Analysis and Assessment of Risks during the Most Recent Year and Up to the Date of Publication of the Annual Report	169
VII	Other Important Matters	173

Chapter VIII.	Special Items to be Included	174
----------------------	-------------------------------------	------------

3.1	Information Relating to the Company's Affiliates	174
4.1	Private Placement of Securities during the Most Recent Year and Up to the Date of Publication of the Annual Report	176
5.1	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	176
6.1	Other Matters that Require Additional Description	176

Chapter IX.	Any of the Situations Listed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities during the Most Recent Year and Up to the Date of Publication of the Annual Report	185
--------------------	---	------------



Chapter 1 Letter to Shareholders

I would like to take this opportunity to thank our shareholders for your continued support of Redwood Group.

There is no denying the challenges we have faced over the past two years — as a company and as a global society. We have been operating in unstable conditions of rising materials costs with regard to supply chains. These included delays in securing shipments and delivering products, and soaring transportation costs. Despite the unfavorable environment, the world economy saw some signs of a recovery in business conditions toward the second half of 2021, where COVID-19 vaccinations are progressing considerably well.

In FY2021, Redwood has managed to generate revenues close to 2019 at the pre-COVID level. However, this is a reflection of the past and we should focus on what lies ahead. All of us in Redwood are optimists. While there are still immediate and pressing matters on the pandemic and economic recovery, Redwood is ready to take on these challenges and prepared to strike.

The brand new Redwood global headquarter was completed and fully operational in February 2021. The new facility has strengthened the overall production capability and capacity to better serve our clients upcoming demand. Several reputable researchers (including Bain and Company, Euromonitor and Bloomberg) have commented positively on the growth of luxury retails sectors. It is anticipated that the market will see a 6-8% annual growth for the next few years until 2025. In addition, it has also commented that “physical stores have the biggest part to play in luxury and fashion” by the Euromonitor International. This depicts a good opportunity for the company in the upcoming years.

We will continue to strengthen our business, transforming Redwood into a more effective organization. We aim to build Redwood a more sustainable and equitable future .

I. Implementation Results of 2021 Business Plan

(I) Implementation results of business plan

Unit: NT\$1,000

Item	FY2021	
	Amount	Percentage (%)
Operating revenue	1,420,170	100.00%
Operating costs	1,113,644	78.42%
Gross profit	306,526	21.58%
Net operating loss	(32,012)	(2.25)%
Net income before tax	2,895	0.20%

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

(III) Cash flows and profitability analysis

Unit: NT\$1,000

Item		FY2021	
Cash flows	Operating revenue	1,420,170	
	Gross profit	306,526	
	Net income before tax	2,895	
Profitability	Return on assets (%)	1.87%	
	Return on shareholders' equity (%)	0.79%	
	Percentage of paid-in capital (%)	Net operating loss	(6.37)%
		Net income before tax	0.58%
	Net profit margin (%)	0.41%	
	Earnings per share (NT\$)	0.12	

(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.

Overview of 2021 Business Plan

(I) Business directions

- To offer quality crafted products and satisfying services at luxury display locations worldwide.
- To improve project management capabilities and provide customers more comprehensive "one-stop" service.
- Training technical talents actively.
- To develop new customers and expand the scope of service provided for the existing customers to increase market share.

(II) Expected market conditions and reasons of forecasts

By year end 2021, Bain & Company has recorded a growth of 13-15% after the set back in 2020. The luxury market forecast to be having an average of 6-8% growth in the next 3 years.

(III) Significant production and sales policies

The Group accelerates in setting up overseas operation bases to serve existing customers and explore new brand customers. In 2018, the Company established subsidiaries in Japan, France, and the USA with the aim of providing faster services to customers and responding to customer needs. We create value for our customers and enhance customer service quality to ensure customers' loyalty to the Redwood Group.

II. Future development strategies

- (I) To research and develop automated manufacturing processes, improve production efficiency and capacity, and training technical talents, etc.
- (II) To continuously improve the project management capabilities and production technologies of projects and provide customers with satisfying products and service.
- (III) To explore new customers with high growth potential on the basis of interior fittings for luxury brands.
- (IV) The Group actively seeks merger and acquisition targets which can complement the Group in operation, business and customer aspects.
- (V) Focus on sustainable development of enterprise.

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

The unstable macro-economic environment or external business conditions have a certain degree of influence on the global luxury market. With countermeasures for downturns and joint efforts from employees and suppliers, the Group still continues to perform well. We believe that, despite the dire environment and under competitive pressure, the Group can still achieve outstanding performance, by operating and managing our business well and continuously strengthening our competitive advantages.

With the growth of the luxury market and its mounting pricing pressure, it can be expected that there will be more competitors lowering their prices to secure a project. However, the Company

will put particular emphasis on the overall operations and further enhance and improve the product quality, service quality, technology and cost control policies, so as to strengthen our competitive advantages and continue to enjoy our competitive edge, ahead of other competitors.

At present, world-famous luxury brands are highly concerned with corporate social responsibility (CSR) issues. Therefore, the Group ensures that we meet relevant ethical standards in the production process and receive customers' recognitions for our CSR to further enhance our competitive advantages and brand benefits.



Chairman: Thong-ming Soh General Manager: Sing-keong Lee

CFO: Ai-ai Siew

Chapter 2 Company Profile

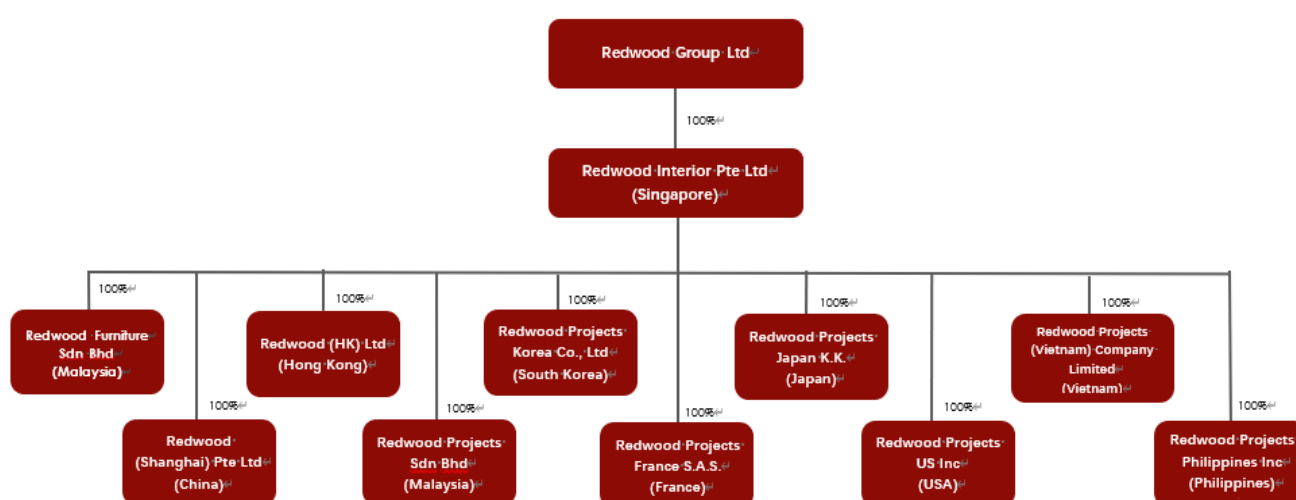
I. Introduction to the Company and the Group

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, 2022



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 (Page#169).

II. Brief History of the Company

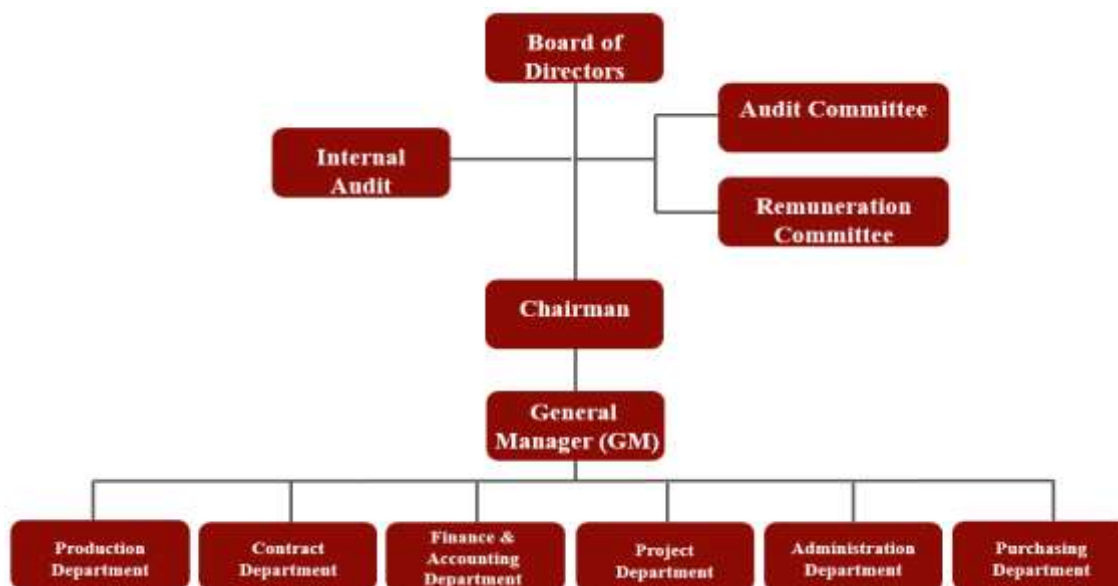
1992	<ul style="list-style-type: none"> ● Redwood Interior Pte Ltd was founded in Singapore.
1997	<ul style="list-style-type: none"> ● The plant and the office were expanded by 1,124 ping (40,000 sq. ft.).
1999	<ul style="list-style-type: none"> ● Redwood Furniture Sdn. Bhd. was founded in Malaysia.
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 was 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 Manila, 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 29, 2022/Unit: Shares; %

Title	Nationality or Place of Registration	Name	Gender /age	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	Share holding Ratio	Number of Shares	Share holding Ratio	Number of Shares	Share holding Ratio	Number of Shares	Share holding Ratio			Title	Name	Relationship	
Chairman	Singapore	Thong-ming Soh	Male /51~60	2019.06.10	3 years	2010.08.20	15,524,125	36.96	16,608,571	33.06	16,545,264	32.93	-	-	<ul style="list-style-type: none"> • Pei Chun Primary School, Malaysia • Founder of Redwood Group • Founder of Redwood Interior Pte Ltd • Founder of Redwood Furniture Sdn. Bhd. 	<ul style="list-style-type: none"> • Chairman of Redwood Interior Pte Ltd • Chairman of Redwood Furniture Sdn. Bhd. • Chairman of Redwood (Shanghai) Pte Ltd • Chairman of Redwood (HK) Ltd • Chairman of Redwood Projects Sdn. Bhd • Director of Redwood Projects Japan Kabushiki Kaisha • Director of Redwood Projects France • Director of Redwood Projects Korea Co., Ltd • Director of Redwood Projects US Inc. • Director of Redwood Projects (Vietnam) Company Limited • Director of Redwood Projects Philippines 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 of relatives within one degree of kinship.

Title	Nationality or Place of Registration	Name	Gender /Age	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	Shareholding Ratio			Title	Name	Relationship	
Director	Singapore	Lee-mui Teh	Female/51~60	2019.06.10	3 years	2010.12.10	15,456,264	30.76	16,545,264	32.93	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/71~80	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/51~60	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 Supervisor of Coho Technology Co., Ltd. Supervisor of Chinatrust Investment Co., Ltd. Independent Director of Hey Song Corporation Independent Director of Lian Fa International Dining Business Corporation Independent Director of AME Holding Ltd. 	None	None	None	

Title	Nationality or Place of Registration	Name	Gender/Age	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	Shareholding Ratio			Title	Name	Relationship	
Independent Director	Singapore	Chin-huat Guok	Male/61~70	2019.06.10	3 years	2010.12.10	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> • Bachelor of International Economics and Finance, Boston University • Vice President of Nomura Singapore • Director of Seed Ventures • Director and CEO of Wee Poh Ltd • Consultant of JP Nelson Pet Ltd • Independent Director of Singxpress Ltd • Independent Director and Chairman of Bukit Sembawang Estates Ltd 	<ul style="list-style-type: none"> • Director of Campbelltown Investment Holdings Pte Ltd • Director of Campbelltown Asia Pte Ltd • Chairman of Star Health Pte Ltd • Independent Director of Global Palm Resources Holdings Limited • Independent Director of RE & S holdings Ltd • Independent Director of Asiatravel.com Holdings Ltd • Chief Independent Director of Tellus Asset Management Pte Ltd 	None	None	None	
Independent Director	Taiwan	Chia-shi Lo	Male/51~60	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 • Attorneys-at-law of Tsar & Tsai Law Firm • Attorneys-at-law of Deloitte Legal 	<ul style="list-style-type: none"> • Chief Attorneys-at-law of Forum, Legal Professionals • Independent Director of Shin Kong Life Insurance Co., Ltd. • Independent Director of Shin Kong Bank Co., Ltd. • Independent Director of Young Shine Electric 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. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Condition Name	Professional qualifications and experience	Independence situation	Number of Other Listed Companies where the Individual Concurrently Serves as an Independent Director
Thong-ming Soh	<p>Founder of Redwood Group Ltd , Redwood Interior Pte Ltd and Redwood Furniture Sdn Bhd. Mr. Thong-ming Soh Congming has been 30 years since he founded Redwood Interior Pte Ltd.</p> <p>From a small company with only a few people at the beginning of its establishment to a group</p> <p>At present, there are nearly 1,000 employees, and products are sold in more than 40 countries, and in the world</p> <p>Major cities (New York, Paris, Tokyo, Shanghai .. etc.) have branches.</p> <p>After inspection, Mr. Thong-min Soh did not violate the company law Article 30 of the Act.</p>	-	-
Lee-mui Teh	<p>Co-founder of Redwood Group Ltd , Redwood Interior Pte Ltd and Redwood Furniture Sdn Bhd. Ms. Lee-mui Teh assists Mr. Thong-ming Soh Congming, they work together to develop and grow the Redwood Group into the present situation.</p> <p>After inspection, Ms. Lee-mui Teh did not violate the company law Article 30 of the Act.</p>	-	-
Khay-pin Neo	<p>With more than 30 years of experience in the financial industry in Singapore, he has served in many Key executive positions in multinational banks. Because of its financial expertise. He was also employed as a director of Scanteak (6195).</p> <p>After inspection, Mr. Khay-pin Neo did not violate the company law Article 30 of the Act.</p>	-	-
Min-chiu Chien	<p>Master of Accounting from Soochow University, and as a certificate of passing the national examination</p>	Please refer to 5. Circumstances that	2

	<p>Certified Public Accountant. Besides auditing and taxation, she has also served as liquidator and bankruptcy administrator of troubled enterprises for several times. Have a profound understanding of enterprise risk management. She was also employed as a lecturer in the accounting department of the college.</p> <p>After inspection, Ms. Min-chiu Chien did not violate the company law Article 30 of the Act.</p>	independent directors meet independence	
Chin-huat Guok	<p>Graduated from the Department of Finance and International Economics, Boston University, USA. A professional financial person in Singapore and industry experience for decades. He currently serves as independent director in several well-known Singaporean companies at the same time.</p> <p>After inspection, Mr. Chin-huat Guok did not violate the company law Article 30 of the Act.</p>	Please refer to 5. Circumstances that independent directors meet independence	4 (Note1)
Chia-shi Lo	<p>Master of Laws from Soochow University with a national examination certificate lawyer. In addition to his legal expertise, Mr. Chia-shi Lo also has a master's degree in electrical engineering from the University of Southern California. It is a cross-disciplinary profession.</p> <p>After inspection, Mr. Chia-shi Lo did not violate the company law Article 30 of the Act.</p>	Please refer to 5. Circumstances that independent directors meet independence	3

Note 1: Mr. Chin-huat Guok is a Singaporean, and all companies where concurrently serving as an Independent Director are foreign companies.

5. Circumstances that independent directors meet independence

Independent Director Circumstance of independence	Min-chiu Chien	Chin-huat Guok	Chia-shi Lo
Including but not limited to the person, spouse, relatives within the second degree Not serving as a director, supervisor or employee of the company or affiliated companies	Meet	Meet	Meet
The company's shares and proportions are held by themselves, their spouses, relatives within the second degree, or in the name of others.	Does not hold any shares of the company	Does not hold any shares of the company	Does not hold any shares of the company
Whether or not served as a company with a specific relationship with the company (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Measures for the Establishment of Independent Directors of Public Companies and Matters to be Complied with and Article 6, Paragraph 1, Subparagraphs 5 to 8 of the establishment of the Compensation and Remuneration Committee of companies that are listed or traded at the business office of a securities firm for regulations on exercise of powers) Directors, supervisors or employees of)	Yes	Yes	Yes
The amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or affiliated companies in the last 2 years	No related services	No related services	No related services

6. Diversity and Independence of Board of Directors:

(1) Diversity:

The Company advocates and respects the diversity policy of the board of directors. In order to strengthen corporate governance and promote the composition and structure of the board of directors, it is believed that the policy of diversity will help to improve the overall performance of the company. The selection and appointment of board members is based on the principle of employing talents, with multiple complementary capabilities across industries, including basic composition (eg: age, gender, nationality, etc.), industry experience and related skills (eg: manufacturing, business decision-making, risk management, financial, accounting analysis and legal compliance, etc.), as well as business judgment, business management, leadership decision-making and crisis management capabilities. In order to strengthen the functions of the board of directors and achieve the ideal goals of corporate governance, in accordance with Article 20 of the “Corporate Governance Best Practice Principles”, which was newly revised by the Board of Directors of the Company on March 17, 2022, members of the Board of Directors should generally have the knowledge, skills and skills necessary to perform their duties. Overall should have 1. Business judgment ability, 2. Accounting and financial analysis ability, 3. Operation and management ability, 4. Crisis handling ability, 5. Industry knowledge, 6. International market outlook, 7. Leadership ability, 8. Decision-making capacity.

The current board member diversity policy and implementation of the Company are as follows:

Item Director	Basic composition			Industry experience and related skills					
	Nationality	Gender	Age	manufacturing	business decision-making	risk management	financial	accounting analysis	legal compliance
Thong-ming Soh	Singapore	Male	51~60	V	V	V			
Lee-mui Teh	Singapore	Female	51~60		V	V			
Khay-pin Neo	Singapore	Male	71~80			V	V		V
Min-chiu Chien	Taiwan	Female	51~60			V	V	V	
Chin-huat Guok	Singapore	Male	61~70			V	V	V	
Chia-shi Lo	Taiwan	Male	51~60			V			V

(2) Independence:

Independence of the board of directors In terms of objective level, the board of directors of the company consists of 6 members, which complies with the provisions of Article 26-3 (1) of the Securities and Exchange Act and Article 23.1 of the Articles of Association of the company, and the number of directors shall not be less than five. Now there are three independent directors, accounting for 50% of the board members. In addition, the members of the board of directors have no spouse or relatives within the second degree, except that Mr. Thong-ming Soh and Ms. Lee-mui Teh are spouses, which complies with the provisions of Article 26-3, Items 3 and 4 of the Securities and Exchange Act.

On a subjective level, the company believes that the independence of directors must be judged on the basis of the actual situation, taking into account all relevant factors during the director's tenure, including: whether the director can continue to provide constructive suggestions and opinions for the company's operations and management. Whether it is independent of management or other directors, and whether the words and deeds of the board of directors are appropriate during the term of office, etc. Until now, the members of the Company's Board of Directors have demonstrated the aforementioned qualities and met expectations.

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

April 29, 2022; 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. • GM of Redwood Projects (Vietnam) Company Limited • GM of Redwood Projects Philippines 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. • CFO of Redwood Projects (Vietnam) Company Limited • CFO of Redwood Projects Philippines 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 Group Manager of Corporate Governance	Taiwan	Pin-ching Su	Male	2010.11.15	54	-	-	-	-	-	<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 Manager of Finance and Investor Relations 	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. Internal Audit Officer of Redwood Projects (Vietnam) Company Limited Internal Audit Officer of Redwood Projects Philippines Inc. 	None	None	None	
Redwood Interior Pte Ltd Senior Manager of Contract Department	Singapore	Teck-ling Tey	Male	1996.04.01	-	-	-	-	-	-	<ul style="list-style-type: none"> Bachelor of Architectural Design, Royal Melbourne Institute of Technology Contract Actuary of Davis Langdon & Seah Singapore Pte Ltd 	None	None	None	None	
Redwood Interior Pte	Singapore	Chee-king Chow	Male	1997.05.05	-	-	-	-	-	-	<ul style="list-style-type: none"> Woodsville Secondary School, Singapore 	None	None	None	None	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse and Children of Minor Age		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in Other Companies	Spouse or Relative within the Second Degree of Kinship Is a Managerial Officer			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Ltd Project Director											<ul style="list-style-type: none"> Foreman of Production Department of Soh Brothers Furniture Pte Ltd 					
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	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)
Chairman	Thong-ming Soh	840	-	-	-	-	-	-	-	14.44%	14.44%	-	8,628	-	192	-	-	-	-	14.44%	166.01%	None
Director	Lee-mui Teh	840	-	-	-	-	-	-	-	14.44%	14.44%	-	3,121	-	250	-	-	-	-	14.44%	72.37%	None
Director	Khay-pin Neo	840	-	-	-	-	-	-	-	14.44%	14.44%	-	-	-	-	-	-	-	-	14.44%	14.44%	None
Independent Director	Min-chiu Chien	480	-	-	-	-	-	-	-	8.25%	8.25%	-	-	-	-	-	-	-	-	8.25%	8.25%	None
Independent Director	Chin-huat Guok	480	-	-	-	-	-	-	-	8.25%	8.25%	-	-	-	-	-	-	-	-	8.25%	8.25%	None
Independent Director	Chia-shi Lo	480	-	-	-	-	-	-	-	8.25%	8.25%	-	-	-	-	-	-	-	-	8.25%	8.25%	None

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the relevance of the remuneration amount according to the responsibilities, risks, investment time and other factors:

According to Article 32 of the Articles of the Company, a director of the Company shall be paid remuneration regardless of the profit or loss of the Company and shall be paid on a monthly basis. The remuneration committee of the company formulates the remuneration range of directors (including independent directors) and submits it to the board of directors for discussion based on the level of participation and contribution value of each director and independent director in the company's operations, and after considering the company's risk appetite and the industry standard. In addition, if there is a surplus in the year, according to the resolution of the board of directors and the profit distribution proposal approved by the shareholders' meeting, within 5% of the annual after-tax net profit, the remuneration committee will formulate the amount of each director's remuneration according to the above-mentioned review method and propose it. report to the board for discussion. All the relevant salaries or remuneration proposals were discussed by the board of directors, and the interests of all parties were avoided.

2. In addition to those disclosed in the above table, the remuneration received by the directors of the company in the most recent year for providing services (such as serving as a consultant for non-employees of the parent company / all companies listed in the financial report / transfer investment enterprises, etc.):

The salaries and remunerations received by the directors and independent directors of the Company have been disclosed as shown in the above table, and there are no other additional remunerations received.



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	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)	-	-	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-	-	Lee-mui Teh
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 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 should be included in Column I in the Remuneration Range Table, and the name of the column should be changed to "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.

* 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.

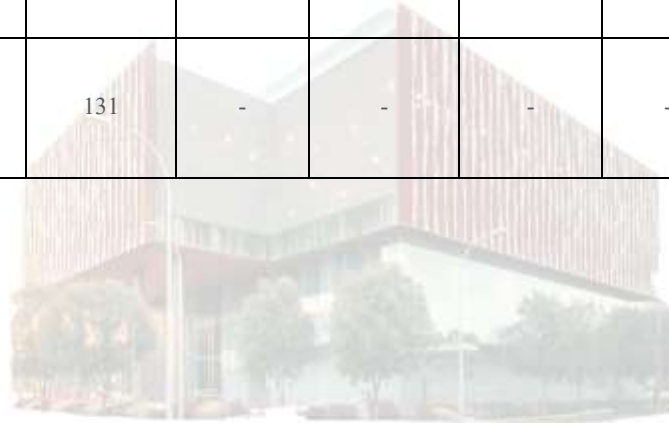
(II) Remuneration paid to Supervisors: The Company does not have Supervisors, therefore this is not applicable.

(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 Consolidate d Financial Statements (Note 4)	The Company	Companies in the Consolidate d Financial Statements (Note 4)	The Company	Companies in the Consolidate d 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	-	3,119	-	192	-	-	-	-	-	-	-	56.90%	
GM of Redwood Furniture Sdn. Bhd	Lay- guat Soh	-	1,090	-	131	-	-	-	-	-	-	-	20.98%	

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\$50,000,000 (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 should be specified.

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

* 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) Remuneration of the top five executives of the company

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 (%)(Note 5)		Remuneration Paid to Director from Invested Companies Other than Subsidiaries (Note 6)
		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			
General Manager Europe & Middle East	Bertrand Bonnefoy	-	4,271	-	1,924	-	-	-	-	-	-	-	106.46%	
General Manager Americas	Xavier P Cantegrel	-	5,480	-	317	-	-	-	-	-	-	-	99.62%	
Redwood Interior Pte Ltd Project Director	Chee-king Chow	-	3,155	-	206	-	-	-	-	-	-	-	57.76%	
Redwood Interior Pte Ltd Project Director	Soo Yong Ping	-	3,094	-	250	-	-	-	-	-	-	-	57.47%	-
GM of Redwood Group Ltd	Sing-keong Lee	-	3,119	-	192	-	-	-	-	-	-	-	56.90%	

Note 1: Salary, job allowance, and severance pay paid to the top five executives in the most recent year.

Note 2: Bonuses, incentive fee, travel expense, special expense, allowances, accommodation, and company car paid or offered to the top five executives 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 the top five executives 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.

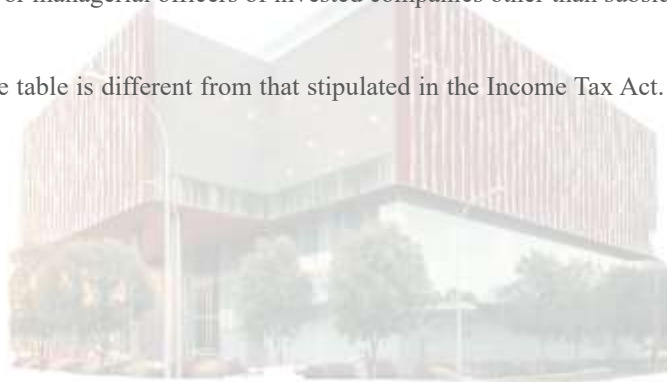
Note 4: Total remuneration paid to the Company's top five executives by all companies (including the Company) listed in the consolidated financial statements should be disclosed.

Note 5: 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 6: a. Remuneration received by the top five executives of the Company from invested companies other than subsidiaries should be specified.

b. Remuneration in this case refers to remuneration, bonuses (including employee, Director, or Supervisor bonuses), and allowances received by the top five executives 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.



(V) 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				

(VI) 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

	FY2020				FY2021			
	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	2,358	11,104	1.86%	8.78%	3,960	16,150	68.05%	277.54%
GM	-	4,048	-%	3.20%	-	4,589	-%	78.86%
Total	2,358	15,152	1.86%	11.98%	3,960	20,739	68.05%	356.40%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to business performance and future risk exposure
 - (1) Remuneration paid to directors of the Company is based on the Articles of Incorporation. As managerial officers are responsible for the management and operation of the Company, their remuneration includes salaries, bonuses, and employee bonuses in accordance with the internal salary system; remuneration is paid to each managerial officer based on the years of

service, work experience, performance, and contribution to the Company as well as future risks and standards of the industry.

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

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

(I) State of operations of the Board of Directors

A total of five (5) meetings of the Board of Directors were held in 2021, and the attendance is as follows:

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

Others:

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

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

Term (Date)	Proposals of the Board Meeting	Opinions of all Independent Directors	the company's handling of Independent Directors' opinions	Resolution Result
The 11th meeting of the 4th-term Board of Directors on March 18, 2021	Amendments to certain articles within the Company's " Rules of Procedures for Shareholders' Meeting"	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Limits of lending of funds between the Company and its subsidiaries/sub-subsidiaries in 2021	None	None	
	Subsidiary engaged in derivative commodity case	None	None	

	Renewal of CPAs for the subsidiary, Redwood Interior Pte Ltd (RWI)	None	None	
The 13th meeting of the 4th-term Board of Directors on June 11, 2021	Appointment of Head of Corporate Governance of the Company	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
The 14th meeting of the 4th-term Board of Directors on August 27, 2021	The company and its subsidiaries budget amendment for 2021	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	Amendments to the Company's internal control system.	None	None	
The 15th meeting of the 4th-term Board of Directors on November 12, 2021	The company and its subsidiaries budget for 2022	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	The company rotate the CPAs and evaluation of CPAs' independence	None	None	

(II) Any recorded or written Board resolutions to which independent directors have an objection or reservation that should be noted in addition to the above: None.

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

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

Frequency	Period	Scope	Method	Details
Annually	2021.01.01~ 2021.12.31	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	(I) 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. (II) Performance evaluation of individual Board member: Including command over

				<p>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>(III) Performance evaluation of functional committees: procedure of participation in corporate operations, understanding of functional committees' duties, quality of functional committees' decisions, composition of the functional committees and election of members, internal control, etc.</p>
--	--	--	--	---

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 , investor conferences and interested parties.

(II) State of operations of the Audit Committee

In 2021, the Audit Committee held three (3) 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	3	-	100%	Reelected on June 10, 2019
Member	Chin-huat Guok	3	-	100%	Reelected on June 10, 2019
Member	Chia-shi Lo	3	-	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 Audit Committee	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 9th meeting of the 4th-term Audit Committee on March 18, 2021	2020 consolidated financial statements and the business report of the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	2020 Statement of Internal Control System	None	None	
	Limits of lending of funds between the Company and its subsidiaries/sub-subsidiaries in 2021	None	None	
	Subsidiary engaged in derivative commodity case	None	None	
The 10th meeting of the 4th-term Audit Committee on August 27, 2021	2021 semi-annual consolidated financial statements of the Company.	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	The company and its subsidiaries budget amendment for 2021	None	None	
	Amendments to the Company's internal	None	None	

	control system.			
The 11th meeting of the 4th-term Audit Committee on November 12, 2021	The company and its subsidiaries budget for 2022	None	None	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
	The company's 2022 annual audit plan	None	None	
	The company rotate the CPAs and 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 regular 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", and related codes of practice (such as the "Sustainable Development Best Practice Principles", the internal system, the enforcement rules for internal audits, and the "Procedure for Preventing Insider Trading") and will be updated at any time in accordance with the latest letter of the competent authority, and disclosed on the company's website	No material departure.
II. Shareholding Structure & Shareholders' Rights (I) Does the Company establish an internal procedure for handling shareholder proposals,		V	(I) Although the Company has not clearly established an internal procedure for handling shareholder inquiries, the Company has appointed a spokesman and	(I) No material departure.

Item	State of the Company's Implementation		Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	
inquiries, disputes, and litigation? Are such matters handled according to the internal procedure?			
(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) No material departure.
(III) Does the Company establish and enforce risk control and firewall systems with its affiliated businesses?	V		(III) No material departure.
(IV) Does the Company establish an internal policy to prohibit insiders from using undisclosed information to buy and sell securities in the market?	V		(IV) No material departure.
III. Composition and Responsibilities of the Board of Directors			
(I) Does the Company formulate and implement the policy for the diversification of the Board members?	V		(I) No material departure.

Item	State of the Company's Implementation		Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason	
	Yes	No		
(II) Does the Company establish other functional committees voluntarily in addition to the Remuneration Committee and the Audit Committee?		V	(II) The Company currently has the Remuneration Committee and the Audit Committee only.	(II) Other functional committees will be established based on the business development of the Company.
(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?	V		(III) In accordance with the "Self-Evaluation or Peer Evaluation of the Board of Directors", individual Board member would undergo a self-evaluation followed by an anonymous peer evaluation at the end of each year. The outcome would be used for performance review and evaluation.	(III) No material departure.
(IV) Does the Company regularly evaluate the independence of the CPAs?	V		(IV) According to the "Corporate Governance Best Practice Principles", the Audit Committee and the Board of Directors communicate with the CPAs at the end of every year and arrange for the next year's internal audit of financial statements. At the end of every year, the Board of Directors evaluates the independence of the CPAs, including but not limited to (a) whether the CPAs (including their spouse and dependents) are the spouse, lineal relative/relative by marriage or relative within the second degree of kinship of the directors or managerial officers of the Company; (b) whether the CPAs have significant property interests, directly or indirectly, with the Company; (c) whether the CPAs have business activities with the Directors or managerial officers of the Company that may affect their independence; (d) whether the CPAs receive goods of great value (beyond general social etiquette) from the Company/Directors/managerial officers; or (e) whether the CPAs have other violations of the independence or unsolved conflicts.	(IV) No material departure.
IV. Does the Company have an adequate number of qualified corporate	V		The company's board of directors resolution on June 11, 2021 approved the establishment of a chief corporate governance officer to be	No material departure.

Item	State of the Company's Implementation		Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	
governance personnel and appoint a chief corporate governance officer, as well as establish a dedicated corporate governance unit or personnel to be in charge of corporate governance matters (including but not limited to furnishing information required for business execution by Directors and Supervisors, assisting Directors and Supervisors with regulatory compliance, handing 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' meeting)?			responsible for corporate governance-related affairs. In addition, the company's important subsidiary - Redwood Interior Pte Ltd, according to the company regulations of its location, the subsidiary employs a professional external secretary company to be responsible for the board of directors and shareholders' meeting and other related affairs.
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.
VI. Does the Company appoint a professional stock transfer agency to handle matters relating to the shareholders' meetings?	V		The Company has appointed KGI Securities Co. Ltd to handle stock affairs and matters relating to the shareholders' meetings.
VII. Disclosure of Information (I) Does the Company establish a website to disclose information on financial operations and corporate governance?	V		(I) In addition to the Chinese version (http://www.redwoodgroup.co/cn/investors-cn.html), the Company has set up the English company website (http://www.redwoodgroup.co/cn/about-us-en.html) to disclose related

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		
(II) Does the Company set up other channels of information disclosure (such as setting up an English company website, appointing the designated person to collect and disclose information, appointing a spokesman, and publishing investor conferences on the company website)?	V		information. Related company information is also reported or announced on the Market Observation Post System (MOPS) according to the laws. (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.	(II) No material departure.
(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?	V		(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.	(III) The Company will consolidate the Group's financial/accounting operations and discuss the auditing schedules with CPAs.
VIII. Does the Company provide other material information that may improve the understanding of corporate governance of the Company (including but not limited to employee rights, employee care, investor relations, supplier relationship, stakeholder rights, training of directors and supervisors, implementation of risk management policy and risk assessment standards, implementation of customer policy, and participation in liability	V		(I) Employee rights and employee care: The Company and its subsidiaries/subsidiaries offer/implement employee rights in accordance with the local laws and have good labor-management relations. (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. (III) Supplier relationship: The Purchasing Department follows the purchase-related regulations and forms a long-term relationship with suppliers based on the	(I) No material departure. (II) No material departure (III) No material departure.

Item	State of the Company's Implementation		Departure from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reason
	Yes	No	
insurance of Directors and Supervisors)?			<p>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> <p>(VII) Implementation of customer policy: When receiving customer complaints, the Company communicates with customers immediately to understand their needs and improve mutual trust.</p> <p>(VIII) Participation in liability insurance of Directors and Supervisors: The Company purchases liability insurance for all</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>directors every year. In 2021 (from June 1, 2021 to May 31, 2022), the liability insurance for directors and key managerial officers (including key employees of Redwood Group) totaled US\$5 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 FY2021 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	1.4 Do the directors of the company attend the general meeting of shareholders in person?	The company is an overseas listed company in Taiwan. The main place of operation and directors are in Singapore. In 2021, due to the epidemic situation, various countries will implement border control. Therefore, the directors cannot come to Taiwan to preside over the regular shareholders' meeting in person; however, Taiwanese independent directors are entrusted. chair the meeting
	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 2022, the subsequent administrative tasks were not in time.
	1.15 Does the Company formulate and disclose on the company website for internal rules and implementation that prohibit insiders such as directors employees from using information that is not available in the market for profit?	The "Procedure for Preventing Insider Trading" and "Ethical Corporate Management Best Practice Principles" have been formulated and disclosed on the company's website.
Enhancing the Structure and Functions of the Board of Directors	2.2 Does the Company formulate and implement the policy for the diversification of the Board members and disclose the status of implementation on the company website and in the annual reports ?	The Company has formulated the policy for the diversification of the Board members, but has not disclosed it on the company website.
	2.8 Whether the company has at least two independent directors whose consecutive term does not exceed three terms?	The Company will re-elect some of the independent directors whose terms have passed three terms at the June 2022 shareholders' general meeting; in the future, the appropriate candidates will be adjusted according to operational changes.
	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 members of the board of directors and key management levels has not yet been completed; however, appropriate candidates have actually been arranged for relevant job training.

	<p>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?</p>	<p>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.</p>
	<p>2.15 Does the company disclose the communication between independent directors, internal audit supervisors, and CPA on the company's website?</p>	<p>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.</p>
	<p>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?</p>	<p>The board of directors in May 2021 approved the establishment of a chief corporate governance officer who is responsible for corporate governance-related matters.</p>
	<p>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?</p>	<p>The risk management policies and procedures approved by the board of directors have not yet been formulated.</p>
	<p>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</p>	<p>The "Board Performance Evaluation Measures" of the company were approved by the board of directors and implemented accordingly. However, due to the impact of COVID-19 in 2021, the company's performance has declined sharply, so external evaluation will be performed for 2022.</p>

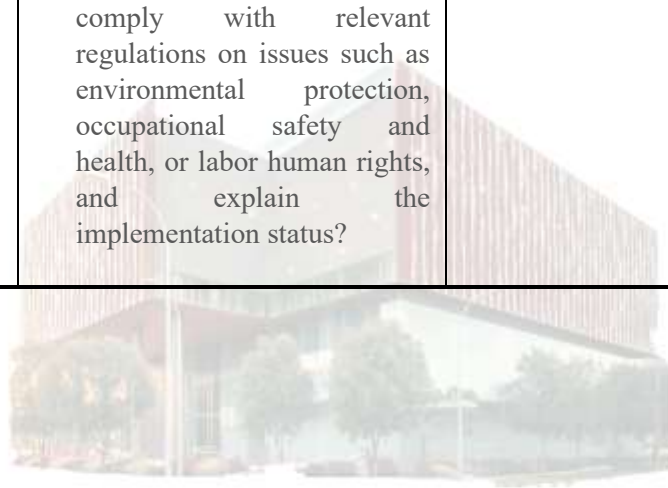
	limit set by the measures, and the implementation status and evaluation results will be disclosed on the company's website or annual report ?	
	2.24 Does the company establish an information security risk management framework, formulate information security policies and specific management plans, and 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 or not.
	2.29 Has the company implemented the internal control system-related control operations without being punished by the competent authority, or without a letter from the stock exchange or over-the-counter buying center finding any missing letter asking to send staff to attend the publicity course held by the unit designated by the competent authority?	In 2021, the company's Singapore subsidiary was corrected by a letter from the OTC due to negligence in the implementation of internal control; however, it is not yet necessary to send personnel to attend the publicity course organized by the unit designated by the competent authority.

Improving Information Transparency	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.
	3.8	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 fourquarter 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 is announced within 1 day after the date of approval or submission?	Actively cooperate according to the actual operating conditions and the accountant's audit work.
	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.
	3.20	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 2021, the company's performance has declined, so only one 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	4.1	Whether the company has set up a full-time(part-time) unit to promote corporate social responsibility, conducts risk assessment of	A chief corporate governance officer has been set up and the Ministry of Administration is a dedicated (part-time) unit for corporate social responsibility; however, the "Sustainable Development

		<p>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?</p>	<p>Best Practice Principles Report (including Corporate Social Responsibility)" has not yet been disclosed or explained.</p>
		<p>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?</p>	<p>Same as 4.1 notes.</p>
		<p>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?</p>	<p>Same as 4.1 notes.</p>
		<p>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?</p>	<p>Same as 4.1 notes.</p>
		<p>4.5 Has the company's corporate social responsibility report been verified by a third party?</p>	<p>Same as 4.1 notes.</p>
		<p>4.6 Does the company refer to international human rights conventions to formulate human rights protection policies and specific</p>	<p>The company is a multinational company. In practice, the labor and human rights policies of the company and its subsidiaries are in line with the relevant regulations of the country where they are located.</p>

	management plans, and expose them on the company's website or annual report?	
	4.8 Does the company formulate policies to appropriately reflect business performance or results in employee compensation and disclose it on the company's website or annual report?	The company has established the "employee performance appraisal method" as the criteria for employee remuneration and bonuses; but it has not been disclosed on the company's website
	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 4.9 notes.
	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	The "Ethical Corporate Management Best Practice Principles" has been formulated and implemented on the company's website.

	approved by the board of directors, specifying specific practices and prevent dishonest behaviors?	
	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?	The company has "Investor Relations" specialists to respond to relevant inquiries from interested parties, internal and external stakeholders can directly contact the designated personnel; or the internal personnel can make complaints or reports to the relevant units or personnel according to the channels listed in the employee manual.
	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 and passed the Remuneration Committee Charter and the members of the 1st-term Remuneration Committee. Currently, the 3rd-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	Name condition	Professional qualifications and experience	Independence situation	Number of Other Listed Companies where the Individual Concurrently Serves as an Independent Director
Independent Director and Convenor of Remuneration Committee	Chin-huat Guok	A professional financial person in Singapore and industry experience for decades. He currently serves as independent director in several well-known Singaporean companies at the same time.	Please refer to Part 3, No. 2 (1) of this annual report for details. . Explanation (Page #14)	2
Independent Director	Min-chiu Chien	As a certificate of passing the national examination Certified Public Accountant. She was also employed as a lecturer in the accounting department of the college for over 20 years of experience.		2
Independent Director	Chia-shi Lo	As a certificate lawyer, with a double master's degree in law and electrical engineering, with more 20 years of legal professional experience, and a deep understanding of legal risks in financial insurance, patent rights and business operations.		3

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 2021, 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	-	100%	Reelected on June 10, 2019

Important Resolutions and Implementation Status of the Compensation and Remuneration Committee:

Term (Date)	Proposals of the Remuneration Committee	Resolution Result
The 4th meeting of the 4th-term Remuneration Committee on March 18, 2021	The Company's 2021 Annual Director's Monthly Salary Remuneration Proposal	Chairman consulted all directors present. After the discussion, the proposal was passed without objection.
The 5th meeting of the 4th-term Remuneration Committee on November 12, 2021	The Company's 2022 Annual Director's Monthly Salary Remuneration Proposal	Chairman consulted all directors present. After the discussion, 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.

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 pursuit 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) The implementation of the promotion of sustainable development and the difference from the company's sustainable development code of practice and the reasons:

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	V		<p>I Describe the governance of the company to promote sustainable development Architecture.</p> <p>II Describe the implementation of the company's various organizations, including but not limited to: (I) Special (part-time) position for promoting sustainable development Name of unit, setting time and authorization of the board of directors. (II) Promote the composition, operation and implementation of the unit members in the current year (such as work plan and management). (III) The frequency of reporting to the board of directors (at least once a year) or the date of reporting to the board of directors in the current year.</p> <p>III Describe the supervision of the board of directors for sustainable development, including but not limited to: management policy, strategy and target formulation, review measures, etc.</p>	<p>In line with the implementation of the corporate governance 3.0 sustainable development blueprint, the company has passed the "Sustainable Development Code of Practice" through the resolution of the board of directors, and has set up a corporate governance director to coordinate related affairs and administrative departments to implement relevant business plans.</p> <p>After the administration department implements the business plan, it will report to the board of directors from time to time, and accept the supervision and review of the board of directors</p>

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	
II 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?	V		The Company has formulated the "Sustainable Development 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.
III. Environmental issues				
(I) Does the Company establish proper environment management systems based on the characteristics of its industries?	V		(I) The Company has obtained the ISO14001 (environmental management system) and BizSAFE (occupational safety and health) certification.	(I) No material departure.
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	V		(II) The factories continue to promote eco-friendly materials and the waste (wood and metal) recycling program.	(II) No material departure.
(III) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and take 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	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	(IV) 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	
conservation, reductions of carbon, GHG and water consumption, or other waste management?			facilities are installed to prevent pollution and damage to the environment and water resources.	
IV. Social issues				
(I) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?	V		(I) The Company has set the employee rights in the employee handbook according to the laws and regulations of countries where subsidiaries operate and the International Bill of Human rights.	(I) No material departure.
(II) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation?	V		(II) The Company protects employees' legal rights pursuant to the laws and regulations of countries where the subsidiaries operate and the International Bill of Human rights. It also stipulates relevant employee rights in its employee handbook and executes accordingly.	(II) No material departure.
(III) Does the Company provide safe and healthful work environments and organize training on safety and health for the employees on a regular basis?	V		(III) The Company ensures that the work environment in factories is safe in accordance with the occupational safety laws and regulations of countries where subsidiaries operate and has obtained the BizSAFE (occupational safety and health)	(III) No material departure.
(IV) Does the Company establish an effective competency development career training program for employees?	V		(IV) In addition to orientation training, the Company and its subsidiaries organize on-the-job training based on the needs of departments and positions and allow employees to participate in external vocational training to improve their professional skills.	(IV) No material departure.
(V) Does the Company comply with related regulations and international standards in terms of customer health and	V		(V) As the Company's customers are all internationally renowned luxury brands, the marketing and labeling of	(V) No material departure.

Item	State of the Company's Implementation			Any Departure from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
<p>safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer protection policies and complaint procedures?</p> <p>(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?</p>	V		<p>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.</p> <p>(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.</p>	(VI) No material departure.
<p>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?</p>		V	<p>The Company has not yet prepared a sustainable development report except for the disclosure of the information on the performance of integrity management and sustainable development in the prospectus.</p>	No material departure.
<p>V. If the Company has its own sustainable development best practice principles formulated according to the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," please explain the difference between its operation and the established code: None</p>				

(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 management to proactively implement those management policies in its guidelines and external documents?	V		(I) Approved by the Board of Directors, the Sustainable Development Best Practice Principles are formulated to regulate the ethical conduct of the management and all employees.	(I) No material departure.
(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"?	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.
(III) Does the Company specify and thoroughly implement operating procedures,	V		(III) The Company's employee handbook specifies that all employees are not allowed to have unethical conduct. In	(III) No material departure.

Item	State of the Company's Implementation		Summary	Any Departure from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No		
behavior guidelines, and punishment and grievance system for violations in the preventive schemes for unethical conducts, and regularly review and modify the aforementioned schemes?			addition to regular audits conducted by internal auditors, employees may express their opinions or complaints with the HR or management directly.	
<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> <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> <p>(III) Does the Company formulate policies to prevent conflicts of interest, provide proper channels of explanation, and implement them?</p>	V		<p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>(I) No material departure.</p> <p>(II) No material departure.</p> <p>(III) No material departure.</p>

Item	State of the Company's Implementation		Summary	Any Departure from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No		
(IV) Does the Company establish effective accounting and internal control systems to implement ethical corporate management and have an internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts for the audits on the compliance with the preventive schemes for unethical conducts, or entrust the CPAs to conduct the audits?	V		(IV) To ensure the effect of the Company's accounting system and internal control system, internal auditors audit the compliance of the systems on a regular basis, and external auditors are appointed to audit the internal control system every year.	(IV) No material departure.
(V) Does the Company regularly hold internal/external training on ethical corporate management?	V		(V) The Company conveys the importance of ethical corporate management in internal training or orientation training for new employees.	(V) No material departure.
III. Whistle-blowing System				
(I) Does the Company have a specific whistle-blowing and reward system, establish convenient whistle-blowing channels, and assign the appropriate personnel to deal with the reported personnel?	V		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.	No material departure.
(II) Does the Company formulate the standard operating procedures for investigation and the confidentiality mechanisms for the reported matters?	V			
(III) Does the Company take measures to protect the whistle-blowers from improper infringement due to reporting?	V			

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	
IV. Enhancing Disclosure of Information (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?		V	The Company website → Investor Relations → Major Internal Policies → "Ethical Corporate Management Best Practice Principles"	In practice, the Company has performed the daily operation based on the spirit of ethical corporate management.
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 17, 2022

The Company hereby states the results of the self-evaluation of the internal control system in 2021 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, 2021 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 17, 2022, 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 situation
2021.06.11	Annual Shareholders' Meeting 2021	<p>I. Report Items</p> <ol style="list-style-type: none"> 1. 2020 business report 2. 2020 audit report of the Audit Committee 3. Amendments to the Company's Rules and Procedures of Board of Director Meetings <p>II. Adoption Items</p> <ol style="list-style-type: none"> 1. Adoption of 2020 financial statements 2. Adoption of distribution of 2020 earnings <p>III. Discussion Items</p> <ol style="list-style-type: none"> 1. Amendments to certain articles within the Company's "Rules for Election of Directors" 2. Amendments to certain articles within the Company's "Rules of Procedure for Shareholders' Meeting" 3. Amendments to certain articles within the Company's "Procedures for Derivative Transactions" 	<p>The proposal was passed by ordinary resolution.</p> <p>The proposal was passed by ordinary resolution.</p> <p>The proposal was passed by ordinary resolution.</p> <p>The proposal was passed by ordinary resolution.</p> <p>The proposal was passed by ordinary resolution.</p>	<p>The 2020 annual final accounts have been recognized, and the report has been reported to the competent authority and announced in accordance with relevant laws and regulations.</p> <p>After the amendment is passed, it will be handled in accordance with the procedures and announced on the website designated by the competent authority and the company website.</p>

Material Resolutions of the Board Meetings and Implementation

Date	Meeting	Material Resolutions	Resolutions and Implementation
2021.03.18	The 11th meeting of the 4th-term Board of Directors	<ol style="list-style-type: none"> 1. 2020 consolidated financial statements and business report of the Company. 2. Distribution of 2020 annual statement of deficit compensation. 3. Amendments to certain articles within the Company's Rules of Procedure for Shareholders' Meeting." 4. Preparation of the Company's Statement of Internal Control System. 5. Lending of funds between the Company and subsidiaries/sub subsidiaries in 2020. 6. Subsidiary is engaged in derivative product case. 7. 2021 monthly remuneration for directors of the Company. 8. Renewal of the CPAs of Redwood Interior Pte Ltd(RWI). 9. Formulation of the policy for handling shareholder proposals and nomination of candidates for independent directors. 10. Convention of the Company's annual shareholders' meeting 2021. 	<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.
2021.05.11	The 12th meeting of the 4th-term Board of Directors	1. Appointment of Chief Corporate Governance officer of the Company	After consulting the opinions of all the directors present, the chairman makes a ruling, and the proponent is requested to supplement the information for the next board discussion.
2021.06.11	The 13th meeting of the 4th-term Board of Directors	<ol style="list-style-type: none"> 1. Appointment of Chief Corporate Governance officer of the Company 2. Postponement of the Company's 2021 General Meeting of Shareholders 	<ol style="list-style-type: none"> 1. The proposal was passed without objection. 2. The proposal was passed without objection.
2021.08.27	The 14th meeting of the 4th-term Board of Directors	<ol style="list-style-type: none"> 1. Consolidated financial statements of the Company for the first half of 2021 2. The Company proposed not to distribute dividends for the first half of 2020. 	<ol style="list-style-type: none"> 1. The proposal was passed without objection. 2. The proposal was passed without objection.

		<p>3. Consolidated financial statements of the Company for the first half of 2021</p> <p>4. The Company proposed not to distribute dividends for the first half of 2020.</p> <p>5. Revision of 2021 budgets of the Company and subsidiaries/sub subsidiaries</p> <p>6. Amendments to the Company's internal control regulations</p> <p>7. Distribution of earnings of subsidiaries. (RWI)</p>	<p>3. The proposal was passed without objection.</p> <p>4. The proposal was passed without objection.</p> <p>5. The proposal was passed without objection.</p> <p>6. The proposal was passed without objection.</p> <p>7. The proposal was passed without objection.</p>
2021.11.21	The 15th meeting of the 4th-term Board of Directors	<p>1. 2022 budgets of the Company and subsidiaries/sub-subsidiaries</p> <p>2. 2022 audit plan of the Company</p> <p>3. The company rotate the CPAs and evaluation of CPAs' independence</p> <p>4. The Company's 2022 Annual Director's Monthly Salary Remuneration Proposal</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>
2022.03.17	The 16th meeting of the 4th-term Board of Directors	<p>1 2021 consolidated financial statements and business report of the Company</p> <p>2 2018 earnings distribution</p> <p>3 Distribution of earnings of subsidiaries and sub subsidiaries.</p> <p>4 Amendments to the Company's Memorandum and Articles</p> <p>5 Preparation of the Company's Statement of Internal Control System</p> <p>6 Lending of funds between the Company and subsidiaries/sub subsidiaries in 2022</p> <p>7 The company's CPA professional fees</p> <p>8 Renewal of the CPAs of Redwood Interior Pte Ltd (RWI)</p>	<p>1. The proposal was passed without objection.</p> <p>2. The proposal was passed without objection.</p> <p>3. The proposal was passed without objection.</p> <p>4. The proposal was passed without objection.</p> <p>5. The proposal was passed without objection.</p> <p>6. After the independent directors inquired and confirmed the capital loan and authorized amount and usage, the case was passed without objection</p> <p>7. The proposal was passed without objection.</p> <p>8. The proposal was passed without objection.</p>

2022.03.17	The 16th meeting of the 4th-term Board of Directors	<p>9 The company's 2022 annual manager salary adjustment plan</p> <p>10 Amendments to the Company's internal control regulations</p> <p>11 Formulation of the policy for handling of shareholder proposals</p> <p>12 Reelection of the 5th-term Board of Directors (including independent directors)</p> <p>13 Convention of the Company's annual shareholders' meeting 2022</p>	<p>9. 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>10. The proposal was passed without objection.</p> <p>11. The proposal was passed without objection.</p> <p>12. In order to avoid conflicts of interest, the relevant stakeholders before the review of this case After the proposal was reviewed and approved by other directors present, the case was passed without objection, and the proposal was submitted to the company's general meeting of shareholders on June 27, 2022 for election.</p> <p>13. The proposal was passed without objection.</p>
------------	---	--	---

(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

Unit: NT\$1,000

CPA Firm	Name of CPAs	Period of Audit	Audit Fee	Non Audit Fee	Total	Remark
Deloitte Taiwan	Hui-ming Chen	FY2021	NTD \$2,920	-	NTD \$2,920	None
	Ming-chung Hsieh					

- (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: None.

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) Change in equity interests by directors, supervisors, managerial officers, or major shareholders

Unit: Shares

Title	Name	2021		As of April 29, 2022	
		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	1,089,000	-	-	-
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	-	-	-	-

- (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 29, 2022
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	16,545,264	32.93	-	-	Lee-mui Teh	Spouse	
Lee-mui Teh	16,545,264	32.93	16,608,571	33.06	-	-	Thong-ming Soh	Spouse	
An-hui Chen	2,480,000	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)	-	-	-	-	-	-	-	-	
Jing-xuan, Wen	412,100	0.82	-	-	-	-	-	-	
You-wei, Liang	327,000	0.65	-	-	-	-	-	-	
Yong-fa, Chang	284,887	0.57	-	-	-	-	-	-	
Citibank in custody for Maybank Kim Eng Securities	256,483	0.51	-	-	-	-	-	-	

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

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	17,985,395	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 Project (Vietnam) Company Limited	-	100.00	-	0	-	100.00
Redwood Projects Philippines Inc.	10,000,000	100.00	-	0	-	100.00

December 31, 2021/Unit: Shares; %

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- i 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 29, 2022; Unit: Shares

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

(II) Shareholder structure

April 29, 2022; Unit: Person; Shares

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Foreigners	Total
Number of Shareholders	-	-	7	1,860	24	1,891
Number of Shares Held	-	-	733,109	15,045,196	34,464,195	50,242,500
Shareholding Percentage	-	-	1.46%	29.94%	68.60%	100.00%

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

(III) Shareholding distribution status

April 29, 2022

Shareholding Percentage	Number of Shareholders	Number of Shares Held	Shareholding Percentage (%)
1 ~ 999	632	80,047	0.16
1,000 ~ 5,000	871	1,761,124	3.51
5,001 ~ 10,000	165	1,192,054	2.37
10,001 ~ 15,000	69	862,444	1.72
15,001 ~ 20,000	37	663,500	1.32
20,001 ~ 30,000	36	876,907	1.75
30,001 ~ 40,000	22	772,073	1.54
40,001 ~ 50,000	15	670,095	1.33
50,001 ~ 100,000	17	1,182,667	2.35
100,001 ~ 200,000	15	1,962,012	3.91
200,001 ~ 400,000	5	1,329,712	2.65
400,001 ~ 600,000	1	412,100	0.82
600,001 ~ 800,000	2	1,476,496	2.94
800,001 ~ 1,000,000	-	-	-
Over 1,000,001	4	37,001,269	73.63
Total	1,891	50,242,500	100.00

(IV) List of major shareholders

April 29, 2022

Major Shareholder	Shares	Number of Shares Held	Shareholding Percentage
Thong-ming Soh		16,608,571	33.06
Lee-mui Teh		16,545,264	32.93
An-hui Chen		2,480,000	4.94
Jui-ying Tsao		1,367,434	2.72
Chia-ying Tsao		764,545	1.52
Guangyuan Investment Co., Ltd (representative: Hsin-yi Lin)		711,951	1.42
Jing-xuan, Wen		412,100	0.82
You-wei, Liang		327,000	0.65
Yong-fa, Chang		284,887	0.57
Citibank in custody for Maybank Kim Eng Securities		256,483	0.51
Total		39,758,235	79.14

(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	2020	2021	As of March 31, 2022
Market Price per Share	Highest		23.40	20.75	17.10
	Lowest		10.90	10.95	15.35
	Average		14.79	16.19	16.13
Net Worth per Share	Before distribution		15.04	14.25	13.98
	After distribution		15.04	(Note 1)	-
Earnings per Share	Weighted average number of shares		50,243	50,243	50,243
	Earnings (losses) per share (Note 2)		(2.52)	0.12	(0.55)
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)		(5.87)	134.92	-
	Price-dividend ratio (Note 5)		-	(Note 1)	-
	Cash dividend yield (Note 6)		-	(Note 1)	-

Source: CPA-audited consolidated financial statements for 2020 and 2021.

Note 1: The proposal for 2021 earnings distribution is based on the resolution of the board of directors on 2021.03.17, pending the resolution of the 2022 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's 2021 after-tax profit After the board of directors decided on March 17, 2022 to make up the losses in accordance with Article 34.1 of the company's articles of association, there is no surplus available for distribution, so the current period decided 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 2021.

- (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 resolution 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)

After the company's 2021 after-tax surplus has been resolved by the board of directors on March 17, 2022 to make up for losses in accordance with Article 34.1 of the company's articles of association, there is no surplus available for distribution. Therefore, the current resolution does not distribute cash dividends to employees and directors remuneration

- (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's 2020 is a loss after tax. According to the resolution of the board of directors on March 18, 2021 and the shareholders' meeting on August 4, 2021, no cash dividends for employees and cash remuneration for directors will be distributed.

- (IX) Share repurchases

The Company did not repurchase any of its shares in 2021.

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	2020		2021	
	Amount	Percentage	Amount	Percentage
Interior Decoration	550,933	70.85	1,047,149	73.73
General Construction	172,113	22.14	273,611	19.27
Storefront Decoration	54,490	7.01	99,410	7.00
Total	777,536	100.00	1,420,170	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

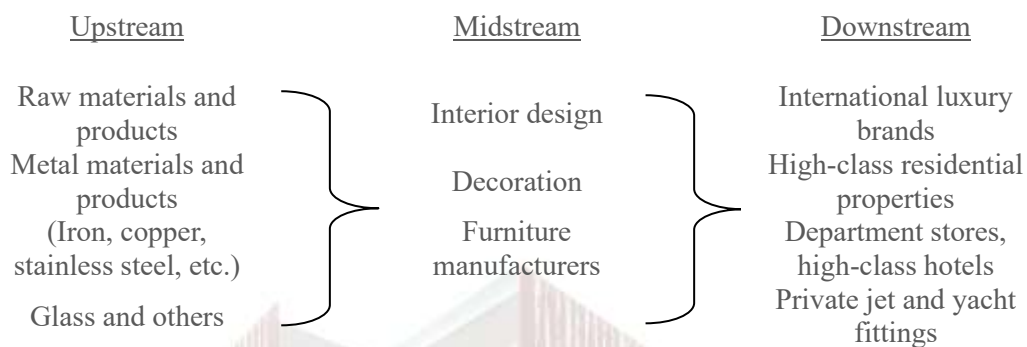
As Redwood Group specializes in the decoration of the world's top boutiques and the production of customized products, the development of the luxury goods industry is closely relevant to the Company. The current status of the luxury goods market is summarized as follows:

According to the research report updated in December 2021 by Bain & Company, an authoritative market research agency, the luxury goods industry has stabilized from the COVID-19 epidemic crisis. As the leading industry in the industry, under the continued relaxation of epidemic prevention measures, the performance has recovered significantly, far exceeding the level of 2019

(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	1. Enhance the weight of high value-added products in line with the needs of customers.	1. Provide customers one-stop service covering the existing customized products and refined, functional accessories to improve gross margins.

Item	Short-term Business Development Plans	Long-term Business Development Plans
	<ol style="list-style-type: none"> 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"> 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 improving 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 the 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; %

Area \ Year		2020		2021	
		Amount	Percentage	Amount	Percentage
Export	Asia	589,472	75.81	1,069,139	75.28
	America	141,534	18.20	247,660	17.44
	Europe	20,182	2.60	24,041	1.69
	Middle East	26,348	3.39	79,330	5.59
Total		777,536	100.00	1,420,170	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 2025,

with an average compound growth rate of 6-8% from 2021 to 2025. It is estimated that the total sales volume of the luxury goods industry would reach EUR380 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: The main business of the Group is the decoration project of global high-end boutique brand-name stores, so the main procurement items are the raw materials required for the decoration of boutique brand-name stores. However, in the last two years, there are no suppliers accounting for more than 10% of the total purchases, so it is not applicable

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	2020				2021				As of Q1 of 2022			
	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	152,614	19.63	None	Customer A	328,230	23.11	None	Customer A	143,603	45.93	None
2	Customer B	65,131	8.38	None	Customer B	258,243	18.18	None	Customer B	59,445	19.01	None
3	Customer C	147,512	18.97	None	Customer C	252,479	17.78	None	Customer C	61,332	19.61	None
4	Customer D	72,052	9.27	None	Customer D	194,646	13.71	None	Customer D	2,815	0.90	None
	Others	340,227	43.75	None	Others	386,572	27.22		Others	45,496	14.55	
	Net Sales	777,536	100.00		Net Sales	1,420,170	100.00		Net Sales	312,691	100.00	

- Note 1: 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 2021, Customer A's sales volume increased significantly by 115.07% compared with 2020, accounting for 23.11% of the net sales in 2021, still maintaining the No. 1 position. In 2021, the brand's specialty store project in Greenbelt 3, Manila, Philippines, and the specialty store projects in Michigan, Seattle, and California in the United States were mainly completed. In 2020, the global novel coronavirus (COVID-19) epidemic affected the scale of the brand's project.
- Note 3: The sales of Customer B in 2021 will increase by 296.50% compared with 2020, accounting for 18.18% of the net sales in 2021. In 2021, we mainly completed the brand's store project in Macau, China, the Greenbelt 3 store in Manila, the Philippines, and the store in Guam, the United States. In 2020, due to the global novel coronavirus (COVID-19) epidemic, the project will be affected. The number of brand projects dropped sharply.
- Note 4: The sales of Customer C in 2021 increased by 71.16% compared with that in 2020, accounting for 17.78% of the net sales in 2021, mainly due to the completion of the brand's more exclusive stores in India in 2021.
- Note 5: The sales volume of Customer D in 2021 has increased by 170.15% compared with that in 2020, accounting for 13.71% of the net sales in 2021, mainly due to the completion of the brand's monopoly in the Marina Bay Sands shopping mall in Singapore in 2021. In 2020, due to the impact of the global novel coronavirus (COVID-19) epidemic, the number of cases of the brand has dropped sharply.

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

Unit: NT\$1,000

Production Volume/Value Main Product (or Sector)	Year	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Volume	Production Capacity	Production Value	
Interior Decoration	-	221	497,606	-	371	823,629	
General Construction	-	101	156,575	-	142	212,714	
Storefront Decoration	-	10	49,422	-	17	76,990	
Total	-	332	703,604	-	530	1,113,333	

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	2020				2021			
	Domestic Sales		Export		Domestic Sales		Export		
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	
Interior Decoration	-	-	221	550,933	-	-	371	1,047,149	
General Construction	-	-	101	172,113	-	-	142	273,611	
Storefront Decoration	-	-	10	54,490	-	-	17	99,410	
Total	-	-	332	777,536	-	-	530	1,420,170	

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		2020	2021	As of April 30, 2022
Number of Employees	Managerial officers or above	79	62	60
	General employees	170	197	198
	Production line staff	651	550	597
	Total	900	809	855
Average Age		36	36.7	36
Average Years of Service		5.69	5.89	5.44
Education Level	Doctor of Philosophy	0.00%	0.00%	0.00%
	Master's Degree	0.22%	0.99%	0.94%
	Bachelor's Degree	22.07%	23.14%	18.66%
	Senior High School or below	77.71%	75.43%	80.20%

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 operating activities do not generate any special pollution, so there are no requirements for facilities and equipment or application for discharge permits. In addition, the company continues to work hard and is committed to sustainable development, including the use of sustainable and environmentally friendly building materials, the use of energy-saving equipment and machines, and the maximum use of natural lighting and ventilation to make the new plant more energy-saving and carbon-reducing.

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 has 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 are 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. Information security management

- (1) Describe the security risk management structure of Zitong, the security policy of Zitong, the specific management plan and the capital invested in the security management of Zitong source etc:

The company currently adopt a full cloud platform which allow secured and seamless remote access. In addition, the company has 2 levels of firewall to protect the incoming traffic to minimize the cyber risk exposure.

All access of data is being controlled for only assigned personnel, any sharing of information beyond the assigned group (internal and external) will require permission from the administrator.

The company has established IT users policy to highlight and guide users on good IT practices to mitigate the cyber risk.

- (2) List the losses, possible impacts and countermeasures suffered from major information security incidents in the most recent year and as of the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

VII.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. 	<ol style="list-style-type: none"> 1. The factory and land at No. 25 Sungei Street 2 in Singapore are used as collateral. 2. Redwood Group Ltd acts as 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
			10 Corporate financing plan, temporary overdue loan of SGD 1million.	
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 L (Note 3)	May 2021~ (Note 4)	Interior decoration and storefront decoration of Company L's store in Singapore	None
Sales Agreement	Company H (Note 3)	May 2021~ (Note 4)	Interior decoration and storefront decoration of Company H's store in Philippines.	None
Sales Agreement	Company H (Note 3)	March 2022~ (Note 4)	Interior decoration of Company H's store in Abu Dhabi.	None
Sales Agreement	Company H (Note 3)	March 2022~ (Note 4)	Interior decoration of Company H's store in Vietnam.	None
Sales Agreement	Company H (Note 3)	March 2022~ (Note 4)	Interior decoration of Company H's store in Kadar.	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	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.

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
				<p>3. In case of a full capacity, the affiliates of Redwood Group Ltd enjoy the priority of supply when the conditions of procurement are the same as those of other customers.</p> <p>4. In the future, if the issue price per new share is lower than the investment price of RWI, an assessment report from an independent auditor or appraiser should be provided.</p>
Investment Agreement	Thong-ming Soh and Lee-mui Teh	March 2016~ (Note 6)	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 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. 4 Installment loan amount: RMB 3million. 	The dormitory building and land are used as collateral.
Supply Agreement	Redwood Interior Pte Ltd	January 2011~ (Note 2)	Redwood Furniture Sdn. Bhd. is commissioned to provide products and services.	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	Rehoboth/Prime Business Center	2022.01.01~2022.06.30	Leasing of Office	None

(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	202.04~2023.03	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	Homeblog Sdn. Bhd.	2021.06~2022.05	Leasing of Office	None

(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.	2021.10~2022.09	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)	November 2021~ (Note 2)	Interior decoration of Company L's store in the U.S.	None
Sales Agreement	Company C (Note 1)	April 2022~ (Note 2)	Interior decoration of Company C'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.

(VIII) Redwood Projects Philippines Inc.

Nature of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictive Clauses
Sales Agreement	Company H (Note 1)	September 2021 ~ (Note 2)	Interior decoration of Company H'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

Item	Year	Financial Information for the Past Five Years (Note 1)					Financial Information as of March 31, 2022
		2017	2018	2019	2020	2021	
Current Assets		1,089,541	1,002,714	878,316	760,722	811,414	741,254
Property, Plant, and Equipment (Note 2)		475,134	508,874	855,857	995,505	922,669	932,666
Intangible Assets		-	-	-	-	-	-
Other Assets (Note 2)		113,701	155,930	111,707	119,264	111,849	123,487
Total Assets		1,678,376	1,667,518	1,845,880	1,875,491	1,845,932	1,797,407
Current Liabilities	Before distribution	500,006	607,361	588,932	525,380	569,595	538,134
	After distribution	585,419	607,361	588,932	525,380	(Note 2)	(Note 2)
Non-current Liabilities		120,703	114,010	343,954	594,402	560,232	556,811
Total Liabilities	Before distribution	620,709	721,371	932,886	1,119,782	1,129,827	1,094,945
	After distribution	620,709	721,371	932,886	1,119,782	(Note 2)	(Note 2)
Equity Attributable to Owners of Parent Company							
Share Capital		506,925	502,425	502,425	502,425	502,425	502,425
Capital Surplus		313,601	293,911	293,911	293,911	293,911	293,911
Retained Earnings	Before distribution	449,187	339,291	369,052	242,618	248,437	220,846
	After distribution	363,774	339,291	369,052	242,618	(Note 2)	(Note 2)
Others		(187,856)	(189,480)	(252,394)	(283,245)	(328,668)	(314,720)
Treasury Stock		(24,190)	(24,190)	-	-	-	-
Non-controlling Interests		-	-	-	-	-	-
Total Equity	Before distribution	1,057,667	946,147	912,994	755,709	716,105	702,462
	After distribution	972,254	946,147	912,994	755,709	(Note 2)	(Note 2)

Note 1: The CPA-audited consolidated financial statements for 2017~2021.

Note 2: The proposal for 2021 earnings distribution plan is based on the resolution of the board of directors on March 17, 2022, and is yet to be passed by the resolution of the 2022 shareholders' meeting

Item \ Year	Financial Information for the Past Five Years (Note 1)					Financial Information as of March 31, 2022
	2017	2018	2019	2020	2021	
Operating Revenue	1,771,132	1,506,228	1,654,214	777,536	1,420,170	312,691
Gross Profit	560,047	330,025	421,368	67,190	306,526	58,898
Operating Profit or Loss	210,509	(6,305)	46,232	(219,588)	(32,012)	(35,466)
Non-operating Income and Expenses	(1,271)	(10,553)	(842)	55,613	34,907	5,191
Net Income before Tax	209,238	(16,858)	45,390	(163,975)	2,895	(30,275)
Net Income from Continuing Operations	170,159	(24,483)	29,761	(126,434)	5,819	(27,591)
Loss from Discontinued Operations	-	-	-	-	-	-
Net Income (Loss)	170,159	(24,483)	29,761	(126,434)	5,819	(27,591)
Other Comprehensive Income (net, after tax)	17,257	1,983	(62,914)	(30,851)	(45,423)	13,948
Total Comprehensive Income	187,416	(22,500)	(33,153)	(157,285)	(39,604)	(13,643)
Net Income Attributable to Owners of Parent Company	170,159	(24,483)	29,761	(126,434)	5,819	(27,591)
Net Income Attributable to Non-controlling Interests	-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of Parent Company	187,416	(22,500)	(33,153)	(157,285)	(39,604)	(13,643)
Total Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	-
Earnings per Share	3.39	(0.49)	0.59	(2.52)	0.12	(0.55)

Note 1: The CPA-audited consolidated financial statements for 2017~2021.

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

Year	CPA Firm	Name of CPA	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
2021	Deloitte Taiwan	Hui-ming Chen and Ming-chung Hsieh	Unqualified opinion



II. Financial Analysis for the Most Recent Five Years

Item (Note 3)		Year	Financial Analysis for the Most Recent Five Years (Note 1)					As of March 31, 2022
			2017	2018	2019	2020	2021	
Financial Structure (%)	Debt ratio		36.98	43.26	50.54	59.71	61.21	60.92
	Ratio of long-term funds to property, plant, and equipment		248.01	208.33	146.86	135.62	138.33	135.02
Solvency (%)	Current ratio		217.91	165.09	149.14	144.79	142.45	137.75
	Quick ratio		178.77	121.12	91.01	102.88	95.71	82.06
	Times interest earned		41.72	-0.44	6.75	-19.47	1.20	-6.93
Operating Ability	Accounts receivable turnover (times)		3.89	3.45	5.71	3.75	6.65	5.75
	Average collection days		93.79	105.87	63.94	97.37	54.92	63.51
	Inventory turnover (times)		7.31	6.60	4.85	2.97	5.50	4.30
	Accounts payable turnover (times)		7.28	6.35	7.43	4.90	8.87	6.78
	Average days for sale		49.96	55.29	75.27	123.02	66.35	84.85
	Property, plant, and equipment turnover (times)		3.78	3.06	2.42	0.84	1.48	1.35
	Total assets turnover (times)		1.06	0.90	0.90	0.41	0.77	0.70
Profitability	Return on assets (%)		10.41	-0.45	1.99	-6.46	1.87	-5.29
	Return on equity (%)		16.06	-2.44	3.20	-15.15	0.79	-15.56
	Ratio of income before tax to paid-in capital (%)		41.28	-3.36	9.03	-32.64	0.58	-24.10
	Net margin (%)		9.61	-1.63	1.80	-16.26	0.41	-8.82
	Earnings per share (NT\$)		3.39	-0.49	0.59	-2.52	0.12	-0.55
Cash Flows	Cash flow ratio (%)		10.09	13.88	26.72	20.38	14.47	-40.80
	Cash flow adequacy ratio (%)		109.02	96.17	82.61	59.46	40.11	21.36
	Cash flow reinvestment ratio (%)		-9.08	-0.07	9.26	5.88	4.83	-12.73
Leverage	Operating leverage		1.27	-9.47	2.56	0.71	-1.74	0.37
	Financial leverage		1.03	0.35	1.21	0.96	0.69	0.90

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 comparable for the past two years, but the interest protection multiple in 2020 is negative due to the net loss before income tax and interest expense.
2. Operating Ability: In 2021, various measures of operating capacity have increased, mainly due to the slowdown of the COVID-19 and the substantial increase in revenue and costs in 2021.
3. Profitability: Due to the impact of the COVID-19, revenue in 2020 has plummeted and profits are low, resulting in a net loss, which makes all measures of profitability show negative values; The increase in revenue and the profit growth generate a net profit, so that all measures of profitability show a positive value.
4. Cash Flows: All measures of cash flow in 2021 decreased, mainly due to the decrease in net cash inflow from operating activities in 2021.
5. Leverage: The operating leverage in 2021 is negative, and the financial leverage in both years is at a low level, mainly due to the high operating profit in 2021 and the operating net loss in the past two years.

Note 1: The CPA-audited consolidated financial statements for 2017~2021.

Formula for IFRS financial ratios:

1. Financial Structure

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

2. Solvency

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

3. Operating Ability

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

4. Profitability

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

5. Cash Flows

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

6. Leverage

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

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

1. The weighted average number of common shares is adopted instead of the number of shares issued by the end of the year.
2. The weighted average number of shares should be calculated in consideration of the period of circulation of shares issued for capital increase by cash or treasury stock.
3. In case of a capital increase by earnings or by capital surplus, the earnings per share for the past year or half year should be retroactively adjusted based on the capital increase ratio, regardless of the period of the share issue.
4. If preferred shares are non-convertible and accumulative, preferred share dividends for the year (whether to be distributed) should be deducted from net profit after tax, or net loss after tax should be

increased. If preferred shares are non-accumulative, preferred share dividends should be deducted from net profit after tax, if any; in case of the net loss after tax, no adjustment should be made.

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

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

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



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

Redwood Group Ltd Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2021 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 hereby submit the audit report to the Company's shareholders.

Sincerely,

Redwood Group Ltd



Chair of the Audit Committee: Min-chiu Chien

March 17, 2022

- 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#99 to #164.**
- 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.**



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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 2021. 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, 2021 are stated as follows:

Revenue Recognized Based on Construction in Progress

As described in Notes 4, section 10 and Note 5 of the consolidated financial statements, 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 obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 Hui Min Chen and Ming Chung Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 293,199	16	\$ 338,409	18
Contract assets - current (Note 20)	143,759	8	107,518	6
Trade receivables (Notes 9 and 26)	228,586	12	183,795	10
Other receivables (Notes 9 and 26)	16,588	1	13,657	1
Other receivables from related parties (Notes 9, 26 and 27)	71	-	123	-
Inventories (Note 10)	71,572	4	82,026	4
Current tax assets (Note 22)	5,537	-	4,334	-
Prepayments (Notes 14 and 26)	50,897	3	30,666	2
Other current assets (Note 14)	1,205	-	194	-
Total current assets	<u>811,414</u>	<u>44</u>	<u>760,722</u>	<u>41</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 26)	33,219	2	37,942	2
Property, plant and equipment (Notes 12 and 28)	922,669	50	995,505	53
Right-of-use assets (Notes 13 and 28)	39,916	2	44,321	2
Deferred tax assets (Note 22)	31,356	2	23,412	1
Other non-current assets (Notes 14 and 26)	7,358	-	13,589	1
Total non-current assets	<u>1,034,518</u>	<u>56</u>	<u>1,114,769</u>	<u>59</u>
TOTAL	<u>\$ 1,845,932</u>	<u>100</u>	<u>\$ 1,875,491</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 30,690	2	\$ 59,317	3
Contract liabilities-current (Note 20)	186,541	10	207,061	11
Trade payables (Notes 16 and 26)	155,000	8	94,515	5
Trade payables to related parties (Notes 16, 26 and 27)	1,858	-	2,317	-
Lease liabilities - current (Note 13)	854	-	1,913	-
Other payables (Notes 17 and 26)	86,537	5	80,791	5
Current tax liabilities (Note 22)	2,349	-	4,572	-
Current portion of long-term borrowings (Note 15 and 28)	88,245	5	53,273	3
Other current liabilities (Note 17)	17,521	1	21,621	1
Total current liabilities	<u>569,595</u>	<u>31</u>	<u>525,380</u>	<u>28</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Note 7 and 26)	1,577	-	14,205	1
Lease liabilities - non-current (Note 13)	675	-	483	-
Long-term borrowings (Note 15 and 28)	555,224	30	578,816	31
Deferred tax liabilities (Note 22)	2,756	-	898	-
Total non-current liabilities	<u>560,232</u>	<u>30</u>	<u>594,402</u>	<u>32</u>
Total liabilities	<u>1,129,827</u>	<u>61</u>	<u>1,119,782</u>	<u>60</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital - ordinary shares	502,425	27	502,425	27
Capital surplus	293,911	16	293,911	15
Retained earnings				
Special reserve	252,393	14	252,393	13
Unappropriated earnings	(3,956)	-	(9,775)	-
Total retained earnings	<u>248,437</u>	<u>14</u>	<u>242,618</u>	<u>13</u>
Other equity				
Exchange differences on translation of foreign financial statements	(262,720)	(14)	(220,338)	(12)
Unrealized loss on financial assets of fair value through other comprehensive income	(65,948)	(4)	(62,907)	(3)
Total other equity	<u>(328,668)</u>	<u>(18)</u>	<u>(283,245)</u>	<u>(15)</u>
Total equity attributable to owners of the Company	<u>716,105</u>	<u>39</u>	<u>755,709</u>	<u>40</u>
TOTAL	<u>\$ 1,845,932</u>	<u>100</u>	<u>\$ 1,875,491</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)				
Construction revenue	\$ 1,420,170	100	\$ 777,536	100
OPERATING COSTS (Note 21)				
Construction costs	(1,113,644)	(78)	(710,346)	(91)
GROSS PROFIT	<u>306,526</u>	<u>22</u>	<u>67,190</u>	<u>9</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	(25,313)	(2)	(21,929)	(3)
General and administrative expenses	(312,099)	(22)	(270,440)	(35)
Expected credit (loss) gain	(1,126)	-	5,591	1
Total operating expenses	(338,538)	(24)	(286,778)	(37)
LOSS FROM OPERATIONS	(32,012)	(2)	(219,588)	(28)
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	307	-	526	-
Other income	44,895	3	79,654	10
Other gains and losses	4,103	-	(16,557)	(2)
Finance costs	(14,398)	(1)	(8,010)	(1)
Total non-operating income and expenses	<u>34,907</u>	<u>2</u>	<u>55,613</u>	<u>7</u>
PROFIT (LOSS) BEFORE INCOME TAX	2,895	-	(163,975)	(21)
INCOME TAX BENEFIT (Note 22)	<u>2,924</u>	-	<u>37,541</u>	<u>5</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>5,819</u>	-	(126,434)	(16)
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	(3,041)	-	(4,355)	-
Exchange differences arising on translation to the presentation currency	(5,068)	-	2,115	-

(Continued)

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	(37,314)	(3)	(28,611)	(4)
Other comprehensive income (loss) for the year, net of income tax	(45,423)	(3)	(30,851)	(4)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(\$ 39,604)	(3)	(\$ 157,285)	(20)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 5,819</u>	<u>-</u>	<u>(\$ 126,434)</u>	<u>(16)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	<u>(\$ 39,604)</u>	<u>(3)</u>	<u>(\$ 157,285)</u>	<u>(20)</u>
EARNINGS (LOSS) PER SHARE (Note 23)				
Basic	<u>\$ 0.12</u>		<u>(\$ 2.52)</u>	
Diluted	<u>\$ 0.12</u>		<u>(\$ 2.52)</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Total Equity
	Share Capital (In Thousand)	Capital Surplus	Retained Earnings		Other Equity		
			Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Operations	
BALANCE AT JANUARY 1, 2020	\$ 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
Appropriation of 2020 earnings							
Special reserve	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	5,819	-	-	5,819
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(3,041)	(42,382)	(45,423)
Total comprehensive loss for the year ended December 31, 2021	-	-	-	5,819	(3,041)	(42,382)	(39,604)
BALANCE AT DECEMBER 31, 2021	\$ 502,425	\$ 293,911	\$ 252,393	\$ (3,956)	\$ (65,948)	\$ (262,720)	\$ 716,105

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	\$ 2,895	(\$ 163,975)
Adjustments for:		
Depreciation expenses	87,594	63,814
Expected credit loss recognized (reversed) on trade receivables	1,126	(5,591)
Net (gain) loss of financial assets and liabilities at fair value through profit and loss	(12,210)	14,205
Finance costs	14,398	8,010
Interest income	(307)	(526)
Write-downs of inventories	311	6,742
Net loss on foreign currency exchange	30,423	11,165
(Gain) loss on disposal of property, plant and equipment	185	(1,282)
Changes in operating assets and liabilities		
Contracts assets	(36,241)	95,408
Trade receivables	(45,527)	33,030
Other receivables	(2,879)	(11,650)
Inventories	11,910	(1,645)
Prepayments	(20,231)	22,348
Other current assets	(1,011)	3,097
Contracts liabilities	(20,520)	115,183
Trade payables	60,026	(26,784)
Other payables	39,239	(78,941)
Other current liabilities	(4,100)	21,307
Cash generated from operations	105,081	103,915
Interest paid	(14,898)	(6,417)
Income taxes (paid) refunded	(7,774)	9,784
Net cash generated from operating activities	<u>82,409</u>	<u>107,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(97,577)	(265,314)
Proceeds from disposal of property, plant and equipment	1,823	2,304
Decrease in refundable deposits	5,590	6
Decrease in other non-current assets	-	92
Increase in prepayments for equipment	-	(703)
Interest received	307	526
Net cash used in investing activities	<u>(89,857)</u>	<u>(263,089)</u>

(Continued)

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(28,627)	(40,005)
Proceeds from long-term borrowings	64,653	310,533
Repayments of long-term borrowings	(53,273)	(56,772)
Repayment of the principal portion of lease liabilities	(<u>3,249</u>)	(<u>6,178</u>)
Net cash generated from (used in) financing activities	(<u>20,496</u>)	<u>207,578</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(<u>17,266</u>)	(<u>9,572</u>)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(45,210)	42,199
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>338,409</u>	<u>296,210</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 293,199</u>	<u>\$ 338,409</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, 2021 AND 2020 (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 17, 2022.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- 1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

The Group elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

For the hedging relationships that are subject to the reform, the Group applies the following temporary exceptions:

- a) The changes to the hedging relationship that are needed to reflect the changes required by the reform are treated as a continuation of the existing hedging relationship.

- b) If an alternative benchmark rate that is reasonably expected to be separately identifiable within a period of 24 months, the Group designates the rate as a non-contractually specified risk component.
- c) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- d) The Group allocates the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and designates the hedged benchmark rate separately.

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.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

- 1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower

and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of 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. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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)
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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	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 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

- 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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: 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.
- Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify

that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
 - b) The Group chose the accounting policy from options permitted by the standards;
 - c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
 - d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
 - e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

- 5) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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.

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

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 financial statements of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, 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 entities in the Group from functional currencies to 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, 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 and right-of-use asset, 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.

4) Derivative financial instruments

The Group enters into an interest rate swap contract to manage its exposure to interest rate risk.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

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.

l. Borrowing costs

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

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

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

m. Government grants

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

Government grants are recognized in 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 on 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 possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. 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. Incentives and penalties stipulated in the contract 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

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 948	\$ 1,318
Checking accounts and demand deposits	<u>292,251</u>	<u>337,091</u>
	<u>\$ 293,199</u>	<u>\$ 338,409</u>

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

	<u>December 31</u>	
	2021	2020
Bank balance	0%-0.5%	0%-0.5%

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>December 31</u>	
	2021	2020
<u>Non-current</u>		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contract	<u>\$ 1,577</u>	<u>\$ 14,205</u>

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

December 31, 2021

<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)	1.09660% (Floating)

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 cash flow interest rate risk of bank borrowings. 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>	
	2021	2020
<u>Non-current</u>		

Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 33,219	\$ 37,942
---	-----------	-----------

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	2020
<u>Non-current</u>		
Foreign investments		
Unlisted shares	\$ 33,219	\$ 37,942

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, 2021 and 2020, the Company evaluated the above investment value for impairment and recognized impairment losses of \$3,041 thousand and \$4,355 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

	December 31	
	2021	2020
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 236,437	\$ 190,910
Less: Allowance for impairment loss	(7,851)	(7,115)
	\$ 228,586	\$ 183,795
<u>Other receivables</u>		
Other receivables	\$ 16,588	\$ 13,657
Other receivables from related parties	\$ 71	\$ 123

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, 2021

	Less than 60 Days	61 to 180 Days	181 to 360 Days	361 to 720 Days	Over 721 Days	Total
Expected credit loss rate	0%-0.05%	0%-0.19%	0%-15.45%	0%-39.87%	100%	
Gross carrying amount	\$ 184,949	\$ 33,156	\$ 5,499	\$ 6,709	\$ 6,124	\$ 236,437
Loss allowance (Lifetime ECL)	(30)	(30)	(159)	(1,508)	(6,124)	(7,851)
Amortized cost	<u>\$ 184,919</u>	<u>\$ 33,126</u>	<u>\$ 5,340</u>	<u>\$ 5,201</u>	<u>\$ -</u>	<u>\$ 228,586</u>

December 31, 2020

	Less than 60 Days	61 to 180 Days	181 to 360 Days	361 to 720 Days	Over 721 Days	Total
Expected credit loss rate	0%-0.58%	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>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 7,115	\$ 13,204
Add: Net remeasurement of loss allowance	1,126	-
Less: Net remeasurement of loss allowance	-	(5,591)
Foreign exchange gains and losses	(390)	(498)
Balance at December 31	<u>\$ 7,851</u>	<u>\$ 7,115</u>

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	<u>\$ 71,572</u>	<u>\$ 82,026</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020

was \$1,113,644 thousand and \$710,346 thousand, respectively. The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of \$311 thousand and \$6,742 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Description	Remark
			2021	2020		
Redwood Group Ltd.	Redwood Interior Pte. Ltd.	Decoration of global advanced boutique brand store	100	100	Acquired the ownership through exchange of shares at December 10, 2010.	
Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd	Design, produce and sale of customized furniture	100	100	Acquired the ownership through exchange of shares at December 10, 2010.	
Redwood Interior Pte. Ltd.	Redwood (HK) Ltd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in February 2012.	*
Redwood Interior Pte. Ltd.	Redwood (Shanghai) Pte. Ltd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in February 2012.	*
Redwood Interior Pte. Ltd.	Redwood Projects Sdn. Bhd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in November 2012.	*
Redwood Interior Pte. Ltd.	Redwood Projects Korea Co., Ltd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in June 2017,	*
Redwood Interior Pte. Ltd.	Redwood Projects France S.A.S.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in January 2018.	*
Redwood Interior Pte. Ltd.	Redwood Projects Japan K.K.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in February 2018.	*
Redwood Interior Pte. Ltd.	Redwood Projects US Inc.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in October 2018,	*
Redwood Interior Pte. Ltd.	Redwood Projects (Vietnam) Company Limited	Decoration of global advanced boutique brand store	100	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	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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Assets used by the Group	<u>\$ 922,669</u>	<u>\$ 995,505</u>

	<u>2021</u>						
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 33,048	\$ 334,204	\$ 459,243	\$ 23,422	\$ 69,091	\$ 547,908	\$ 1,466,916
Additions	-	13,876	3,625	2,926	14,084	30,169	64,680
Transferred from prepaid equipment	-	-	641	-	-	-	641
Disposal	-	(76,804)	(6,544)	-	(12,065)	(245)	(95,658)
Reclassified	-	572,363	-	-	-	(572,363)	-
Effect of foreign currency exchange differences	(2,079)	(42,549)	(27,411)	(1,315)	(3,883)	(5,469)	(82,706)
Balance at December 31, 2021	<u>\$ 30,969</u>	<u>\$ 801,090</u>	<u>\$ 429,554</u>	<u>\$ 25,033</u>	<u>\$ 67,227</u>	<u>\$ -</u>	<u>\$ 1,353,873</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 150,244	\$ 252,969	\$ 16,505	\$ 51,693	\$ -	\$ 471,411
Disposal	-	(76,759)	(5,622)	-	(11,269)	-	(93,650)
Depreciation expense	-	29,355	41,573	2,628	10,058	-	83,614
Effect of foreign currency exchange differences	-	(9,009)	(16,571)	(984)	(3,607)	-	(30,171)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 93,831</u>	<u>\$ 272,349</u>	<u>\$ 18,149</u>	<u>\$ 46,875</u>	<u>\$ -</u>	<u>\$ 431,204</u>
Carrying amounts at December 31, 2021	<u>\$ 30,969</u>	<u>\$ 707,259</u>	<u>\$ 157,205</u>	<u>\$ 6,884</u>	<u>\$ 20,352</u>	<u>\$ -</u>	<u>\$ 922,669</u>

	<u>2020</u>						
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
<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>

No impairment assessment was performed for the years ended December 31, 2021 and 2020 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 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

	<u>December 31</u>	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ -	\$ -
Land access	38,424	42,042
Buildings	1,492	2,178
Office equipment	<u>-</u>	<u>101</u>
	<u>\$ 39,916</u>	<u>\$ 44,321</u>
	<u>For the Year Ended December 31</u>	
	2021	2020
Additions to right-of-use assets	<u>\$ 2,286</u>	<u>\$ 117</u>
<u>Depreciation charge for right-of-use assets</u>		
Land	\$ 577	\$ 1,339
Land access	1,499	1,551
Buildings	1,867	5,721
Office equipment	<u>37</u>	<u>39</u>
	<u>\$ 3,980</u>	<u>\$ 8,650</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 2021 and 2020.

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

b. Lease liabilities

	<u>December 31</u>	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 854</u>	<u>\$ 1,913</u>
Non-current	<u>\$ 675</u>	<u>\$ 483</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	4.32%	4.32%
Buildings	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	
	2021	2020
Short-term lease expenses	<u>\$ 1,269</u>	<u>\$ -</u>
Expenses relating to low-value asset leases	<u>\$ 846</u>	<u>\$ 1,625</u>
Total cash outflow for leases	<u>(\$ 5,364)</u>	<u>(\$ 7,569)</u>

The Group leases certain assets which qualify as short-term leases and 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	
	2021	2020
<u>Current</u>		
Prepayments - goods	\$ 38,030	\$ 15,089
Prepayments - expenses	11,918	12,130
Other prepayments	<u>949</u>	<u>3,447</u>
	<u>\$ 50,897</u>	<u>\$ 30,666</u>
Other current assets	<u>\$ 1,205</u>	<u>\$ 194</u>
<u>Non-current</u>		
Prepaid equipment	\$ 721	\$ 1,362
Refundable deposits	6,637	12,227
Others	<u>-</u>	<u>-</u>
	<u>\$ 7,358</u>	<u>\$ 13,589</u>

15. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Secured borrowings</u> (Note 28)		
Line of credit borrowings	\$ 30,690	\$ -
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ -	\$ 59,317

The range of weighted average effective interest rate on bank loans was 3.09107% and 1.9422% ~ 3.4708% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Secured borrowings</u> (Note 28)		
Bank loans*	\$ 643,469	\$ 632,089
<u>Unsecured borrowings</u>		
Bank loans	-	-
Less: Current portion	(88,245)	(53,273)
Long-term borrowings	\$ 555,224	\$ 578,816

* As of December 31, 2021 and 2020, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land, building and land access (refer to Note 28) was 1.2053% ~ 5.3830% and 1.2054% ~ 5.3719% per annum, respectively.

	<u>Major Clause</u>	<u>December 31</u>	
		2021	2020
<u>Secured loan</u>			
DBS Bank	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 was 28 April 2021 and repayable in 80 quarterly installments.	294,458	323,400
	Long-term loan: credit line SGD8,000 thousand only interest payable until 31 March 2021 or the new factory building was completed. The loan installment commencement date was	157,697	118,450

	Major Clause	December 31	
		2021	2020
	30 April 2021.		
	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 was 07 June 2021.	88,010	107,800
	Long-term loan: SGD1,000 thousand was obtained in August 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 was 22 October 2021.	19,234	21,560
	Long-term loan: credit line SGD3,000 thousand interest payable monthly, with interest rate of 3.01%, repayable with interest starting April 2021 in 48 monthly installments, each repayment in SGD61 thousand.	46,763	-
RHB Bank Berhad	Long-term loan: credit line MYR2,094 thousand interest payable monthly, with interest rate of 3.65% based on BLR, repayable with interest starting July 2017 in 120 monthly installments, each repayment in MYR37 thousand.	13,298	16,634
CIMB Bank	Long-term loan: credit line US\$2,500 thousand interest payable monthly, with interest rate of 3.045% based on COF, repayable with interest starting September 2017 in 60 monthly installments, each repayment in US\$45 thousand.	24,009	44,245
	Less: Borrowing due within one year	(<u>88,245</u>)	(<u>53,273</u>)
		<u>\$ 555,224</u>	<u>\$ 578,816</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	
	2021	2020

Current

Other payables		
Payable for construction project	\$ -	\$ 23,597
Payable for salaries or bonuses	16,516	15,872
Payable for purchase of equipment	1,192	10,492
Payable for utilities	8,088	2,416
Payable for provident fund	4,663	3,169
Payable for professional service fees	1,514	1,528
Payable for shipping expenses	38,102	9,250
Payable for interest expenses	798	1,394
Others	<u>15,664</u>	<u>13,073</u>
	<u>\$ 86,537</u>	<u>\$ 80,791</u>

Other current liabilities		
Deferred Income		
Government Grants	\$ 17,246	\$ 21,400
Others	<u>275</u>	<u>221</u>
	<u>\$ 17,521</u>	<u>\$ 21,621</u>

Deferred income is that the Singapore government has subsidized the relevant company's equipment for the new plant. The Group received S\$195 thousand in advance as of December 31, 2021 and 2020. 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 received the 5th to 7th subsidies of S\$1,111 thousand and the 1st to 4th subsidies of S\$2,077 thousand from the Singapore government as of December 31, 2021 and 2020 (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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Shares authorized (in thousands of shares)	<u>80,000</u>	<u>80,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>50,243</u>	<u>50,243</u>
Shares issued	<u>\$ 502,425</u>	<u>\$ 502,425</u>
Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.		

b. Capital surplus

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
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.

The appropriations of earnings for 2020 and 2019 were approved in the shareholders' meetings on August 04, 2021 and June 08, 2020, respectively; the amounts were as follows:

	<u>Appropriation of Earnings</u>	
	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Special reserve	\$ _____ -	\$ <u>17,013</u>

The appropriation of earnings for 2021 is subject to the resolution of the shareholders' meeting to be held on June 27, 2022.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 252,393	\$ 235,380

Appropriations in respect of Debits to other equity items	_____ -	_____ 17,013
Balance at December 31	\$ 252,393	\$ 252,393

e. Other equity items

Exchange differences on translation of foreign financial statements

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	(\$ 220,338)	(\$ 193,842)
Recognized for the year		
Exchange differences on translating the financial statement of foreign operations	(42,382)	(26,496)
Balance at December 31	(\$ 262,720)	(\$ 220,338)

Unrealized valuation gain or loss on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	(\$ 62,907)	(\$ 58,552)
Recognized for the year		
Unrealized gain or loss - equity instruments	(3,041)	(4,355)
Balance at December 31	(\$ 65,948)	(\$ 62,907)

20. REVENUE

	<u>For the Year Ended December 31</u>	
	2021	2020
Revenue from contracts with customers		
Construction contract revenue	\$ 1,420,170	\$ 777,536

a. Contract information

The construction segment's properties construction contracts include terms on 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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Trade receivables (Note 9)	\$ 228,586	\$ 183,795
Contract assets		
Retentions receivable	\$ 19,401	\$ 11,170
Decoration project	124,358	96,348

Contract assets - current	<u>\$ 143,759</u>	<u>\$ 107,518</u>
Contract liabilities - current		
Decoration project	<u>\$ 186,541</u>	<u>\$ 207,061</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.

	<u>December 31</u>	
	2021	2020
Expected credit loss rate	0.05%	0.58%
Gross carrying amount	\$ 143,759	\$ 107,518
Allowance for impairment loss (Lifetime ECLs)	<u> -</u>	<u> -</u>
	<u>\$ 143,759</u>	<u>\$ 107,518</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:

	<u>For the Year Ended December 31</u>	
	2021	2020
From contract liabilities at the start of the year		
Decoration project	<u>\$ 207,671</u>	<u>\$ 91,878</u>

c. Disaggregation of revenue

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

d. Partially completed contracts

As of December 31, 2021, the aggregate amounts of the transaction prices allocated to the performance obligations that are unsatisfied are \$186,541 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

	<u>For the Year Ended December 31</u>	
	2021	2020
Interest income		
Bank deposits	<u>\$ 307</u>	<u>\$ 526</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Government grants	\$ 39,388	\$ 76,262
Others	<u>5,507</u>	<u>3,392</u>
	<u>\$ 44,895</u>	<u>\$ 79,654</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 \$23 thousand and \$200 thousand in 2021 and 2020, respectively.
- 2) Due to the impact of Covid-19 pandemic, the Malaysian government has launched a new economic protection assistance package (Permai), in which in order to help employers retain employees and reduce unemployment, a special wage subsidy program (Program Subsidi Upah) will be provided. Employers operating during the MCD (Movement Control Order) period can apply, and there are no restrictions. The Company recognized subsidy revenue of \$2,482 thousand in 2021.
- 3) 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 \$1,828 thousand and \$1,639 thousand in 2021 and 2020, respectively.
- 4) 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 \$32,382 thousand and \$73,795 thousand in 2021 and 2020, respectively.
- 5) In order to improve the overall productivity of local enterprises, Enterprise Singapore launched the relevant auxiliary measures (Capability Development Grant) in 2019 to encourage enterprises to renovate old factories. The government provides subsidies to help enterprises purchase high-capacity machinery and equipment. The new plant of REDWOOD INTERIOR PTE.LTD was completed in 2021, and related subsidies have been recognized phase by phase since 2021. The Company recognized subsidy revenue of \$2,648 thousand in 2021.
- 6) In response to the impact of Covid-19 pandemic, the Korean government provides subsidies (Covid-19 Supporting Fund) for small and medium-sized enterprises affected by the third wave of the epidemic. The assistance objects include small and medium-sized enterprises and self-employed persons who are directly affected by sales, so as to help enterprises tide over the difficulties. The Company recognized subsidy revenue of \$25 thousand in 2021.
- 7) The Shanghai government rewarded companies for innovation and other subsidies. The Company recognized subsidy income of \$11 thousand in 2020.
- 8) 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.
- 9) 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	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	(\$ 185)	\$ 1,282
Net foreign exchange loss	(5,491)	(1,699)
Valuation gain (loss) of financial liabilities at FVTPL	12,210	(14,069)
Others	(<u>2,431</u>)	(<u>2,071</u>)
	<u>\$ 4,103</u>	(<u>\$ 16,557</u>)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 15,063	\$ 18,047
Interest on lease liabilities	<u>96</u>	<u>199</u>
	15,159	18,246
Less: Amounts included in the cost of qualifying assets	(<u>761</u>)	(<u>10,236</u>)
	<u>\$ 14,398</u>	<u>\$ 8,010</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	\$ 761	\$ 10,236
	1.2054% ~	1.2054% ~
Capitalization rate	2.025%	2.6747%

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 40,331	\$ 35,309
Operating expenses	<u>47,263</u>	<u>28,505</u>
	<u>\$ 87,594</u>	<u>\$ 63,814</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 18)		
Defined contribution plan	\$ 30,976	\$ 28,574
Other employee benefits	<u>397,027</u>	<u>350,953</u>

	<u>\$ 428,003</u>	<u>\$ 379,527</u>
	For the Year Ended December 31	
	2021	2020
An analysis of employee benefits expense by function		
Operating costs	\$ 191,513	\$ 158,203
Operating expenses	<u>236,490</u>	<u>221,324</u>
	<u>\$ 428,003</u>	<u>\$ 379,527</u>

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.

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

For the year ended December 31, 2021, due to operational considerations and with the consent of the shareholders, the Company did not accrue employees' compensation and the remuneration of directors and supervisors.

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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	
	2021	2020
Foreign exchange gains	\$ 2,080	\$ 1,853
Foreign exchange losses	(<u>7,571</u>)	(<u>3,552</u>)
	(<u>\$ 5,491</u>)	(<u>\$ 1,699</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	
	2021	2020
<u>Current tax</u>		
In respect of the current year	\$ 4,387	\$ 3,351
Adjustments for prior year	(<u>39</u>)	(<u>1,066</u>)
	<u>4,348</u>	<u>2,285</u>
<u>Deferred tax</u>		
In respect of the current year	(7,300)	(39,826)
Others	<u>28</u>	<u>-</u>
	(<u>7,272</u>)	(<u>39,826</u>)
Income tax expense (benefit) recognized in profit or loss	(<u>\$ 2,924</u>)	(<u>\$ 37,541</u>)

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

	For the Year Ended December 31	
	2021	2020
Profit (Loss) before tax	<u>\$ 2,895</u>	(<u>\$ 163,975</u>)
Income tax expense (benefit) calculated at the statutory rate	\$ 3,059	(\$ 30,424)
Nondeductible expenses in determining taxable income	6,252	2,049
Tax-exempt income	(5,367)	(264)
Tax losses	(9,255)	20,811
Unused loss carryforwards and deductible temporary differences	2,835	(29,530)
Adjustments for prior years' tax	(11)	(1,066)
Others	(<u>437</u>)	<u>883</u>
Income tax expense recognized in profit or loss	(<u>\$ 2,924</u>)	(<u>\$ 37,541</u>)

The applicable corporate income tax rate used by the Group entities in Singapore is 17%, while the tax rate applicable to subsidiaries in Malaysia is 24%, the tax rate applicable to subsidiaries in China is 20%. 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	
	2021	2020
<u>Current tax assets</u>		
Tax refund receivable	<u>\$ 5,537</u>	<u>\$ 4,334</u>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 2,349</u>	<u>\$ 4,572</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, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Temporary differences				
Unrealized exchange gains and losses	\$ 18	(\$ 150)	\$ 189	\$ 57
Depreciation expense	88	-	(3)	85
Property, plant and equipment	(10)	(424)	424	(10)
Others	52	283	(335)	-
Tax losses	<u>23,264</u>	<u>9,255</u>	<u>(1,295)</u>	<u>31,224</u>
	<u>\$ 23,412</u>	<u>\$ 8,964</u>	<u>(\$ 1,020)</u>	<u>\$ 31,356</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Temporary differences				
Write-down of inventory	(\$ 6,366)	(\$ 112)	\$ 301	(\$ 6,177)
Unrealized exchange gains and losses	(189)	(155)	213	(131)
Property, plant and equipment	25,281	(3,978)	(1,084)	20,219
Others	<u>(17,828)</u>	<u>5,937</u>	<u>736</u>	<u>(11,155)</u>
	<u>\$ 898</u>	<u>\$ 1,692</u>	<u>\$ 166</u>	<u>\$ 2,756</u>

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

d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 of Redwood Furniture Sdn. Bhd. comprised:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Loss carryforwards		
No expiration date	<u>\$ 133,670</u>	<u>\$ 106,047</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 Projects US Inc. until 2020, have been assessed by the tax authorities. The tax returns of Redwood (Shanghai) Pte. Ltd., Redwood Projects Japan K.K. and Redwood Projects Philippines Inc. until 2021, have been assessed by the tax authorities.

23. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Basic earnings (loss) per share	<u>\$ 0.12</u>	(<u>\$ 2.52</u>)
Diluted earnings (loss) per share	<u>\$ 0.12</u>	(<u>\$ 2.52</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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Earnings (loss) used in the computation of basic earnings per share	<u>\$ 5,819</u>	(<u>\$ 126,434</u>)
Earnings (loss) used in the computation of diluted earnings per share	<u>\$ 5,819</u>	(<u>\$ 126,434</u>)

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
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, 2021 and 2020, 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 \$64,680 thousand, the equipment payable and construction project payable were decreased by \$32,897 thousand, in cash payment of \$97,577 thousand for the year ended December 31, 2021. (Refer to Note 12)
- 2) 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)

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 59,317	(\$ 28,627)	\$ -	\$ -	\$ 30,690
Long-term borrowings - current portions	53,273	(53,273)	-	88,245	88,245
Long-term borrowings	578,816	64,653	-	(88,245)	555,224
Lease liabilities (Note 3)	<u>2,396</u>	<u>(3,249)</u>	<u>2,286</u>	<u>96</u>	<u>1,529</u>
	<u>\$ 693,802</u>	<u>(\$ 20,496)</u>	<u>\$ 2,286</u>	<u>\$ 96</u>	<u>\$ 675,688</u>

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
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>(6,178)</u>	<u>117</u>	<u>199</u>	<u>2,396</u>
	<u>\$ 485,908</u>	<u>\$ 207,578</u>	<u>\$ 117</u>	<u>\$ 199</u>	<u>\$ 693,802</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, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 33,219</u>	\$ <u> 33,219</u>
Financial liabilities at FVTPL				
Derivatives	\$ <u> -</u>	\$ <u> 1,577</u>	\$ <u> -</u>	\$ <u> 1,577</u>

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> 14,205</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, 2021

<u>Financial assets</u>	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 37,942
Recognized in other comprehensive income	(3,041)

Net exchange difference	(<u>1,682</u>)
Balance at December 31, 2021	<u>\$ 33,219</u>
<u>For the year ended December 31, 2020</u>	

	Financial Assets at FVTOCI
	Equity Instruments
<hr/>	
<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>

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. It is measured at the present value of the financial institution's estimated future cash flows discounted at their quoted interest rate.

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

The fair values of overseas 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 25% is regarded as the assumed liquidity discount in an available market.

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 545,081	\$ 548,211
Financial assets at FVTOCI		
Equity instruments	33,219	37,942
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	917,554	869,029
Financial liabilities at FVTPL		
Derivatives	1,577	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. For the management of foreign currency risk, the Group regularly reviews the assets and liabilities affected by exchange rates, and uses appropriate hedging tools to control the risks arising from foreign exchange fluctuations.

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	
	2021	2020
Profit or loss	(\$ 1,010)	(\$ 514)

	Currency USD's Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	\$ 172	(\$ 189)

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.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	\$ 479,155	\$ 512,077
Cash flow interest rate risk		
Financial liabilities	195,004	179,329

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, 2021 and 2020 would have decreased by \$975 thousand and \$897 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, 2021 and 2020, 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, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 30,690	\$ -	\$ -
Trade payables	156,858	-	-
Lease liabilities	899	714	-
Other payables	86,537	-	-
Current portion of long-term borrowings	88,245	-	-
Long-term borrowings	<u>-</u>	<u>224,708</u>	<u>330,516</u>
	<u>\$ 363,229</u>	<u>\$ 225,422</u>	<u>\$ 330,516</u>

Additional information about the maturity analysis fore lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 899</u>	<u>\$ 714</u>

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	96,832	-	-
Lease liabilities	2,047	462	-
Other payables	80,791	-	-
Current portion of long-term borrowings	53,273	-	-
Long-term borrowings	<u>-</u>	<u>236,733</u>	<u>342,083</u>
	<u>\$ 292,260</u>	<u>\$ 237,195</u>	<u>\$ 342,083</u>

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>

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facilities, reviewed annually:		
Amount used	\$ -	\$ 59,317
Amount unused	<u>15,438</u>	<u>33,347</u>
	<u>\$ 15,438</u>	<u>\$ 92,664</u>
Secured bank overdraft facility:		
Amount used	\$ 674,159	\$ 632,089
Amount unused	<u>92,978</u>	<u>179,282</u>
	<u>\$ 767,137</u>	<u>\$ 811,371</u>

27. TRANSACTIONS WITH RELATED PARTIES

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

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

a. Related party name and category

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

b. Purchases of goods

Related Party Categories	For the Year Ended December 31	
	2021	2020
Related party in substance	<u>\$ 16,939</u>	<u>\$ 14,930</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	
		2021	2020
Other receivables	Related party in substance	<u>\$ 71</u>	<u>\$ 123</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, 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	
		2021	2020
Trade payables	Related party in substance	\$ <u>1,858</u>	\$ <u>2,317</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	
		2021	2020
Related party in substance/Teh Lee Mui	Transportation Equipment	\$ <u>-</u>	\$ <u>2,761</u>

f. Other transactions with related parties

Line Items	Related Party Categories	December 31	
		2021	2020
Other income	Related party in substance	\$ <u>1,776</u>	\$ <u>1,814</u>

g. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 18,827	\$ 13,318
Post-employment benefits	<u>633</u>	<u>730</u>
	\$ <u>19,460</u>	\$ <u>14,048</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	
	2021	2020
Land	\$ 30,969	\$ 33,048
Right-of-use assets (land access)	38,424	42,042
Buildings	683,663	154,786
Equipments	79,251	20,343
Construction in Progress	<u>-</u>	<u>547,758</u>
	\$ <u>832,307</u>	\$ <u>797,977</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, 2021 and 2020 were as follows:

Significant Commitments

- a. As of December 31, 2021 and 2020, the Group signed contractual commitments with the manufacturers for purchases of machinery and equipment amounted to approximately \$23 thousand and \$1,092 thousand, respectively.
- b. Unrecognized commitments are as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Acquisition of property, plant and equipment	\$ <u>-</u>	\$ <u>56,311</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. Although the current epidemic is slowing down, the revenue for year 2021 has increased by 83% compared with year 2020. Especially in Singapore and the United States, the projects have been gradually resumed. However, 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, the installment repayment began from April 30, 2021.
- 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 \$34,210 thousand and \$75,434 thousand were received in 2021 and 2020, respectively.

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, 2021

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,288	1.35 (USD:SGD)	\$ 63,194
EUR	479	1.531 (EUR:SGD)	15,017
THB	8,383	0.041 (THB:SGD)	6,998
HKD	3,543	0.174 (HKD:SGD)	<u>12,578</u>
			<u>\$ 97,787</u>
<u>Financial liabilities</u>			
Monetary items			
USD	527	4.168 (USD:MYR)	\$ 14,543
USD	1,272	1.35 (USD:SGD)	35,132
MYR	15,236	0.324 (MYR:SGD)	100,970
EUR	236	1.531 (EUR:SGD)	<u>7,395</u>
			<u>\$ 158,040</u>

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>

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					
		2021			2020
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
SGD	(SGD:NTD)	(\$ 3,828)	(SGD:NTD)	(\$ 2,534)	
MYR	(MYR:NTD)	(682)	(MYR:NTD)	788	
HKD	(HKD:NTD)	-	(HKD:NTD)	-	
RMB	(RMB:NTD)	(14)	(RMB:NTD)	16	
JPY	(JPY:NTD)	(581)	(JPY:NTD)	219	
KRW	(KRW:NTD)	(365)	(KRW:NTD)	(155)	
USD	(USD:NTD)	-	(USD:NTD)	(25)	
VND	(VND:NTD)	(38)	(VND:NTD)	(8)	
PHP	(PHP:NTD)	<u>17</u>	(PHP:NTD)	<u>-</u>	
		<u>(\$ 5,491)</u>		<u>(\$ 1,699)</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	
	2021	2020	2021	2020
Asian	\$ 1,069,139	\$ 589,472	\$ 1,003,046	\$ 1,091,276
Middle East	79,330	26,348	-	-
America	247,660	141,534	27	-
Europe	<u>24,041</u>	<u>20,182</u>	<u>89</u>	<u>81</u>
	<u>\$ 1,420,170</u>	<u>\$ 777,536</u>	<u>\$ 1,003,162</u>	<u>\$ 1,091,357</u>

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

c. Information about major customers

Included in revenue arising from decoration of global advanced boutique brand store of \$1,420,170 thousand and \$777,536 thousand in 2021 and 2020, respectively, is revenue of approximately \$1,033,598 thousand and \$300,126 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	
	2021	2020
Customer A (Note 1)	\$ 328,230	\$ 152,614
Customer B (Note 1)	258,243	(Note 2)
Customer C (Note 1)	252,479	147,512
Customer D (Note 1)	<u>194,646</u>	<u>(Note 2)</u>
	<u>\$ 1,033,598</u>	<u>\$ 300,126</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, 2021
(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 1-2)	Aggregate Financing Limit (Note 1-2)
													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	\$ -	-	\$ -	\$ 214,832	\$ 286,442
		Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	214,832	286,442
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood (Shanghai) Pte. Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood (HK) Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood Projects Sdn. Bhd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood Projects Japan K.K.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood Projects France S.A.S.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood Projects Korea Co., Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood Projects US Inc.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood Projects Philippines Inc.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood Projects (Vietnam) Company Limited	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553
		Redwood Group Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	701,553	701,553

Note 1: The limit amount is calculated as follows:

- The total amount available for lending purpose shall not exceed \$716,105 (in thousands) x 40% = \$286,442 (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 \$716,105 (in thousands) x 30% = \$214,832 (in thousands) for funding between domestic and foreign subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares of the net worth of Redwood Group Ltd.
- The total amount available for lending purpose shall not exceed \$701,553 (in thousands) x 40% = \$280,621 (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 \$701,553 (in thousands) x 20% = \$140,311 (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 \$701,553 (in thousands) x 100% = \$701,553 (in thousands) for funding between domestic and foreign subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares of the net worth of Redwood Interior Pte. Ltd.

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

REDWOOD GROUP LTD AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021

(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	\$ 859,326	\$ 718,902	\$ 644,513	\$ 614,641	\$ -	90.00	\$ 859,326	Y	N	N
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Note 2	561,242	15,317	10,980	10,980	-	1.53	561,242	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, 2021 is the net value of \$716,105 (in thousands) \times 120% = \$859,326 (in thousands); the limit for endorsement of a single enterprise is net value of \$716,105 (in thousands) \times 20% = \$143,221 (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, 2021 is the net value of \$701,553 (in thousands) \times 80% = \$561,242 (in thousands); the limit for endorsement of a single enterprise is net value of \$701,553 (in thousands) \times 20% = \$140,311 (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, 2021

(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, 2021			
				Number of Shares (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value
Redwood Interior Pte. Ltd.	<u>Unlisted shares</u> DDG Glass Pte. Ltd.	Related party in substance	Financial assets at FVTOCI	8,387	\$ 33,219	18.48	\$ 33,219

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, 2021
 (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)	\$ 516,810 (SGD 23,000)	Trust - Build Engineering & Construction Pte. Ltd.	NA	-	-	-	\$ -	Note 1	Self-use Note 4	-

Note 1: It is a project for the construction of a factory and office for operation, and the price is negotiated by both parties.

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, which is the former.

Note 4: It was completed after acceptance inspection in January 2021 and put into production in February 2021.

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, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	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	(\$ 429,178)	(97.95%)	30 days of the month	According to the Company's transfer pricing policy	-	\$ 100,424	99.75	

REDWOOD GROUP LTD AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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 receivable/payable	\$ 100,424 (SGD 4,908)	No significant difference in terms for related parties	5.44%
		Redwood Furniture Sdn. Bhd.	3	Purchase	429,178 (SGD 20,621)	By Redwood Interior Pte. Ltd. transfer pricing policy	30.22%
		Redwood Furniture Sdn. Bhd.	3	Other receivable/ payable	49,350 (SGD 2,412)	No significant difference in terms for related parties	2.67%
		Redwood Projects Japan K.K.	3	Sales revenue	17,704 (SGD 851)	By Redwood Interior Pte. Ltd. transfer pricing policy	1.25%
		Redwood Projects France S.A.S.	3	Administrative expenses	11,947 (SGD 574)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.84%
		Redwood Projects France S.A.S.	3	Accounts receivable/payable	6,290 (SGD 307)	No significant difference in terms for related parties	0.34%
		Redwood Projects US Inc.	3	Other receivable/ payable	13,169 (SGD 644)	No significant difference in terms for related parties	0.71%
		Redwood Projects US Inc.	3	Administrative expenses	9,531 (SGD 458)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.67%
		Redwood Projects US Inc.	3	Sales revenue	136,515 (SGD 6,559)	By Redwood Interior Pte. Ltd. transfer pricing policy	9.61%
		Redwood Projects Korea Co., Ltd.	3	Sales revenue	13,312 (SGD 640)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.94%
		Redwood Projects Philippines Inc	3	Administrative expenses	4,524 (SGD 217)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.32%
		2	Redwood Furniture Sdn. Bhd.	Redwood Projects Sdn. Bhd.	3	Sales revenue	9,593 (SGD 461)

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

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

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

- No. 1 represents transactions from parent company to subsidiary.
- No. 2 represents transactions from subsidiary to parent company.
- 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, 2021
(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	\$ 701,553	\$ 14,458	\$ 14,458	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	371,117	3,006	3,006	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	6,988	(235)	(235)	Second-tier subsidiary
	Redwood Projects Sdn. Bhd.	Malaysia	Decoration of global advanced boutique brand store	6,195 (SGD 256)	6,195 (SGD 256)	-	100	58,063	8,489	8,489	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	12,714	958	958	Second-tier subsidiary
	Redwood Projects France S.A.S.	France	Decoration of global advanced boutique brand store	21,233 (EUR 600)	21,233 (EUR 600)	-	100	18,828	880	880	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	3,787	(3,785)	(3,785)	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	12,692	(1,219)	(1,219)	Second-tier subsidiary
	Redwood Projects (Vietnam) Company Limited	Vietnam	Decoration of global advanced boutique brand store	2,917 (US\$ 100)	2,917 (US\$ 100)	-	100	2,162	(357)	(357)	Second-tier subsidiary
	Redwood Projects Philippines Inc.	Philippines	Decoration of global advanced boutique brand store	5,895 (PHP 10,000)	5,895 (PHP 10,000)	-	100	8,220	2,986	2,986	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\$20.46; MYR1=NT\$6.6270; HK\$1=NT\$3.5498; KRW1=NT\$0.0225; EUR1=NT\$31.32; JPY1=NT\$0.2414; US\$1=NT\$27.6210; VND1=NT\$0.0012; PHP1=NT\$0.5361 as of December 31, 2021.

REDWOOD GROUP LTD AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021

(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					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.	\$ -	\$ -	\$ -	\$ -	\$ 12,028	100	\$ 12,028	\$ 54,320	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	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, 2021**

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	16,545,264	32.93%

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 trustee 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 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, 2021	December 31, 2020	Variation	
				Amount	%
Current Assets		811,414	760,722	50,692	6.66
Funds and Investment		-	-	-	-
Fixed Assets		922,669	995,505	(72,836)	(7.32)
Intangible Assets		-	-	-	-
Other Assets		111,849	119,264	(7,415)	(6.22)
Total Assets		1,845,932	1,875,491	(29,559)	(1.58)
Current Liabilities		569,595	525,380	44,215	8.42
Long-term Liabilities		555,224	578,816	(23,592)	(4.08)
Other Liabilities		5,008	15,586	(10,578)	(67.87)
Total Liabilities		1,129,827	1,119,782	10,045	0.90
Share Capital		502,425	502,425	-	-
Capital Surplus		293,911	293,911	-	-
Retained Earnings		248,437	242,618	5,819	2.40
Others		(328,668)	(283,245)	(45,243)	(16.04)
Treasury Stock		-	-	-	-
Total Equity		716,105	755,709	(39,604)	(5.24)
<p>Please explain any material changes (amounting over 10% and accounting for 1% of total assets):</p> <p>1. Others equity: Mainly due to the exchange difference between the financial statements of foreign operating agencies in 2021.</p>					

Source: The CPA-audited consolidated financial statements for 2020~2021.

II. Financial Performance

Comparative Analysis of Financial Performance

Unit: NT\$1,000; %

Item \ Year	2021	2020	Variation	
			Amount	%
Net Operating Revenue	1,420,170	777,536	642,634	82.65
Operating Costs	1,113,644	710,346	403,298	56.77
Gross Profit	306,526	67,190	239,336	356.21
Operating Expenses	338,538	286,778	51,760	18.05
Operating Income (Loss)	(32,012)	(219,588)	187,576	85.42
Non-operating Income and Expenses	34,907	55,613	(20,706)	(37.23)
Net Income (Loss) before Tax	2,895	(163,975)	166,870	101.77
Income Tax Expenses	2,924	(37,541)	40,465	107.79
Net Income (Loss)	5,819	(126,434)	132,253	104.60

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

1. Operating revenue: Mainly due to the COVID-19, trend in 2021, due to the substantial increase in the number of engineering orders.
2. Operating costs: Mainly due to the increase in operating-related variable costs in 2021 with revenue growth.
3. Gross profit: Mainly because the increase in operating costs in 2021 is lower than the increase in revenue.
4. Operating expenses: Mainly due to the increase in depreciation expenses, water and electricity expenses and salary-related expenses in 2021.
5. Operating income (loss): Mainly due to the increase in operating profit in 2021.
6. Non-operating income and expenses: Mainly due to the impact of the novel coronavirus pneumonia, the Singapore government implemented the "Fortitude Forward Budget" to subsidize the wages of employees, and the government subsidy income in 2021 was less than that in 2020.
7. Net income (loss) before tax: Mainly due to the decrease in net operating loss in 2021.
8. Income tax expenses: Mainly due to the income tax expense arising from the pre-tax net profit in 2021, and the deferred income tax benefit arising from the pre-tax net loss in 2020.
9. Net income (loss): Mainly due to the increase in revenue and profit growth in 2021.

Source: The CPA-audited consolidated financial statements for 2020~2021.

III. Cash Flows

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

Unit: NT\$1,000; %

Item	Year	2021	2020	Change by Amount	Change by Percentage
Net Cash Inflows (Outflows) from Operating Activities		82,409	107,282	(24,873)	(23.18)
Net Cash Inflows (Outflows) from Investing Activities		(89,857)	(263,089)	173,232	65.85
Net Cash Inflows (Outflows) from Financing Activities		(20,496)	207,578	(228,074)	(109.87)
Analysis of Cash Flows					
(1) Cash flow changes in the most recent year:					
Operating activities: The decrease in net cash inflow from operating activities was mainly due to the payment of more bank interest and corporate income tax in 2021.					
Investing activities : Decrease in net cash outflow from investment activities Mainly due to the large capital expenditure due to the construction of new factories and offices and the purchase of larger machinery and equipment by Redwood Interior Pte Ltd. in 2020.					
Financing activities : The net cash inflows and outflows from financing activities in the past two years were mainly due to the fact that the Singapore Bonus in 2020 had more long-term loans from banks due to the construction of new factories and offices and to meet the needs of operations.					
(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 (2022)

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
293,199	81,883	(108,944)	266,138	—	—

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	2018.10-2021.05	547,634	To meet the needs of business and production	Long-term loans from banks
Construction of a New Office	2021.05-2021.11	16,062	To meet the needs of business and production	Cash transactions, cash outflows

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 2021	Investment Policy	Reason for Profit/Loss	Improvement Plan
Redwood Interior Pte Ltd	14,458	Develop key operations in the global market and provide sales and technical support	Mainly due to the slowdown of the COVID-19, the increase in revenue and profit in 2021.	Develop new markets and customers, increase the number of orders, and control construction costs
Redwood Furniture Sdn. Bhd.	3,006	Provide key operations for production and research and development	Mainly due to the increase in orders received in 2021 and the increase in production capacity	Improve the production capacity, craftsmanship, and efficiency
Redwood (Shanghai) Pte Ltd	12,028	Develop key operations in Greater China and provide sales and technical support	Good business performance	Not applicable
Redwood (HK) Ltd	(235)	Act as the operation for sales in Hong Kong	Mainly due to administrative and operating expenses	Not applicable
Redwood Projects Sdn. Bhd.	8,489	Develop the market in Malaysia and provide sales and technical support	Good business performance	Not applicable
Redwood Projects Korea Ltd.	958	Act as the operation for sales in South Korea	Good business performance	Not applicable
Redwood Projects France S.A.S.	880	Act as the operation for sales in Europe	Good business performance	Not applicable

Item	Profit/Loss Recognized in 2021	Investment Policy	Reason for Profit/Loss	Improvement Plan
Redwood Projects Japan K.K.	(3,785)	Act as the operation for sales in Japan	Mainly due to the small scale and high cost of the project in 2021	Develop new markets and customers, increase the number of orders, and control construction costs
Redwood Projects US Inc.	(1,219)	Act as the operation for sales in the U.S.	Mainly due to the small scale and high cost of the project in 2021	Develop new markets and customers, increase the number of orders, and control construction costs
Redwood Projects (Vietnam) Company Limited	(357)	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.	2,986	Act as the operation for sales in Philippines	Good business performance	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 (2020 and 2021, same as below) was NT\$526,000 and NT\$307,000, respectively, accounting for 0.07% and 0.02% of net operating revenue, respectively. The interest expenses of Redwood Group in the most recent two years were NT\$8,010,000 and NT\$14,398,000, respectively, accounting for 1.03% and 1.01% 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 loss of NT\$1,699,000 and NT\$5,491,000 for the most recent two years, respectively, accounting for 0.22% and 0.39% 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 2021 and up to the 2022 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, Chaumet, Christian Dior, Hermes, Louis Vuitton, Malabar Gold, Tiffany & Co and Van Cleef & Arpels..., 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 had 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, already completed in the first half of 2021. 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.

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:

The company attaches great importance to information security, through information encryption, software and hardware firewall settings, and designates information personnel to manage and monitor

the effectiveness of the firewall from time to time to ensure that internal computers are protected from external intrusion and operate normally. The audit business report regularly reports the information security inspection content to the board of directors according to the audit plan. Relevant users and information managers regularly receive information security education, training and publicity to enhance their awareness of information security.

VII. Other Important Matters: None.



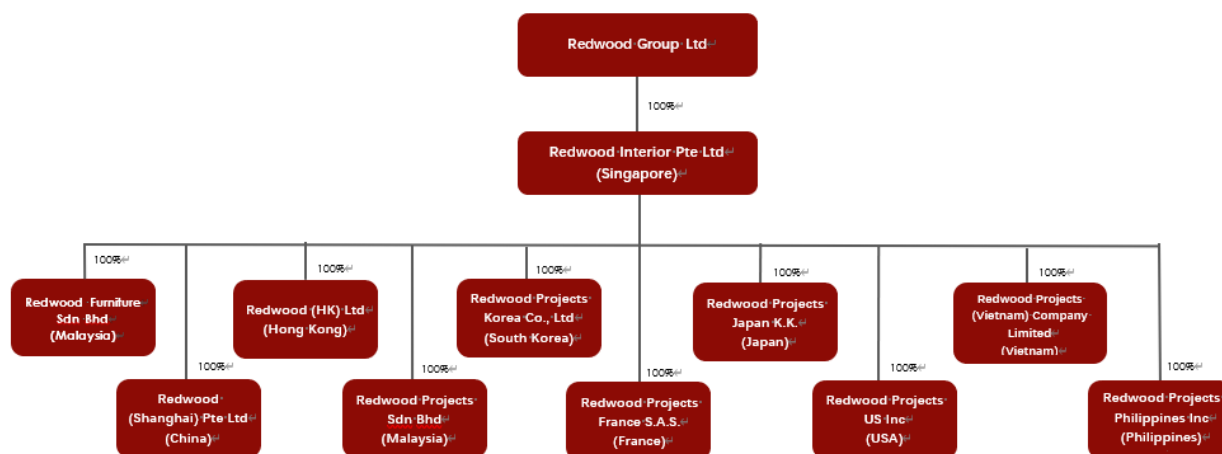
Chapter VIII Special Items to be Included

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 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 Teh, 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 Group Ltd: Thong-ming Soh	100%
	GM	Sing-keong Lee	
Redwood Projects Philippines Inc.	Director	Representative of Redwood Group Ltd: Thong-ming Soh and Jun-wei Soh	100%
	GM	Sing-keong Lee	

5. Overview of business operations of affiliates

December 31, 2021

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	1,830,007	1,128,454	701,553	1,239,472	(52,123)	15,458	0.80
Redwood Furniture Sdn. Bhd.	509,476	494,556	123,439	371,117	438,152	4,265	3,006	0.12
Redwood (Shanghai) Pte Ltd	24,486	73,898	19,578	54,320	72,792	12,655	12,028	Not applicable
Redwood (HK) Ltd	6,081	6,988	-	6,988	-	(205)	(235)	(0.15)
Redwood Projects Sdn. Bhd.	6,195	67,646	9,583	58,063	55,226	8,410	8,489	11.32
Redwood Projects Korea Co., Ltd.	11,160	15,563	2,849	12,714	21,464	1,447	958	11.98
Redwood Projects France S.A.S.	21,233	21,020	2,192	18,828	11,961	927	880	1.47
Redwood Projects JAPAN K.K	11,980	9,595	5,808	3,787	28,467	(3,055)	(3,785)	(4,205.56)
Redwood Projects US Inc.	15,493	39,922	27,230	12,692	134,927	611	(1,219)	(2.44)
Redwood Projects (Vietnam) Company Limited	2,917	2,261	99	2,162	-	(309)	(357)	Not applicable
Redwood Projects Philippines Inc.	5,895	13,410	5,190	8,220	23,161	3,972	2,986	0.30

(II) Consolidated financial statements of affiliates: Please refer to #Pages 99 to 164.

(III) Affiliation report: Not applicable.

II. Private Placement of Securities during the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of the Company's Shares by Subsidiaries during the Most Recent Year and Up to the Date of Publication of the Annual Report: None.

IV. Other Matters that Require Additional Description

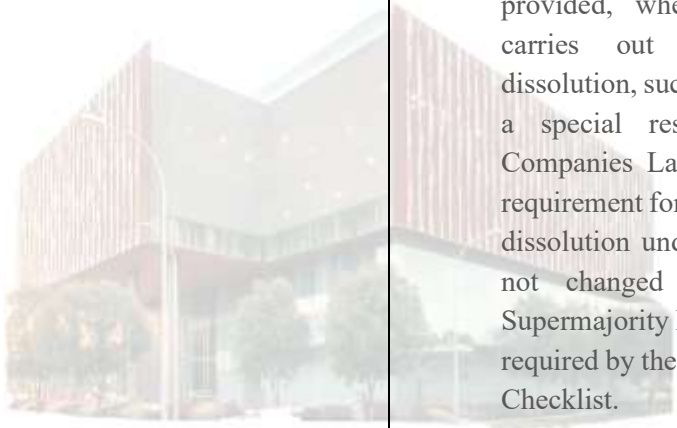
(I) Protection of shareholders' equity

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
1. The company's articles of association may stipulate that the general meeting be held by means of video conference or other methods announced by the competent authority of the	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

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
<p>Company Act of the Republic of China. However, in case of natural disasters, incidents or other force majeure events, the competent authority of the Company Act of the Republic of China may announce that the company may, within a certain period of time, hold a general meeting by means of video conference or by the means announced without stipulating the same in the articles of association.</p> <p>2. If the general meeting is held by video conference, shareholder who participates in the general meeting by video conference shall be deemed to have attended the meeting in person.</p> <p>3. For the general meeting held by video conference, the conditions, operating procedures and other compliance matters of the company, shall comply with the securities laws and regulations of the Republic of China.</p> <p>4 The company's physical general meeting shall be held within the territory of the Republic of China. If a physical general meeting is held outside the Republic of China, it shall be reported to Taipei Exchange for approval within two days after the resolution of the board of directors or the shareholder acquiring approval of convening from the competent authority.</p> <p>5. 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.</p>	<p>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.</p> <p>2. With regard to the relevant requirements on convening general meeting by video conference, the Company plans to amend the Company's Articles of Association to include relevant regulations allowing the Company to convening the general meeting by video conference at the most recent general meeting after the 2022 annual general meeting.</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
<p>1 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. However, if the Company's total paid-in capital exceeds NT\$10 billion at the most recent financial year end date, or if the shareholding of foreign and PRC investors reaches more than 30% of the total number of issued shares as recorded in the register of members as of the date of the general meeting held in the most recent financial year, the foregoing transmission of information and materials via or to the Market Observation Post System shall be completed at least thirty (30) days for an annual general meeting.</p>	<p>1. In connection with the announcement of the meeting handbook and other related meeting information of the shareholders' meeting, the Article 16.5 of the AOA states that the board of directors shall transmit such meeting handbook and supplemental materials to the Market Observation Post System of the R.O.C. and send the same to or make the same available to the shareholders in accordance with relevant regulations applicable to public companies in Taiwan.</p> <p>2. With regard to the transmission of the meeting handbook or other related meeting information electronic files, the Company plans to amend the Company's Articles of Association to add the requirements of the proviso at the most recent general meeting after the 2022 general meeting.</p>
<p>1. The articles of association shall specify that voting by way of electronic transmission is listed as one of the ways to exercise voting rights.</p> <p>2. The company shall specify the ways to exercise voting rights in writing or by electronic means on the shareholder meeting notice. Shareholders exercising their voting rights in writing or by electronic means shall be deemed as presence in person at the shareholders' meeting but as a waiver of their voting rights to any extempore motions and amendment to the original proposals.</p>	<p>With respect to exercise of voting rights of the shareholders in writing or by electronic means, according to Cayman Islands counsel, Cayman Companies Law does not specify whether a member exercising his voting power by way of written ballot or by way of electronic transmission could be regarded as attending the shareholders' meeting in person, and they are not aware of a relevant case law. Therefore, the arrangement of voting of a written ballot or by way of electronic transmission set forth in the AOA may be deemed as authorizing the chairman of the shareholders' meeting to vote; in addition, the voting rights so exercised by such chairman by proxy is exempt from being capped at 3% of the total voting rights represented by the issued and outstanding shares of the Company. In this regard, Article 18.4 of the AOA provides that "A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document", which are different from the provisions as stipulated in Shareholders' Rights Protection Checklist that "Shareholders exercising</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
	<p>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> <ol style="list-style-type: none"> 1 Entry into, alteration of or termination of any agreement whereby all businesses are leased, entrusted to others for operation or operated continually and collectively with others, assignment of all or a substantial part of the businesses or property, or assumption of all businesses or property from others by the Company that may have a material effect on the company's operation; 2 Change of the articles of association; 3 A resolution of a preferred shareholders' meeting is necessary to approve the change of the articles of association that may prejudice the preferred shareholder rights; 4 Distribution of dividends and bonuses in part or in whole by way of issuance of new shares; 5 Resolutions on dissolution, merger or de-merger; and 6 Issuance of new restricted employee shares. 7 Share Exchange 	<ol style="list-style-type: none"> 1 With reference to the means of resolution by the shareholders' meeting, in addition to the ordinary resolution and the supermajority resolution under Taiwan law, the "Special Resolution" defined under the Cayman Companies Law is prescribed by Article 1.1 of Redwood's AOA, which means a resolution passed by at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given. The difference between such resolution and the Shareholders Rights Protection Checklist lies in the fact that the AOA prescribe the Shareholders Rights Protection Checklist that requires Supermajority Resolution as matters to be approved by a Supermajority Resolution and by a Special Resolution. Such difference should only have a limited influence on the shareholder rights, because it arises from the Cayman Islands law and because the AOA have prescribed the Shareholders' Rights Protection Checklist that requires Supermajority Resolution as matters to be approved by Supermajority Resolution and/or by Special Resolution. 2 According to the Cayman Companies Law, the following matters shall be adopted by a special resolution: <ol style="list-style-type: none"> (1) Change of the AOA: <p>According to the Cayman Islands law, changes of the AOA shall be subject to Special Resolution. Therefore, the resolution requirement for changes of the constitutional documents and the AOA is not changed into the matters requiring a supermajority resolution under Taiwan law as required by the</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
	<p>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> <p>(2) Dissolution:</p> <p>Under the Cayman Islands law, where a company resolves to carry out voluntary liquidation and dissolution due to its failure to repay its debts when due, such dissolution shall be passed by shareholders at general meeting; provided, where the company voluntarily carries out voluntary liquidation and dissolution, such dissolution shall be passed by a special resolution under the Cayman Companies Law. Accordingly, the resolution requirement for the Company's liquidation and dissolution under Article 12.5 of the AOA is not changed into the matters requiring Supermajority Resolution under Taiwan law as required by the Shareholders Rights Protection Checklist.</p> <p>(3) Merger:</p> <p>Article 12.4(b) of the AOA stipulates that a merger (except the one defined under the Cayman Companies Law) shall be passed by Supermajority Resolution, because the Cayman Companies Law contains a compulsive provision regarding the merger defined under the Cayman Islands law.</p> <p>Those differences result from the difference between Taiwan and Cayman Islands law. While a voluntary liquidation and dissolution due to its failure to repay its debts when due may be simply passed by an ordinary resolution under the AOA, Redwood is unable to operate normally under this situation. As applying merely to this specific situation, it should only have a limited influence on the shareholder rights.</p>

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 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 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. 8 Supervisor may solely exercise their respective power of supervision. 9 A supervisor shall not concurrently act as a director, an officer or other staff of the company. 	<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>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.</p> <p>Therefore, according to Cayman Islands counsel, even if the AOA permitted minority shareholders to file a derivative action against directors, such directors will not be bound by such permission. However, under the common law, the right to commence a derivative action (including against the directors of the company) is available to all shareholders (including minority shareholders), irrespective of the level of the shareholding or the amount of time they have held their shares. Once the proceedings are commenced by the shareholders, the Cayman court will have the absolute discretion in determining whether or not to allow a derivative action to proceed. That means, even if the Articles contains a provision permitting minority shareholders (or certain shareholders with the requisite shareholding and holding period) to commence an action on behalf of the company against the directors, whether the shareholders will be entitled to continue with the claim is a matter for the Cayman court to decide. According to a relevant decision given by the Cayman Island Grand Court, the applicable test when determining whether to give leave to continue a derivative action, was whether the court was satisfied that the plaintiff had a prima facie case both in relation to the merits of the claim on behalf of the company and that the alleged wrongdoing had been perpetrated by those in control of the company and who were in a position to prevent the company from pursuing a claim against them. And the court will make its decision</p>

Major Items for Shareholders Rights Protection	The Company's Memorandum and Articles of Association and Reasons for the Differences
	<p>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.</p> <p>“ Moreover, if the Procedures were amended 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>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 approved in the Annual Shareholders' Meeting on Jun, 10, 2019.</p> <p>3 The amendments to the “ Procedures for Acquisition 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>	<p>1 The Company's 2022 audit plan was resolved in the Board of Directors' meeting on November 12, 2021.</p> <p>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.</p> <p>3 The Group's auditing personnel (Tsui-ling Hsu and Hsiao-Ching Lei) have not changed in recent years.</p>
<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>	<p>1 In the 14th meeting of the 1st-term Board of Directors on May 4, 2012, it 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <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</p>

	<p>for Election of Directors." The amendments were approved in the Annual Shareholders' Meeting on August 4, 2021. The amendments were to comply with relevant laws or regulations of the competent authority.</p>
--	--

Chapter IX Any of the Situations Listed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities during the Most Recent Year and Up to the Date of Publication of the Annual Report: None.



Redwood Group Ltd

Chairman: Thong-ming Soh





REDWOOD
bringing your design alive

www.redwood.com.sg