

Redwood Group Ltd and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Redwood Group Ltd

Opinion

We have reviewed 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 June 30, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the period 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 June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by 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 six months ended June 30, 2022. 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 six months ended June 30, 2022 are stated as follows:

Revenue Recognized Based on Construction in Progress

As described in Notes 4, section 10 and Note 5 of the FY2021 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 Accounting Standard 34, "Interim Financial Reporting" 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 six months ended June 30, 2022 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

August 25, 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 June 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021 (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022 (Audited)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6 and 26)	\$ 185,104	10	\$ 293,199	16	\$ 322,592	18
Contract assets - current (Note 20)	203,655	11	143,759	8	197,552	11
Trade receivables (Notes 9 and 26)	241,885	13	228,586	12	77,037	4
Other receivables (Notes 9 and 26)	1,437	-	16,588	1	2,967	-
Other receivables from related parties (Notes 9, 26 and 27)	116	-	71	-	174	-
Current tax assets (Note 22)	7,652	1	5,537	-	5,031	-
Inventories (Note 10)	76,665	4	71,572	4	76,977	4
Prepayments (Notes 14)	49,101	3	50,897	3	47,842	3
Other current assets (Note 14)	1,413	-	<u>1,205</u>	<u>-</u>	<u>960</u>	<u>-</u>
Total current assets	<u>767,028</u>	42	<u>811,414</u>	<u>44</u>	<u>731,132</u>	<u>40</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 26)	29,560	2	33,219	2	36,481	2
Property, plant and equipment (Notes 12 and 28)	920,869	51	922,669	50	967,424	54
Right-of-use assets (Notes 13 and 28)	40,413	2	39,916	2	42,679	2
Deferred tax assets (Note 22)	44,834	2	31,356	2	22,534	1
other non-current assets (Notes 14 and 26)	<u>8,640</u>	1	<u>7,358</u>	<u>-</u>	<u>9,147</u>	<u>1</u>
Total non-current assets	<u>1,044,316</u>	58	<u>1,034,518</u>	<u>56</u>	<u>1,078,265</u>	<u>60</u>
TOTAL	<u>\$ 1,811,344</u>	<u>100</u>	<u>\$ 1,845,932</u>	<u>100</u>	<u>\$ 1,809,397</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15, 26 and 28)	\$ 32,055	2	\$ 30,690	2	\$ -	-
Contract liabilities-current (Note 20)	279,243	15	186,541	10	225,074	12
Trade payables (Notes 16 and 26)	133,262	7	142,724	8	113,242	6
Trade payables to related parties (Notes 16, 26 and 27)	881	-	1,858	-	2,114	-
Other payables (Notes 17 and 26)	71,614	4	98,813	5	66,041	4
Current tax liabilities (Note 22)	2,923	-	2,349	-	3,936	-
Lease liabilities - current (Note 13 and 26)	633	-	854	-	1,647	-
Current portion of long-term borrowings (Note 15, 26 and 28)	84,853	5	88,245	5	84,123	5
Other current liabilities (Note 17)	<u>16,823</u>	<u>1</u>	<u>17,521</u>	<u>1</u>	<u>15,567</u>	<u>1</u>
Total current liabilities	<u>622,287</u>	<u>34</u>	<u>569,595</u>	<u>31</u>	<u>511,744</u>	<u>28</u>

NON-CURRENT LIABILITIES

Financial liabilities at fair value through profit or loss - non-current (Note 7 and 26)	-	-	1,577	-	6,360	-
Long-term borrowings (Note 15, 26 and 28)	540,577	30	555,224	30	592,902	33
Deferred tax liabilities (Note 22)	2,409	-	2,756	-	-	-
Lease liabilities - non-current (Note 13 and 26)	<u>457</u>	-	<u>675</u>	-	<u>1,451</u>	-
Total non-current liabilities	<u>543,443</u>	<u>30</u>	<u>560,232</u>	<u>30</u>	<u>600,713</u>	<u>33</u>
Total liabilities	<u>1,129,827</u>	<u>64</u>	<u>1,129,827</u>	<u>61</u>	<u>1,112,457</u>	<u>61</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Share capital - ordinary shares	502,425	<u>28</u>	<u>502,425</u>	<u>27</u>	<u>502,425</u>	<u>28</u>
Capital surplus	<u>293,911</u>	<u>16</u>	<u>293,911</u>	<u>16</u>	<u>293,911</u>	<u>16</u>
Retained earnings						
Special reserve	252,393	14	252,393	14	252,393	14
Unappropriated earnings	(80,649)	(4)	(3,956)	-	(35,339)	(2)
Total retained earnings	<u>171,744</u>	<u>10</u>	<u>248,437</u>	<u>14</u>	<u>217,054</u>	<u>12</u>
Other equity						
Exchange differences on translation of foreign financial statements	(251,379)	(14)	(262,720)	(14)	(253,543)	(14)
Unrealized loss on financial assets of fair value through other comprehensive income	(71,087)	(4)	(65,948)	(4)	(62,907)	(3)
Total other equity	<u>(322,466)</u>	<u>(18)</u>	<u>(328,668)</u>	<u>(18)</u>	<u>(316,450)</u>	<u>(17)</u>
Total equity attributable to owners of the Company	<u>645,614</u>	<u>36</u>	<u>716,105</u>	<u>39</u>	<u>696,940</u>	<u>39</u>
TOTAL	<u>\$ 1,811,344</u>	<u>100</u>	<u>\$ 1,845,932</u>	<u>100</u>	<u>\$ 1,809,397</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 THREE-MONTH PERIOD ENDED JUNE 30, 2022 AND 2021 AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three months Ended June 30				For the Six months Ended June 30			
	2022	%	2021	%	2022	%	2021	%
OPERATING REVENUE (Note 20)								
Construction revenue	\$ 271,598	100	\$ 331,573	100	\$ 584,289	100	\$ 597,745	100
OPERATING COSTS (Note 10,21 and 27)								
Construction costs	(240,035)	(88)	(259,093)	(78)	(493,828)	(85)	(474,834)	(79)
GROSS PROFIT	31,563	12	72,480	22	90,461	15	122,911	21
OPERATING EXPENSES (Notes 21 and 27)								
Selling and marketing expenses	(5,560)	(2)	(6,879)	(2)	(11,043)	(2)	(12,557)	(2)
General and administrative expenses	(82,627)	(31)	(78,898)	(24)	(170,826)	(29)	(153,357)	(26)
Expected credit (loss) gain	1,708	1	619	-	1,026	-	443	-
Total operating expenses	(86,479)	(32)	(85,158)	(26)	(180,843)	(31)	(166,357)	(28)
PROFIT (LOSS) FROM OPERATIONS	(54,916)	(20)	(12,678)	(4)	(90,382)	(16)	(43,446)	(7)
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)								
Interest income	83	-	78	-	184	-	150	-
Other income	4,224	2	11,532	3	8,243	1	23,811	4
Other gains and losses	(1,915)	(1)	(1,364)	-	2,974	1	2,941	-
Finance costs	(4,162)	(2)	(3,678)	(1)	(7,980)	(1)	(6,642)	(1)
Total non-operating income and expenses	(1,770)	(1)	6,568	2	3,421	1	20,260	3
PROFIT (LOSS) BEFORE INCOME TAX	(56,686)	(21)	(6,110)	(2)	(86,961)	(15)	(23,186)	(4)
INCOME TAX EXPENSE (Note 22)	7,584	3	(308)	-	106,268	2	(2,378)	-
NET PROFIT (LOSS) FOR THE YEAR	(49,102)	(18)	(6,418)	(2)	(76,693)	(13)	(25,564)	(4)
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	(5,139)	(2)	-	-	(5,139)	(1)	-	-
Exchange differences arising on translation to the presentation currency	(9,617)	(4)	(309)	-	(14,043)	(2)	(4,870)	(1)

(Continued)

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2022 AND 2021 AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three months Ended June 30				For the Six months Ended June 30			
	2022	%	2021	%	2022	%	2021	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statement of foreign operations	<u>7,010</u>	<u>3</u>	<u>(16,209)</u>	<u>(5)</u>	<u>25,384</u>	<u>4</u>	<u>(28,335)</u>	<u>(5)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(7,746)</u>	<u>(3)</u>	<u>(16,518)</u>	<u>(5)</u>	<u>6,202</u>	<u>1</u>	<u>(33,205)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(\$ 56,848)</u>	<u>(21)</u>	<u>(\$ 22,936)</u>	<u>(7)</u>	<u>(\$ 70,491)</u>	<u>(12)</u>	<u>(\$ 58,769)</u>	<u>(10)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>(\$ 49,102)</u>	<u>(18)</u>	<u>(\$ 6,418)</u>	<u>(2)</u>	<u>(\$ 76,693)</u>	<u>(13)</u>	<u>(\$ 25,564)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:								
Owners of the Company	<u>(\$ 56,848)</u>	<u>(21)</u>	<u>(\$ 22,936)</u>	<u>(7)</u>	<u>(\$ 70,491)</u>	<u>(12)</u>	<u>(\$ 58,769)</u>	<u>(10)</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>(\$ 0.98)</u>		<u>(\$ 0.13)</u>		<u>(\$ 1.53)</u>		<u>(\$ 0.51)</u>	
Diluted	<u>(\$ 0.98)</u>		<u>(\$ 0.13)</u>		<u>(\$ 1.53)</u>		<u>(\$ 0.51)</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 SIX-MONTH PERIOD ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Total Equity
	Capital	Capital Surplus	Retained Earnings		Other Equity		
			Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other	Exchange Differences on Translating the Financial Statements of	
				Comprehensive Income	Foreign Operations		
BALANCE AT JANUARY 1, 2021	\$ 502,425	\$ 293,911	\$ 252,393	(\$ 9,775)	\$ (62,907)	\$ (220,338)	\$ 755,709
Net loss for the period ended June 30, 2021	-	-	-	(25,564)	-	-	(25,564)
Other comprehensive income (loss) for the period ended June 30, 2021, net of income tax	-	-	-	-	-	(33,205)	(33,205)
Total comprehensive income (loss) for the period ended June 30, 2021	-	-	-	(25,564)	-	(33,205)	(58,769)
BALANCE AT JUNE 30, 2021	<u>502,425</u>	<u>293,911</u>	<u>252,393</u>	<u>(\$35,339)</u>	<u>(62,907)</u>	<u>(253,543)</u>	<u>\$ 696,940</u>
BALANCE AT JANUARY 1, 2022	502,425	293,911	252,393	(3,956)	(65,948)	(262,720)	716,105
Net loss for the period ended June 30, 2022	-	-	-	(76,693)	-	-	(76,693)
Other comprehensive income(loss) for the period ended June 30, 2022, net of income tax	-	-	-	-	(5,139)	11,341	6,202
Total comprehensive income(loss) for the period ended June 30, 2022	-	-	-	(76,693)	(5,139)	11,341	(70,491)
BALANCE AT JUNE 30, 2022	<u>\$ 502,425</u>	<u>\$ 293,911</u>	<u>\$ 252,393</u>	<u>\$ (80,649)</u>	<u>\$ (71,087)</u>	<u>\$ (251,379)</u>	<u>\$ 645,614</u>

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

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Six Months Ended June 30,2022 (Audited)	Six Months Ended June 30,2021 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(\$ 86,961)	(\$ 23,186)
Adjustments for:		
Depreciation expenses	44,979	42,104
Expected credit loss recognized (reversed) on trade receivables	(1,026)	443
Net loss of financial assets and liabilities at fair value through profit and loss	(7,412)	(7,494)
Finance costs	7,980	6,642
Interest income	(184)	(150)
Write-downs of inventories	(86)	1,295
Gain on disposal of property, plant and equipment	164	51
Net (gain) loss on foreign currency exchange	(12,507)	(6,281)
Changes in operating assets and liabilities		
Contracts assets	(59,896)	(90,034)
Trade receivables	(12,556)	106,603
Other receivables	15,106	10,693
Inventories	(4,417)	5,196
Prepayments	1,796	(17,176)
Other current assets	(208)	(766)
Contracts liabilities	92,702	18,013
Trade payables	(10,439)	18,524
Other payables	(26,901)	18,115
Other current liabilities	(698)	(6,054)
Cash generated from operations	(60,564)	76,484
Interest paid	(7,327)	(6,891)
Income taxes paid	(3,681)	(2,910)
Net cash generated from operating activities	(71,572)	66,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Sold financial assets at fair value through profit and loss	6,010	-
Payments for property, plant and equipment	(9,599)	(85,781)
Proceeds from disposal of property, plant and equipment	275	142
Increase in refundable deposits	(383)	-
Decrease in refundable deposits	-	5,782
Increase in prepayments for equipment	(899)	(1,340)
Interest received	184	150
Net cash used in investing activities	(4,412)	(81,047)

(Continued)

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Six Months Ended June 30,2022 (Audited)	Six Months Ended June 30,2021 (Reviewed)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(59,317)
Proceeds from long-term borrowings		89,469
Repayments of long-term borrowings	(44,685)	(17,425)
Repayment of the principal portion of lease liabilities	(467)	(1,152)
Net cash generated from financing activities	(45,152)	11,575
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	13,041	(13,028)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(108,095)	(15,817)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	293,199	338,409
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 185,104	\$ 322,592

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 SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (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 August 25, 2022.

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

a. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note2: 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.

Note3: 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 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:

- 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;
- The Group chose the accounting policy from options permitted by the standards;
- 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;
- 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
- The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendment 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.

- 3) Amendment 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.

b. 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 (Note)
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

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

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 amendment 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.

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 IAS 34, “Interim Financial Reporting”, by the FSC of the Republic of China. The consolidated financial report does not include all IFRSs disclosure information required by the entire annual financial report.

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. Basis of consolidation

Principles for preparing consolidated financial statements.

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

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

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

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

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

See Note 11, Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Explanation of other significant accounting policies

In addition to the following descriptions, please refer to the summary description of significant accounting policies in the 2021 consolidated financial report.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The income tax for the interim period is assessed on an annual basis, and the interim pre-tax benefits are calculated at the tax rate applicable to the expected annual total surplus.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the 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. For contracts to which IFRS 15 is applicable, incentives and penalties are considered as variable consideration and should be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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

6. CASH AND CASH EQUIVALENTS

	June 30	December 31	June 30
	2022	2021	2021
Cash on hand	\$ 1,221	\$ 948	\$ 1,334
Checking accounts and demand deposits	<u>183,883</u>	<u>292,251</u>	<u>321,258</u>
	<u>\$185,104</u>	<u>\$ 293,199</u>	<u>\$ 322,592</u>

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

	June 30 2022	December 31 2021	June 30 2021
<u>Non-current</u>			
Derivative financial liabilities (not under hedge accounting)	\$-	\$ 1,577	\$ 6,360
Interest rate swap contract			

Considering that the US dollar will continue to raise interest rates in the future, the company will terminate the interest rate exchange contract in advance in the current period.

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

December 31, 2021

<u>Notional Amount (In Thousands)</u>	<u>Maturity Period</u>	<u>Range of Interest Rates Paid</u>	<u>Range of Interest Rates Received</u>
SGD15,000	08.04.2020 – 28.04.2025	2.18% (Fixed)	1.0966% (Floating)

June 30, 2021

<u>Notional Amount (In Thousands)</u>	<u>Maturity Period</u>	<u>Range of Interest Rates Paid</u>	<u>Range of Interest Rates Received</u>
SGD15,000	08.04.2020 – 28.04.2025	2.18% (Fixed)	1.07237% (Floating)

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	June 30 2022	December 31 2021	June 30 2021
<u>Non-current</u>			
Foreign investments			
Unlisted shares	\$ 29,560	\$ 33,219	\$ 36,481

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.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30 2022	December 31 2021	June 30 2021
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 246,199	\$ 236,437	\$ 84,307
Less: Allowance for impairment loss	(4,314)	(7,851)	(7,270)
	<u>\$241,885</u>	<u>\$ 228,586</u>	<u>\$ 77,037</u>
<u>Other receivables</u>			
Other receivables	\$ 1,437	\$ 16,588	\$ 2,967
Other receivables from related parties	\$ 116	\$ 71	\$ 174

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.

June 30, 2022

	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%-0.19%	0%-0.87%	0%-7.03%	7.56%-66.45%	100%	
Gross carrying amount	\$ 170,475	\$ 19,695	\$ 53,927	\$ 508	\$ 1,594	\$ 246,199
Loss allowance (Lifetime ECL)	(163)	(52)	(2,462)	(43)	(1,594)	(4,314)
Amortized cost	<u>\$ 170,312</u>	<u>\$ 19,643</u>	<u>\$ 51,465</u>	<u>\$ 465</u>	<u>\$ -</u>	<u>\$ 241,885</u>

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>\$ 184,949</u>	<u>\$ 33,126</u>	<u>\$ 5,340</u>	<u>\$ 5,201</u>	<u>\$ -</u>	<u>\$ 228,586</u>

June 30, 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%-0.19%	0%-1.92%	0%-15.45%	0%-21.75%	100%	
Gross carrying amount	\$ 51,575	\$ 10,082	\$ 11,299	\$ 5,837	\$ 5,514	\$ 84,307
Loss allowance (Lifetime ECL)	(166)	(144)	(813)	(633)	(5,514)	(7,270)
Amortized cost	<u>\$ 51,409</u>	<u>\$ 9,938</u>	<u>\$ 10,486</u>	<u>\$ 5,204</u>	<u>\$ -</u>	<u>\$ 77,037</u>

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

	Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 7,851	\$ 7,115
Add: Net remeasurement of loss allowance	-	443
Less: Net remeasurement of loss allowance	(1,026)	-
Actual write-off	(2,794)	-
Foreign exchange gains and losses	<u>283</u>	<u>(288)</u>
Balance at June 30	<u>\$4,314</u>	<u>\$7,270</u>

10. INVENTORIES

	June 30	December 31	June 30
	2022	2021	2021
Raw materials	<u>\$ 76,665</u>	<u>\$ 71,572</u>	<u>\$ 76,977</u>

The cost of inventories recognized as cost of goods sold for three months ended June 30, 2022 and 2021 and the six months ended June 30, 2022 and 2021 was \$240,035 thousand, \$259,093 thousand, \$493,828 thousand and \$474,834 thousand, respectively. The cost of goods sold included inventory price recovery benefit of \$43 thousand, inventory write-downs of \$891 thousand, inventory price recovery benefit of \$86 thousands, and inventory write-downs of \$1,295 thousands.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Description	Remark
			June 30, 2022	December 31, 2021	June 30, 2021		
Redwood Group Ltd.	Redwood Interior Pte. Ltd.	Decoration of global advanced boutique brand store	100	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	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	100	Established by 100% direct or indirect investment in February 2012.	(1)
Redwood Interior Pte. Ltd.	Redwood (Shanghai) Pte. Ltd.	Decoration of global advanced boutique brand store	100	100	100	Established by 100% direct or indirect investment in February 2012.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects Sdn. Bhd.	Decoration of global advanced boutique brand store	100	100	100	Established by 100% direct or indirect investment in November 2012.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects Korea Co., Ltd.	Decoration of global advanced boutique brand store	100	100	100	Established by 100% direct or indirect investment in June 2017,	(1)
Redwood Interior Pte. Ltd.	Redwood Projects France S.A.S.	Decoration of global advanced boutique brand store	100	100	100	Established by 100% direct or indirect investment in January 2018.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects Japan K.K.	Decoration of global advanced boutique brand store	100	100	100	Established by 100% direct or indirect investment in February 2018.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects US Inc.	Decoration of global advanced boutique brand store	100	100	100	Established by 100% direct or indirect investment in October 2018,	(1)
Redwood Interior Pte. Ltd.	Redwood Projects (Vietnam) Company Limited	Decoration of global advanced boutique brand store	100	100	100	Established by 100% direct or indirect investment in September 2020.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects Philippines Inc.	Decoration of global advanced boutique brand store	100	100	100	Established by 100% direct or indirect investment in December 2020.	(1)

Remarks:

(1) Those companies are an immaterial subsidiary for consolidated statements; those financial statements have not been audited

12. PROPERTY, PLANT AND EQUIPMENT

	June 30	December 31	June 30				
	2022	2021	2021				
Assets used by the Group	<u>\$920,869</u>	<u>\$ 922,669</u>	<u>\$ 967,424</u>				
	2022						
	Land	Buildings	Machinery	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2022	\$30,969	\$801,090	\$429,554	\$ 25,033	\$67,227	\$ -	\$1,353,873
Additions	-	41	4,628	-	2,843	1,164	8,676
Disposal	-	(10)	(2,535)	-	(3,377)	-	(5,922)
Reclassified	-	-	53	-	-	-	53
Effect of foreign currency exchange differences	<u>589</u>	<u>29,594</u>	<u>11,085</u>	<u>874</u>	<u>2,317</u>	<u>-</u>	<u>44,459</u>
Balance at June 30, 2022	<u>\$31,558</u>	<u>\$830,715</u>	<u>\$442,785</u>	<u>\$25,907</u>	<u>\$69,010</u>	<u>\$ 1,164</u>	<u>\$ 1,401,139</u>
<u>Accumulated depreciation</u>							

Balance at January 1, 2022	\$ -	\$93,831	\$272,349	\$18,149	\$46,875	\$ -	\$431,204
Disposal	-	(10)	(2,047)	-	(3,373)	-	(5,430)
Depreciation expense	-	16,393	20,292	1,368	5,696	-	43,749
Effect of foreign currency exchange differences	-	2,495	5,931	625	1,696	-	10,747
Balance at June 30, 2022	<u>\$ -</u>	<u>\$112,709</u>	<u>\$296,525</u>	<u>\$20,142</u>	<u>\$50,894</u>	<u>\$ -</u>	<u>\$ 480,270</u>
Carrying amounts at June 30, 2022	<u>\$31,558</u>	<u>\$718,006</u>	<u>\$146,260</u>	<u>\$ 5,765</u>	<u>\$18,116</u>	<u>\$ 1,164</u>	<u>\$920,869</u>
Carrying amounts at December 31, 2021 and January 1, 2022	<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>

	2021						
	Land	Buildings	Machinery	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2021	\$33,048	\$334,204	\$459,243	\$23,422	\$69,091	\$547,908	\$1,466,916
Additions	-	13,271	152	2,964	6,406	30,410	53,203
Disposal	-	(77,037)	(2,925)	-	(10,053)	-	(90,015)
Reclassified	-	557,252	-	-	-	(557,252)	-
Effect of foreign currency exchange differences	(1,670)	(30,744)	(21,712)	(1,022)	(2,963)	(6,267)	(64,378)
Balance at June 30, 2021	<u>\$31,378</u>	<u>\$796,946</u>	<u>\$434,758</u>	<u>\$25,364</u>	<u>\$62,481</u>	<u>\$14,799</u>	<u>\$1,365,726</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$150,244	\$252,969	\$16,505	\$51,693	\$ -	\$471,411
Disposal	-	(77,037)	(2,827)	-	(9,958)	-	(89,822)
Depreciation expense	-	13,289	21,051	1,290	4,100	-	39,730
Effect of foreign currency exchange differences	-	(6,899)	(13,094)	(756)	(2,268)	-	(23,017)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$79,597</u>	<u>\$258,099</u>	<u>\$17,039</u>	<u>\$43,567</u>	<u>\$ -</u>	<u>\$398,302</u>
Carrying amounts at June 31, 2021	<u>\$31,378</u>	<u>\$717,349</u>	<u>\$176,359</u>	<u>\$ 8,325</u>	<u>\$18,914</u>	<u>\$14,799</u>	<u>\$967,424</u>
Carrying amounts at December 31, 2020 and January 1, 2021	<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 six months ended June 30, 2022 as there was no indication of impairment.

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

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30	December 31	June 30
	2022	2021	2021
<u>Carrying amounts</u>			
Land access	\$ 39,364	\$ 38,424	\$ 39,677
Buildings	1,049	1,492	2,923
Office equipment	-	-	79
	<u>\$ 40,413</u>	<u>\$ 39,916</u>	<u>\$ 42,679</u>

Depreciation change for right of use assets

	Three Months Ended June 30		Six months Ended June 30	
	2022	2021	2022	2021
Land access	\$ 382	\$ 602	\$ 755	\$ 1,332
Buildings	237	425	475	1,023
Office equipment	-	10	-	19
	<u>\$ 619</u>	<u>\$ 1,037</u>	<u>\$ 1,230</u>	<u>\$ 2,374</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 the six-month period ended June 30, 2022 and 2021.

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

b. Lease liabilities

	June 30	December 31	June 30
	2022	2021	2021
<u>Carrying amounts</u>			
Current	<u>\$ 633</u>	<u>\$ 854</u>	<u>\$ 1,647</u>
Non-current	<u>\$ 457</u>	<u>\$ 675</u>	<u>\$ 1,451</u>

Range of discount rate for lease liabilities was as follows:

	June 30	December 31	June 30
	2022	2021	2021
Land	4.32%	4.32%	4.32%
Buildings	4.32%	4.32%	4.32%
Office equipment	-	-	4.32%

c. Material lease-in activities and terms

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

d. Other lease information

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Short-term leases expenses	<u>\$ 500</u>	<u>\$ 369</u>	<u>\$ 1,032</u>	<u>\$ 369</u>
Expenses relating to low-value asset leases	<u>\$ 357</u>	<u>\$ 204</u>	<u>\$ 652</u>	<u>\$ 634</u>
Total cash outflow for leases	<u>(\$ 1,125)</u>	<u>(\$ 1,072)</u>	<u>(\$ 2,151)</u>	<u>(\$ 2,155)</u>

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

14. OTHER ASSETS

	June 30	December 31	June 30
	2022	2021	2021
<u>Current</u>			
Prepayments - goods	\$ 32,941	\$ 38,030	\$ 30,516
Prepayments - expenses	15,334	11,918	9,898
Other prepayments	<u>826</u>	<u>949</u>	<u>7,428</u>
	<u>\$ 49,101</u>	<u>\$ 50,897</u>	<u>\$ 47,842</u>
Other current assets	<u>\$ 1,413</u>	<u>\$ 1,205</u>	<u>\$ 960</u>

Non-current

Prepaid equipment	\$ 1,620	\$ 721	\$ 2,702
Refundable deposits	<u>7,020</u>	<u>6,637</u>	<u>6,445</u>
	<u>\$ 8,640</u>	<u>\$ 7,358</u>	<u>\$ 9,147</u>

15. BORROWINGS

a. Short-term borrowings

	June 30	December 31	June 30
	2022	2021	2021
<u>Secured borrowings (Note 28)</u>			
Line of credit borrowing	<u>\$ 32,055</u>	<u>\$ 30,690</u>	<u>\$ -</u>

The range of weighted average effective interest rate on bank loans was 3.57481% and 3.09107% per annum as of June 30, 2022 and December 31, 2021, respectively.

b. Long-term borrowings

	June 30	December 31	June 30
	2022	2021	2021
<u>Secured borrowings (Note 28)</u>			
Bank loans*	\$ 625,430	\$ 643,469	\$ 677,025
Less: Current portion	(<u>84,853</u>)	(<u>88,245</u>)	(<u>84,123</u>)
Long-term borrowings	<u>\$ 540,577</u>	<u>\$ 555,224</u>	<u>\$ 592,902</u>

* As of June 30, 2022, December 31, 2021 and June 30, 2021, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and building (refer to Note 28) was 1.2345% ~ 3.65% and 1.2053% ~ 5.383% and 1.2053% ~ 5.383% per annum, respectively.

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

	June 30	December 31	June 30
	2022	2021	2021
<u>Current</u>			
Other payables			
Payable for salaries or bonuses	\$ 19,153	\$ 16,516	\$ 15,791
Payable for purchase of equipment	269	1,192	1,511
Payable for utilities	5,348	8,088	2,570
Payable for provident fund	4,341	4,663	3,262
Payable for professional service fees	832	1,514	967
Payable for shipping expenses	13,927	38,102	16,188
Payable for interest expenses	1,423	798	1,107
Payable for tax	2,255	-	-
Payable for project	12,822	12,276	12,438
Others	<u>11,244</u>	<u>15,664</u>	<u>12,207</u>
	<u>\$ 71,614</u>	<u>\$ 98,813</u>	<u>\$ 66,041</u>
Deferred Income			
Government Grants (Note 21)	\$ 16,453	\$ 17,246	\$ 15,252
Others	<u>370</u>	<u>275</u>	<u>315</u>
Others	<u>\$ 16,823</u>	<u>\$ 17,521</u>	<u>\$ 15,567</u>

Deferred income is that the Singapore government has subsidized the relevant company's equipment for the new plant. After the completion of the new plant in February 2021, the company has amortized the income in phases according to the service life of the equipment. The Singapore government has implemented a "Jobs Support Scheme" to assist businesses in coping with Covid-19 pandemic. The subsidy program was fully paid in 2021. (refer to Note 21)

18. RETIREMENT BENEFIT PLANS

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

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

19. EQUITY

a. Share capital

Ordinary shares

	June 30	December 31	June 30
	2022	2021	2021
Shares authorized (in thousands of shares)	<u>80,000</u>	<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>	<u>\$ 800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>50,243</u>	<u>50,243</u>	<u>50,243</u>
Shares issued	<u>\$ 502,425</u>	<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

	June 30	December 31	June 30
	2022	2021	2021
Issuance of ordinary shares	<u>\$ 293,911</u>	<u>\$ 293,911</u>	<u>\$ 293,911</u>

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

c. Retained earnings and dividend policy

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

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

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

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

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on June 27, 2022 and August 4, 2021, respectively; not distribute earnings.

d. Other equity items

Exchange differences on translation of foreign financial statements

	Six Months Ended June 30	
	2022	2021
Balance at January 1	(\$262,720)	(\$ 220,338)
Recognized for the year		
Exchange differences on translating the financial statement of foreign operations	<u>11,341</u>	(<u>33,205</u>)
Balance at June 30	<u>(\$ 251,379)</u>	<u>(\$ 253,543)</u>

Unrealized valuation gain or loss on financial assets at FVTOCI

	Six Months Ended June 30	
	2022	2021
Balance at January 1	(\$65,948)	(\$62,907)
Recognized for the year		
Unrealized gain or loss - equity instruments	(<u>5,139</u>)	_____ -
Balance at June 30	<u>(\$71,087)</u>	<u>(\$ 62,907)</u>

20. REVENUE

	Three Month Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Construction contract revenue	<u>\$ 271,598</u>	<u>\$ 331,573</u>	<u>\$ 584,289</u>	<u>\$ 597,745</u>

a. Contract information

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

b. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021
Trade receivables (Note 9)	<u>\$ 241,885</u>	<u>\$ 228,586</u>	<u>\$ 77,037</u>
Contract assets			
Retentions receivable	\$ 22,928	\$ 19,401	\$ 8,331
Decoration project	<u>180,727</u>	<u>124,358</u>	<u>189,221</u>
Contract assets - current	<u>\$ 203,655</u>	<u>\$ 143,759</u>	<u>\$ 197,552</u>
Contract liabilities			
Decoration project	<u>\$ 279,243</u>	<u>\$ 186,541</u>	<u>\$ 225,074</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.

	June 30	December 31	June 30
	2022	2021	2021
Expected credit loss rate	0.19%	0.05%	0.19%
Gross carrying amount	\$ 203,655	\$ 143,759	\$ 197,552
Allowance for impairment loss (Lifetime ECLs)	—	—	—
	<u>\$ 203,655</u>	<u>\$ 143,759</u>	<u>\$ 197,552</u>

c. Disaggregation of revenue

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Asia	\$ 208,039	\$ 261,735	\$ 446,883	\$ 468,195
The Middle East	25,055	8,971	42,548	17,003
United States	38,250	59,071	93,890	109,939
Europe	<u>254</u>	<u>1,796</u>	<u>968</u>	<u>2,608</u>
	<u>\$ 271,598</u>	<u>\$ 331,573</u>	<u>\$ 584,289</u>	<u>\$ 597,745</u>

21. NET LOSS

a. Interest income

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Interest income				
Bank deposits	<u>\$ 83</u>	<u>\$ 78</u>	<u>\$ 184</u>	<u>\$ 150</u>

b. Other income

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Government grants	\$ 3,542	\$ 9,752	\$ 6,821	\$19,975
Others	<u>682</u>	<u>1,780</u>	<u>1,422</u>	<u>3,836</u>
	<u>\$ 4,224</u>	<u>\$ 11,532</u>	<u>\$ 8,243</u>	<u>\$ 23,811</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 \$36 thousand and \$23 thousand from January 1 to June 30, 2022 and 2021, 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 3.0) will be provided. Employers operating during the MCO (Movement Control) period can apply, and there are no restrictions. The Company recognized subsidy revenue of \$167 thousand and \$433 thousand from January 1 to June 30, 2022 and 2021, respectively.
- 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 \$1,077 thousand and \$1,176 thousands from January 1 to June 30, 2022 and 2021, 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 \$3,518 thousands and \$18,343 thousands from January 1 to June 30, 2022 and 2021 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. LTE. was completed in 2021, and related subsidies have been recognized phase by phase since 2021. The company recognized subsidy revenue of \$1,464 thousand from January 1 to June 30, 2022.

- 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 income of \$207 thousand from January 1 to June 30, 2022.
- 7) In order to help small and medium-sized enterprises affected by Covid-19 pandemic, the Japanese government has implemented relevant subsidy policies. From 2022, companies whose turnover has declined due to the impact of the epidemic within a certain period of time will be open to apply for relevant subsidies (business revival support funds). The Company recognized subsidy income \$352 thousand from January 1 to June 30, 2022.

c. Other gains and losses

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
Gain (Loss) on disposal of property, plant and equipment	(\$ 164)	\$ 17	(\$ 164)	(\$ 51)
Net foreign exchange (losses)	(862)	(1,015)	(3,004)	(3,270)
Valuation gain (loss) of financial liabilities at FVTPL	(209)	244	7,412	7,494
Others	(680)	(610)	(1,270)	(1,232)
	<u>(\$ 1,915)</u>	<u>(\$ 1,364)</u>	<u>\$ 2,974</u>	<u>2,941</u>

d. Finance costs

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 4,149	\$ 3,663	\$ 7,952	\$ 7,365
Interest on lease liabilities	<u>13</u>	<u>15</u>	<u>28</u>	<u>38</u>
	4,162	3,678	7,980	7,403
Less: Amounts included in the cost of qualifying assets		<u>-</u>	<u>-</u>	(761)
=	<u>\$ 4,162</u>	<u>\$ 3,678</u>	<u>\$ 7,980</u>	<u>\$ 6,642</u>

Information about capitalized interest is as follows:

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
Capitalized interest amount	\$ -	\$ -	\$ -	\$ 761
Capitalization rate	-	-	-	1.2054% ~ 2.025%

e. Depreciation and amortization

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
An analysis of depreciation by function				
Operating costs	\$ 9,986	\$ 10,445	\$ 19,808	\$ 20,606
Operating expenses	<u>12,688</u>	<u>11,836</u>	<u>25,171</u>	<u>21,498</u>
	<u>\$ 22,674</u>	<u>\$ 22,281</u>	<u>\$ 44,979</u>	<u>\$ 42,104</u>

f. Employee benefits expense

	2022	2021	2022	2021
Post-employment benefits (Note 18)				
Defined contribution plan	\$ 7,017	\$ 7,931	\$ 15,098	\$ 15,675
Other employee benefits	<u>104,484</u>	<u>104,453</u>	<u>206,839</u>	<u>201,985</u>
	<u>\$ 111,494</u>	<u>\$ 112,384</u>	<u>\$ 221,937</u>	<u>\$ 217,660</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 six months ended June 30, 2022 and 2021.

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, 2021 and 2020.

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

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 208	\$ 2,136)	\$ 313	\$ 2,170
Foreign exchange losses	(<u>1,070</u>)	(<u>3,151</u>)	(<u>3,317</u>)	(<u>5,440</u>)
	(<u>\$ 862</u>)	(<u>\$ 1,015</u>)	(<u>\$ 3,004</u>)	(<u>\$ 3,270</u>)

22. INCOME TAX

a. Income tax recognized in profit or loss:

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

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
<u>Current tax</u>				
In respect of the current year	\$ 1,612	\$ 540	\$ 2,035	\$ 3,280
<u>Deferred tax</u>				
Income tax benefit recognized in profit or loss	(<u>\$ 7,584</u>)	<u>\$ 308</u>	(<u>\$ 10,268</u>)	<u>\$ 2,378</u>

b. Income tax assessments

Except for the Company not subject to income tax, the tax returns of Redwood Interior Pte. Ltd., Redwood Furniture Sdn. Bhd. and Redwood (Shanghai) Pte. Ltd. until 2020, have been assessed by the tax authorities. Other subsidiaries, until 2021, have been assessed by the tax authorities.

23. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
Basic earnings (loss) per share	(<u>\$ 0.98</u>)	(<u>\$ 0.13</u>)	(<u>\$ 1.53</u>)	(<u>\$ 0.51</u>)
Diluted earnings (loss) per share	(<u>\$ 0.98</u>)	(<u>\$ 0.13</u>)	(<u>\$ 1.53</u>)	(<u>\$ 0.51</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

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
Loss used in the computation of basic earnings per share	(<u>\$ 49,102</u>)	(<u>\$ 6,418</u>)	(<u>\$ 76,693</u>)	(<u>\$ 25,564</u>)
Loss used in the computation of diluted earnings per share	(<u>\$ 49,102</u>)	(<u>\$ 6,418</u>)	(<u>\$ 76,693</u>)	(<u>\$ 25,564</u>)

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

	Three Month Ended June 30		Six Month Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	<u>50,243</u>	<u>50,243</u>	<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>	<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 six months ended June 30, 2022 and 2021, 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 \$8,676 thousand, the equipment payable was decreased by \$923 thousand, in cash payment of \$9,599 thousand for six months ended June 30, 2022. (Refer to Note 12).
- 2) The Group acquired property, plant and equipment with fair value of \$53,203 thousand, the equipment payable was decreased by \$8,981 thousand, the retentions payable was decreased by \$23,597 thousands, in cash payment of \$85,781 thousand for six months ended June 30, 2021. (Refer to Note 12).

b. Changes in liabilities arising from financing activities

For six months ended June 30, 2022

	Non-cash Changes				
	Opening Balance	Cash Flows	New Leases	Others	Closing Balance
Lease liabilities	<u>\$ 1,529</u>	<u>(\$ 467)</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 1,090</u>

For six months ended June 30, 2021

	Non-cash Changes				
	Opening Balance	Cash Flows	New Leases	Others	Closing Balance
Lease liabilities	<u>\$ 2,396</u>	<u>(\$ 1,152)</u>	<u>\$ 1,816</u>	<u>\$ 38</u>	<u>\$ 3,098</u>

25. CAPITAL MANAGEMENT

The objectives, policies and procedures for capital risk management of the Group, and the composition of the Group's capital structure are the same as 2021 consolidated financial report. For related explanations, please refer to Note 25 of the 2021 annual consolidated Financial Report.

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

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,560</u>	<u>\$ 29,560</u>

December 31, 2021

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

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 36,481	\$ 36,481
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 6,360	\$ -	\$ 6,360

There were no transfers between Levels 1 and 2 in the six months ended June 30, 2022 and 2021.

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

For six months ended June 30, 2022

	Financial Assets at FVTOCI
	Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2022	\$ 33,219
Recognized in other comprehensive income	(5,139)
Net exchange difference	<u>1,480</u>
Balance at June 30, 2022	<u>\$ 29,560</u>

For six months ended June 30, 2021

	Financial Assets at FVTOCI
	Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2022	\$ 37,942
Net exchange difference	(<u>1,461</u>)
Balance at June 30, 2022	<u>\$ 36,481</u>

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

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

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

The fair values of 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

	June 30	December 31	June 30
	2022	2021	2021
Financial assets			
Financial assets at amortized cost (1)	\$ 435,562	\$ 545,081	\$ 409,215
Financial assets at FVTOCI			
Equity instruments	29,560	33,219	36,481
Financial liabilities			
Financial liabilities at amortized cost (2)	863,242	917,554	858,422
Financial liabilities at FVTPL			
Derivatives	-	1,577	6,360

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, USD and currency EUR.

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 Six Months Ended June 30	
	2022	2021
Profit or loss	(\$ 796)	(\$ 601)
	Currency USD's Impact	
	For Six Months Ended June 30	
	2022	2021
Profit or loss	\$ 686	\$ 462
	Currency EUR's Impact	
	For Six Months Ended June 30	
	2022	2021
Profit or loss	\$ 63	\$ 474

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 book value of financial assets and financial liabilities of the consolidated company exposed to interest rates on the balance sheet date are as follows :

	June 30	December 31	June 30
	2022	2021	2021
Fair value interest rate risk			
-financial liabilities	\$ 469,171	\$ 479,155	\$ 465,084
Cash flow interest rate risk			
-financial liabilities	188,314	195,004	211,941

Sensitivity analysis

If interest rates had been 0.5% higher and all other variables were held constant, the Group's pre-tax profit for six months ended June 30, 2022 and 2021 would have decreased by \$471 thousand and \$530 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 June 30, 2022 and 2021, and December 31, 2021, 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.

June 30, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 32,055	\$ -	\$ -
Trade payables	134,143	-	-
Lease liabilities	663	486	-
Other payables	71,614	-	-
Current portion of long-term borrowings	84,853	-	-
Long-term borrowings	-	203,905	336,672
	<u>\$ 323,328</u>	<u>\$ 204,391</u>	<u>\$ 336,672</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 663</u>	<u>\$ 486</u>

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	144,582	-	-
Lease liabilities	899	714	-
Other payables	98,813	-	-
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 for lease liabilities

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

June 30, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Trade payables	\$ 115,356	\$ -	\$ -
Lease liabilities	1,853	1,519	-
Other payables	66,041	-	-
Current portion of long-term borrowings	84,123	-	-
Long-term borrowings	<u>-</u>	<u>244,665</u>	<u>348,237</u>
	<u>\$ 267,373</u>	<u>\$ 246,184</u>	<u>\$ 348,237</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 1,853</u>	<u>\$ 1,519</u>

b) Financing facilities

	June 30 2022	December 31 2021	June 30 2021
Unsecured bank overdraft facility:			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>16,124</u>	<u>15,438</u>	<u>33,455</u>
	<u>\$ 16,124</u>	<u>\$ 15,438</u>	<u>\$ 33,455</u>
Secured bank overdraft facility:			
Amount used	\$ 657,485	\$ 674,159	\$ 677,025
Amount unused	<u>93,922</u>	<u>92,978</u>	<u>122,799</u>
	<u>\$ 751,407</u>	<u>\$ 767,137</u>	<u>\$ 799,824</u>

27. TRANSACTIONS WITH RELATED PARTIES

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

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

a. Related party name and category

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

b. Purchases of goods

Related Party Categories	For Three Months Ended June 30		For Six Months Ended June 30	
	2022	2021	2022	2021
Related party in substance	<u>\$ 2,614</u>	<u>\$ 5,223</u>	<u>\$ 6,437</u>	<u>\$ 9,132</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	June 30	December 31	June 30
		2022	2021	2021
Other receivables	Related party in substance	<u>\$ 116</u>	<u>\$ 71</u>	<u>\$ 174</u>

The outstanding trade receivables from related parties are unsecured. For six months ended June 30, 2022 and 2021, 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	June 30	December 31	June 30
		2022	2021	2021
Trade payables	Related party in substance	<u>\$ 881</u>	<u>\$ 1,858</u>	<u>\$ 2,114</u>

The outstanding trade payables to related parties are unsecured, and will be settled in cash.

e. Other transactions with related parties

Line Items	Related Party Categories	For Three Months Ended June 30		For Six Months Ended June 30	
		2022	2021	2022	2021
Other income	Related party in substance	<u>\$ 445</u>	<u>\$ 450</u>	<u>\$ 913</u>	<u>\$ 900</u>

f. Compensation of key management personnel

	For Three Months Ended June 30		For Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 4,800	\$ 4,675	\$ 9,640	\$ 9,524
Post-employment benefits	<u>170</u>	<u>157</u>	<u>341</u>	<u>321</u>
	<u>\$ 4,970</u>	<u>\$ 4,832</u>	<u>\$ 9,981</u>	<u>\$ 9,845</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.

	June 30	December 31	June 30
	2022	2021	2021
Land	\$ 31,558	\$ 30,969	\$ 31,378
Right-of-use - asset (land access)	39,364	38,424	39,677
Buildings	696,915	683,663	691,921
Equipments	75,194	79,251	63,054
Construction in Progress	<u>-</u>	<u>-</u>	<u>14,551</u>
	<u>\$ 843,031</u>	<u>\$ 832,307</u>	<u>\$ 840,581</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 June 30, 2022 and 2021 were as follows:

Significant Commitments

As of June 30, 2022, December 31, 2021, and June 30, 2021, the Group signed a contractual commitment with the manufacturer for purchases of machinery and equipment amounting to approximately \$25,288 thousand, \$23 thousand and \$382 thousand, respectively.

30. OTHER ITEMS

Due to the impact of the COVID-19 pandemic. Since 2010, overseas business travel has been blocked, resulting in a sharp drop in the number of construction orders. At present, the epidemic situation is slowing down, and the revenue in the first half of 2021 and 2020 has increased by about 72% compared with the first half of 2010. Some customers, especially in Southeast Asia and the United States, have gradually resumed their engineering projects, but considering that the global economic situation is still severe, the timetable for the combined company to resume 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 \$6,821 thousand and \$19,975 thousand were received in 2022 and 2021, 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:

June 30, 2022

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,035	1.38 (USD:SGD)	\$ 89,506
EUR	347	1.453 (EUR:SGD)	<u>10,771</u>
			<u>\$ 100,277</u>

Financial liabilities

Monetary items

USD	417	4.367 (USD:MYR)	\$ 12,294
USD	482	1.38 (USD:SGD)	14,228
MYR	11,792	0.316 (MYR:SGD)	<u>79,631</u>
			<u>\$ 106,153</u>

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	1.330 (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>

June 30, 2021

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,859	1.330 (USD:SGD)	\$ 78,828
USD	\$ 1,651	1.599 (EUR:SGD)	<u>54,719</u>
			<u>\$ 133,547</u>
<u>Financial liabilities</u>			
Monetary items			
USD	808	4.106 (USD:MYR)	\$ 22,266
USD	593	1.330 (USD:SGD)	16,340
MYR	8,957	0.324 (MYR:SGD)	<u>60,140</u>
			<u>\$ 98,746</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 Three Months Ended June 30				
	2022			2021	
	Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
SGD	(SGD:NTD)	\$ 735	(SGD:NTD)	(\$ 687)	
MYR	(MYR:NTD)	(1,071)	(MYR:NTD)	(125)	
RMB	(RMB:NTD)	14	(RMB:NTD)	(11)	

JPY	(JPY:NTD)	(532)	(JPY:NTD)	(142)
KRW	(KRW:NTD)	22	(KRW:NTD)	(60)
USD	(USD:NTD)	(22)	(USD:NTD)	-
VND	(VND:NTD)	38	(VND:NTD)	(7)
PHP	(PHP:NTD)	<u>(46)</u>	(PHP:NTD)	<u>17</u>
		<u>(\$ 862)</u>		<u>(\$ 1,015)</u>

For Six Months Ended June 30

Foreign Currency	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
SGD	(SGD:NTD)	(\$ 699)	(SGD:NTD)	(\$ 2,108)
MYR	(MYR:NTD)	(1,483)	(MYR:NTD)	(861)
RMB	(RMB:NTD)	6	(RMB:NTD)	(3)
JPY	(JPY:NTD)	(787)	(JPY:NTD)	(258)
KRW	(KRW:NTD)	(20)	(KRW:NTD)	(48)
USD	(USD:NTD)	(22)	(USD:NTD)	-
VND	(VND:NTD)	47	(VND:NTD)	(9)
PHP	(PHP:NTD)	(46)	(PHP:NTD)	<u>17</u>
		<u>(\$ 3,004)</u>		<u>(\$ 3,270)</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. (None)
- 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 4)
- 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 5)
- 11) Information on investees. (Table 6)

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 7)
- 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 8)

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.

REDWOOD GROUP LTD AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Redwood Group Ltd.	Redwood Interior Pte. Ltd.	Other receivables for related parties	Yes	\$ 30,000	\$ 30,000	\$ -	-	Short-term financing	\$ -	Financing need	\$ -	-	\$ -	\$ 193,684	\$ 258,246
		Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	193,684	258,246
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood (Shanghai) Pte. Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood (HK) Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood Projects Sdn. Bhd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood Group Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood Projects Japan K.K.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood Projects France S.A.S.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood Projects Korea Co., Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood Projects US Inc.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood Projects (VIETNAM) Company Limited	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647
		Redwood Projects Philippines Inc.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	638,647	638,647

Note 1: The limit amount is calculated as follows:

- The total amount available for lending purposes shall not exceed \$645,614 (in thousands) x 40% = \$258,246 (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 \$645,614 (in thousands) x 30% = \$193,684 (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 purposes shall not exceed \$638,647 (in thousands) x 40% = \$255,459 (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 purposes shall not exceed the amount of business transactions in the most recent year. The total amount available for lending purposes shall not exceed \$638,647 (in thousands) x 20% = \$127,729 (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 \$637,647 (in thousands) x 100% = \$638,647 (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 SIX MONTHS ENDED JUNE 30, 2022

(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	\$ 774,737	\$ 654,505	\$ 644,805	\$ 613,605	\$ -	95.04	\$ 774,737	Y	N	N
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Note 2	510,918	10,662	9,249	9,249	-	1.43	510,918	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 June 30, 2022 is the net value of \$645,614 (in thousands) \times 120% = \$774,737 (in thousands); the limit for endorsement of a single enterprise is net value of \$645,614 (in thousands) \times 20% = \$129,123 (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 June 30, 2022 is the net value of \$638,647 (in thousands) \times 80% = \$510,918 (in thousands); the limit for endorsement of a single enterprise is net value of \$638,647 (in thousands) \times 20% = \$127,729 (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

JUNE 30, 2022

(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	June 30, 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	\$ 29,560	18.48%	\$ 29,560

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 SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Redwood Furniture Sdn. Bhd.	Redwood Interior Pte. Ltd.	Subsidiary	Sale	(\$ 205,239)	(97.65%)	30 days of the month	According to the Company's transfer pricing policy	-	\$ 78,306	100.00	

REDWOOD GROUP LTD AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR SIX MONTHS ENDED JUNE 30, 2022 (Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
1	REDWOOD INTERIOR PTE LTD	REDWOOD FURNITURE SDN. BHD.	3	Accounts payable	\$ 78,306 (SGD 3,664)	No significant difference in terms for related parties	4.32%
		REDWOOD FURNITURE SDN. BHD.	3	Purchase and sales revenue	205,239 (SGD 9,702)	By Redwood Interior Pte. Ltd. transfer pricing policy	35.13%
		REDWOOD FURNITURE SDN. BHD.	3	Other receivables	58,181 (SGD 2,723)	No significant difference in terms for related parties	3.21%
		REDWOOD PROJECTS JAPAN K.K.	3	Sales revenue and purchase	10,897 (SGD 515)	By Redwood Interior Pte. Ltd. transfer pricing policy	1.87%
		REDWOOD PROJECTS JAPAN K.K.	3	Other receivables	5,622 (SGD 263)	No significant difference in terms for related parties	0.31%
		REDWOOD PROJECTS FRANCE S.A.S.	3	Administrative expenses and sales revenue	4,458 (SGD 211)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.76%
		REDWOOD PROJECTS FRANCE S.A.S.	3	Other payable	4,385 (SGD 205)	No significant difference in terms for related parties	0.24%
		REDWOOD PROJECTS US INC.	3	Sales revenue and purchase	30,392 (SGD 1,437)	By Redwood Interior Pte. Ltd. transfer pricing policy	5.20%
		REDWOOD PROJECTS US INC.	3	Other receivables	49,477 (SGD 2,315)	No significant difference in terms for related parties	2.73%
		REDWOOD PROJECTS US INC.	3	Administrative expenses and sales revenue	3,700 (SGD 175)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.63%
		REDWOOD PROJECTS US INC.	3	Accounts payable	3,792 (SGD 177)	No significant difference in terms for related parties	0.21%
		REDWOOD PROJECTS PHILIPPINES Inc.	3	Administrative expenses and sales revenue	1,923 (SGD 91)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.33%
		REDWOOD PROJECTS PHILIPPINES Inc.	3	Accounts payable	1,901 (SGD 89)	No significant difference in terms for related parties	0.11%

		REDWOOD GROUP LTD	2	Other payable	8,548 (SGD 400)	No significant difference in terms for related parties	0.47%
REDWOOD FURNITURE SDN BHD		REDWOOD PROJECTS SDN BHD	3	Sales revenue and purchase	4,963 (SGD 235)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.85%

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

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

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

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

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

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

REDWOOD GROUP LTD AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	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	\$ 638,647	(\$ 65,573)	(\$ 65,573)	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	380,243	2,100	2,100	Second-tier subsidiary
	Redwood (HK) Ltd.	Hong Kong	Decoration of global advanced boutique brand store	6,081 (HK\$ 1,560)	6,081 (HK\$ 1,560)	-	100	7,434	(24)	(24)	Second-tier subsidiary
	Redwood Projects Sdn. Bhd.	Malaysia	Decoration of global advanced boutique brand store	6,195 (SGD 256)	6,195 (SGD 256)	-	100	40,929	1,982	1,982	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	11,602	(566)	(566)	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	18,991	330	330	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	183	(3,514)	(3,514)	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	19,292	5,594	5,594	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	2,311	13	13	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	10,200	2,055	2,055	Second-tier subsidiary

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

Note 2: The exchange rate was SGD1=NT\$21.37; MYR1=NT\$6.7529; HK\$1=NT\$3.7889; KRW1=NT\$0.0235; EUR1=NT\$31.0506; JPY1=NT\$0.2180; US\$1=NT\$29.4906; VND1=NT\$0.0013; PHP1=NT\$0.5343 as of June 30, 2022.

REDWOOD GROUP LTD AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR SIX MONTHS ENDED JUNE 30, 2022

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2021	Accumulated Repatriation of Investment Income as of June 30, 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.	\$ -	\$ -	\$ -	\$ -	(\$ 7,622)	100%	(\$ 7,622)	\$ 30,154	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2022	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 SIX MONTHS ENDED JUNE 30, 2022**

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Standard Chartered Bank Trust Account of Soh Thong Ming	16,608,571	33.05%
Standard Chartered Bank Trust Account of Teh Lee Mui	15,456,264	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 trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.