

Redwood Group Ltd and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Redwood Group Ltd

Opinion

We have audited the accompanying consolidated financial statements of Redwood Group Ltd and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 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 year ended December 31, 2022 are stated as follows:

Revenue Recognized Based on Construction in Progress

As described in Notes 4, section 10 and Note 5 of the consolidated financial statements, revenue recognition of the Group is based on the percentage of completion of construction. Furthermore, the calculation of percentage of completion of construction is significant with regard to revenue recognition; therefore, we identified the estimation of unfinished construction cost to be a key audit matter.

We tested the related internal controls, and the main audit procedures that we performed were the following:

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6 and 27)	\$ 391,109	18	\$ 293,199	16
Contract assets - current (Note 20)	318,538	14	143,759	8
Trade receivables (Notes 9 and 27)	277,952	13	228,586	12
Other receivables (Notes 9 and 27)	2,254	-	16,588	1
Other receivables from related parties (Notes 9, 27 and 28)	46	-	71	-
Inventories (Note 10)	94,527	4	71,572	4
Current tax assets (Note 22)	8,327	-	5,537	-
Prepayments (Notes 14)	57,437	3	50,897	3
Other current assets (Note 14)	963	-	1,205	-
Total current assets	<u>1,151,153</u>	<u>52</u>	<u>811,414</u>	<u>44</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 27)	32,540	1	33,219	2
Property, plant and equipment (Notes 12, 25 and 29)	940,543	43	922,669	50
Right-of-use assets (Notes 13 and 29)	41,998	2	39,916	2
Deferred tax assets (Note 22)	30,506	1	31,356	2
Other non-current assets (Notes 14 and 27)	14,409	1	7,358	-
Total non-current assets	<u>1,059,996</u>	<u>48</u>	<u>1,034,518</u>	<u>56</u>
TOTAL	<u>\$ 2,211,149</u>	<u>100</u>	<u>\$ 1,845,932</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15, 25, 27 and 29)	\$ 34,320	2	\$ 30,690	2
Contract liabilities-current (Note 20)	447,588	20	186,541	10
Trade payables (Notes 16 and 27)	183,855	8	142,724	8
Trade payables to related parties (Notes 16, 27 and 28)	1,587	-	1,858	-
Lease liabilities - current (Note 13, 25 and 27)	307	-	854	-
Other payables (Notes 17, 25 and 27)	109,952	5	98,813	5
Current tax liabilities (Note 22)	4,126	-	2,349	-
Current portion of long-term borrowings (Note 15, 25, 27 and 29)	83,630	4	88,245	5
Other current liabilities (Note 17)	16,202	1	17,521	1
Total current liabilities	<u>881,567</u>	<u>40</u>	<u>569,595</u>	<u>31</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Note 7 and 27)	-	-	1,577	-
Lease liabilities - non-current (Note 13, 25 and 27)	397	-	675	-
Long-term borrowings (Note 15, 25, 27 and 29)	536,396	24	555,224	30
Deferred tax liabilities (Note 22)	13,021	1	2,756	-
Total non-current liabilities	<u>549,814</u>	<u>25</u>	<u>560,232</u>	<u>30</u>
Total liabilities	<u>1,431,381</u>	<u>65</u>	<u>1,129,827</u>	<u>61</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital - ordinary shares	502,425	23	502,425	27
Capital surplus	293,911	13	293,911	16
Retained earnings				
Special reserve	252,393	12	252,393	14
Unappropriated earnings	28,366	1	(3,956)	-
Total retained earnings	<u>280,759</u>	<u>13</u>	<u>248,437</u>	<u>14</u>
Other equity				
Exchange differences on translation of foreign financial statements	(227,106)	(11)	(262,720)	(14)
Unrealized loss on financial assets of fair value through other comprehensive income	(70,221)	(3)	(65,948)	(4)
Total other equity	<u>(297,327)</u>	<u>(14)</u>	<u>(328,668)</u>	<u>(18)</u>
Total equity attributable to owners of the Company	<u>779,768</u>	<u>35</u>	<u>716,105</u>	<u>39</u>
TOTAL	<u>\$ 2,211,149</u>	<u>100</u>	<u>\$ 1,845,932</u>	<u>100</u>

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

REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)				
Construction revenue	\$ 1,699,124	100	\$ 1,420,170	100
OPERATING COSTS (Note 10, 21 and 28)				
Construction costs	(1,254,853)	(74)	(1,113,644)	(78)
GROSS PROFIT	<u>444,271</u>	<u>26</u>	<u>306,526</u>	<u>22</u>
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	(26,921)	(2)	(25,313)	(2)
General and administrative expenses	(366,169)	(21)	(312,099)	(22)
Expected credit (loss) gain	<u>568</u>	<u>-</u>	(<u>1,126</u>)	<u>-</u>
Total operating expenses	(<u>392,522</u>)	(<u>23</u>)	(<u>338,538</u>)	(<u>24</u>)
NET PROFIT (LOSS) FROM OPERATIONS	<u>51,749</u>	<u>3</u>	(<u>32,012</u>)	(<u>2</u>)
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 28)				
Interest income	379	-	307	-
Other income	20,632	1	44,895	3
Other gains and losses	582	-	4,103	-
Finance costs	(<u>17,783</u>)	(<u>1</u>)	(<u>14,398</u>)	(<u>1</u>)
Total non-operating income and expenses	<u>3,810</u>	<u>-</u>	<u>34,907</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	55,559	3	2,895	-
INCOME TAX BENEFIT (EXPENSE) (Note 22)	(<u>23,237</u>)	(<u>1</u>)	<u>2,924</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>32,322</u>	<u>2</u>	<u>5,819</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments as at fair value through other comprehensive income	(4,273)	-	(3,041)	-
Exchange differences arising on translation to the presentation currency	(37,418)	(2)	(5,068)	-

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REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	<u>73,032</u>	<u>4</u>	(<u>37,314</u>)	(<u>3</u>)
Other comprehensive income (loss) for the year, net of income tax	<u>31,341</u>	<u>2</u>	(<u>45,423</u>)	(<u>3</u>)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 63,663</u>	<u>4</u>	(<u>\$ 39,604</u>)	(<u>3</u>)
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 32,322</u>	<u>2</u>	<u>\$ 5,819</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 63,663</u>	<u>4</u>	(<u>\$ 39,604</u>)	(<u>3</u>)
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.64</u>		<u>\$ 0.12</u>	
Diluted	<u>\$ 0.64</u>		<u>\$ 0.12</u>	

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

(Concluded)

REDWOOD GROUP LTD AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Total Equity
	Share Capital (In Thousand)	Capital Surplus	Retained Earnings		Other Equity		
			Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Operations	
BALANCE AT JANUARY 1, 2021	\$ 502,425	\$ 293,911	\$ 252,393	\$ (9,775)	\$ (62,907)	\$ (220,338)	\$ 755,709
Net profit for the year ended December 31, 2021	-	-	-	5,819	-	-	5,819
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(3,041)	(42,382)	(45,423)
Total comprehensive loss for the year ended December 31, 2021	-	-	-	5,819	(3,041)	(42,382)	(39,604)
BALANCE AT DECEMBER 31, 2021	502,425	293,911	252,393	(3,956)	(65,948)	(262,720)	716,105
Net profit for the year ended December 31, 2022	-	-	-	32,322	-	-	32,322
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	(4,273)	35,614	31,341
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	32,322	(4,273)	35,614	63,663
BALANCE AT DECEMBER 31, 2022	<u>\$ 502,425</u>	<u>\$ 293,911</u>	<u>\$ 252,393</u>	<u>\$ 28,366</u>	<u>\$ (70,221)</u>	<u>\$ (227,106)</u>	<u>\$ 779,768</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 YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 55,559	\$ 2,895
Adjustments for:		
Depreciation expenses	90,575	87,594
Expected credit loss recognized (reversed) on trade receivables	(568)	1,126
Net (gain) loss of financial assets and liabilities at fair value through profit and loss	(7,412)	(12,210)
Finance costs	17,783	14,398
Interest income	(379)	(307)
Write-downs of inventories	(46)	311
Gain on disposal of subsidiary	(3,348)	-
Net (gain)/loss on foreign currency exchange	(27,767)	30,423
Loss on disposal of property, plant and equipment	122	185
Changes in operating assets and liabilities		
Contracts assets	(174,779)	(36,241)
Trade receivables	(49,407)	(45,527)
Other receivables	14,359	(2,879)
Inventories	(21,714)	11,910
Prepayments	(6,540)	(20,231)
Other current assets	242	(1,011)
Contracts liabilities	261,047	(20,520)
Trade payables	40,860	60,026
Other payables	20,051	39,239
Other current liabilities	(1,319)	(4,100)
Cash generated from operations	207,319	105,081
Interest paid	(17,005)	(14,898)
Income taxes paid	(8,696)	(7,774)
Net cash generated from operating activities	<u>181,618</u>	<u>82,409</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through profit or loss	\$ 6,010	\$ -
Payments for property, plant and equipment	(29,144)	(97,577)
Proceeds from disposal of property, plant and equipment	1,246	1,823
Decrease in refundable deposits	119	5,590
Net cash inflow on disposal of subsidiary	3,348	-
Increase in prepayments for equipment	(7,223)	-
Interest received	<u>379</u>	<u>307</u>
Net cash used in investing activities	<u>(25,265)</u>	<u>(89,857)</u>

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REDWOOD GROUP LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,630	-
Repayments of short-term borrowings	-	(28,627)
Proceeds from long-term borrowings	-	64,653
Repayments of long-term borrowings	(23,443)	(53,273)
Repayment of the principal portion of lease liabilities	(871)	(3,249)
Net cash used in financing activities	(20,684)	(20,496)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(37,759)	(17,266)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	97,910	(45,210)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>293,199</u>	<u>338,409</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 391,109</u>	<u>\$ 293,199</u>

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

(Concluded)

REDWOOD GROUP LTD AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 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 March 24, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	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)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were 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:

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

2) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate 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 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 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 IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

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

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

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

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

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.

See Note 11, Tables 7 and 8 for the detailed information on subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Impairment of property, plant and equipment, right-of-use asset, and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use asset, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories and property, plant and equipment related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

i. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

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

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

j. Revenue recognition

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

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

Construction contract revenue

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

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

k. Leases

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

1) The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to

the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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

l. Borrowing costs

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

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

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

m. Government grants

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Construction contracts

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 1,030	\$ 948
Checking accounts and demand deposits	<u>390,079</u>	<u>292,251</u>
	<u>\$ 391,109</u>	<u>\$ 293,199</u>

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

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

Considering that the U.S. dollar will continue to raise interest rates during the future financing period, the Group terminated the interest rate swap contract early on May 23, 2022.

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

December 31, 2021

<u>Notional Amount</u> <u>(In Thousands)</u>	<u>Maturity Period</u>	<u>Range of Interest</u> <u>Rates Paid</u>	<u>Range of Interest</u> <u>Rates Received</u>
SGD15,000	08.04.2020 – 28.04.2025	2.18% (Fixed)	1.09660% (Floating)

The economic substance of the pay-floating receive-fixed interest rate swap contract listed in the table above is the managing of the exposures to the cash flow interest rate risk of bank borrowings. However, the contract did not meet the criteria of hedge effectiveness and, therefore, was not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Foreign investments		
Unlisted shares	\$ <u>32,540</u>	\$ <u>33,219</u>

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

As of December 31, 2022 and 2021, the Group evaluated the above investment value for impairment and recognized impairment losses of \$4,273 thousand and \$3,041 thousand under other equity - unrealized gains and losses of financial assets measured at fair value through other comprehensive income or loss.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 283,050	\$ 236,437
Less: Allowance for impairment loss	(<u>5,098</u>)	(<u>7,851</u>)
	\$ <u>277,952</u>	\$ <u>228,586</u>
<u>Other receivables</u>		
Other receivables	\$ <u>2,254</u>	\$ <u>16,588</u>
Other receivables from related parties	\$ <u>46</u>	\$ <u>71</u>

The Group adopted a policy of only dealing with creditworthy counterparties and obtained sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group responsible for determining credit limits, credit

approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Group's credit risk was significantly reduced.

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

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

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

December 31, 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%~0.14%	0%~0.86%	0%~9.67%	11.4%~62.12%	100%	
Gross carrying amount	\$ 213,206	\$ 37,083	\$ 9,882	\$ 21,161	\$ 1,718	\$ 283,050
Loss allowance (Lifetime ECL)	(198)	(141)	(317)	(2,724)	(1,718)	(5,098)
Amortized cost	<u>\$ 213,008</u>	<u>\$ 36,942</u>	<u>\$ 9,565</u>	<u>\$ 18,437</u>	<u>\$ -</u>	<u>\$ 277,952</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>\$ 184,919</u>	<u>\$ 33,126</u>	<u>\$ 5,340</u>	<u>\$ 5,201</u>	<u>\$ -</u>	<u>\$ 228,586</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 7,851	\$ 7,115
Add: Net remeasurement of loss allowance	-	1,126
Less: Net remeasurement of loss allowance	(568)	-
Less: Amounts written off	(2,794)	-
Foreign exchange gains and losses	609	(390)
Balance at December 31	<u>\$ 5,098</u>	<u>\$ 7,851</u>

10. INVENTORIES

	December 31	
	2022	2021
Raw materials	<u>\$ 94,527</u>	<u>\$ 71,572</u>
	For the Year Ended December 31	
	2022	2021
Construction costs	\$1,254,899	\$1,113,333
Inventory write-downs (reversed)	(46)	311
	<u>\$ 1,254,853</u>	<u>\$ 1,113,644</u>

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Description	Remark
			2022	2021		
Redwood Group Ltd.	Redwood Interior Pte. Ltd.	Decoration of global advanced boutique brand store	100	100	Acquired the ownership through exchange of shares at December 10, 2010.	
Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd	Design, produce and sale of customized furniture	100	100	Acquired the ownership through exchange of shares at December 10, 2010.	
Redwood Interior Pte. Ltd.	Redwood (HK) Ltd.	Decoration of global advanced boutique brand store	-	100	Established by 100% direct or indirect investment in February 2012.	(1) - (2)
Redwood Interior Pte. Ltd.	Redwood (Shanghai) Pte. Ltd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in February 2012.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects Sdn. Bhd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in November 2012.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects Korea Co., Ltd.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in June 2017,	(1)
Redwood Interior Pte. Ltd.	Redwood Projects France S.A.S.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in January 2018.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects Japan K.K.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in February 2018.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects US Inc.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in October 2018,	(1)
Redwood Interior Pte. Ltd.	Redwood Projects (Vietnam) Company Limited	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in September 2020.	(1)
Redwood Interior Pte. Ltd.	Redwood Projects Philippines Inc.	Decoration of global advanced boutique brand store	100	100	Established by 100% direct or indirect investment in December 2020.	(1)
Redwood Interior Pte. Ltd.	Redwood Specialities India Private Limited	Decoration of global advanced boutique brand store	99.99	-	Established by 100% direct or indirect investment in November 2022.	(1)
Redwood Furniture Sdn. Bhd	Redwood Specialities India Private Limited	Decoration of global advanced boutique brand store	0.01	-	Established by 100% direct or indirect investment in November 2022.	(1)

Remarks:

- (1) This is an immaterial subsidiary whose financial report has not been reviewed by an accountant. However, the management of the Group believes that if the report of the above-mentioned immaterial subsidiary has been reviewed by an accountant, there will be no major differences.
- (2) Since there had been no actual operation in the past two years, the board of directors resolved to dissolve and liquidate Redwood (HK) Ltd in July 2022, and repatriated the share capital to Redwood Interior Pte. Ltd. on July 5, 2022. The liquidation procedure was completed on January 6, 2023.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31						
	2022		2021				
Assets used by the Group	<u>\$ 940,543</u>		<u>\$ 922,669</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	-	43	11,644	-	5,484	2,329	19,500
Disposal	-	(10)	(3,460)	-	(7,227)	(8)	(10,705)
Reclassified	-	-	53	-	-	-	53
Effect of foreign currency exchange differences	1,589	78,877	29,672	2,330	6,219	(1)	118,686
Balance at December 31, 2022	<u>\$ 32,558</u>	<u>\$ 880,000</u>	<u>\$ 467,463</u>	<u>\$ 27,363</u>	<u>\$ 71,703</u>	<u>\$ 2,320</u>	<u>\$ 1,481,407</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 93,831	\$ 272,349	\$ 18,149	\$ 46,875	\$ -	\$ 431,204
Disposal	-	(10)	(2,127)	-	(7,200)	-	(9,337)
Depreciation expense	-	33,239	41,101	2,508	11,311	-	88,159
Effect of foreign currency exchange differences	-	7,852	16,294	1,761	4,931	-	30,838
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 134,912</u>	<u>\$ 327,617</u>	<u>\$ 22,418</u>	<u>\$ 55,917</u>	<u>\$ -</u>	<u>\$ 540,864</u>
Carrying amounts at December 31, 2022	<u>\$ 32,558</u>	<u>\$ 745,088</u>	<u>\$ 139,846</u>	<u>\$ 4,945</u>	<u>\$ 15,786</u>	<u>\$ 2,320</u>	<u>\$ 940,543</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	-	13,876	3,625	2,926	14,084	30,169	64,680
Transferred from prepaid equipment	-	-	641	-	-	-	641
Disposal	-	(76,804)	(6,544)	-	(12,065)	(245)	(95,658)
Reclassified	-	572,363	-	-	-	(572,363)	-
Effect of foreign currency exchange differences	(2,079)	(42,549)	(27,411)	(1,315)	(3,883)	(5,469)	(82,706)
Balance at December 31, 2021	<u>\$ 30,969</u>	<u>\$ 801,090</u>	<u>\$ 429,554</u>	<u>\$ 25,033</u>	<u>\$ 67,227</u>	<u>\$ -</u>	<u>\$ 1,353,873</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 150,244	\$ 252,969	\$ 16,505	\$ 51,693	\$ -	\$ 471,411
Disposal	-	(76,759)	(5,622)	-	(11,269)	-	(93,650)
Depreciation expense	-	29,355	41,573	2,628	10,058	-	83,614
Effect of foreign currency exchange differences	-	(9,009)	(16,571)	(984)	(3,607)	-	(30,171)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 93,831</u>	<u>\$ 272,349</u>	<u>\$ 18,149</u>	<u>\$ 46,875</u>	<u>\$ -</u>	<u>\$ 431,204</u>
Carrying amounts at December 31, 2021	<u>\$ 30,969</u>	<u>\$ 707,259</u>	<u>\$ 157,205</u>	<u>\$ 6,884</u>	<u>\$ 20,352</u>	<u>\$ -</u>	<u>\$ 922,669</u>

No impairment assessment was performed by the Group for the years ended December 31, 2022 and 2021 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	27 years
Machinery	7 years
Transportation equipment	5 years
Other equipment	1-10 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 29.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Land access	\$ 41,322	\$ 38,424
Buildings	<u>676</u>	<u>1,492</u>
	<u>\$ 41,998</u>	<u>\$ 39,916</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 2,286</u>
<u>Depreciation charge for right-of-use assets</u>		
Land	\$ -	\$ 577
Land access	1,556	1,499
Buildings	860	1,867
Office equipment	<u>-</u>	<u>37</u>
	<u>\$ 2,416</u>	<u>\$ 3,980</u>

The right-of-use asset includes long-term prepaid rent for land leased by Redwood Singapore to the government, and the Group 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 2022 and 2021.

The right-of-use assets pledged as collateral for bank borrowings were set out in Note 29.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		

Current	\$ 307	\$ 854
Non-current	\$ 397	\$ 675

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2022	2021
Land	4.32%	4.32%
Buildings	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

	<u>For the Year Ended December 31</u>	
	2022	2021
Short-term lease expenses	\$ 2,787	\$ 1,269
Expenses relating to low-value asset leases	\$ 1,139	\$ 846
Total cash outflow for leases	(\$ 4,797)	(\$ 5,364)

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

14. OTHER ASSETS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Prepayments - goods	\$ 38,201	\$ 38,030
Prepayments - expenses	16,694	11,918
Other prepayments	2,542	949
	<u>\$ 57,437</u>	<u>\$ 50,897</u>
Other current assets	<u>\$ 963</u>	<u>\$ 1,205</u>
<u>Non-current</u>		
Prepaid equipment	\$ 7,891	\$ 721
Refundable deposits	6,518	6,637
	<u>\$ 14,409</u>	<u>\$ 7,358</u>

15. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Secured borrowings</u> (Note 29)		
Line of credit borrowings	<u>\$ 34,320</u>	<u>\$ 30,690</u>

The range of weighted average effective interest rate on bank loans was 5.95920% and 3.09107% per annum as of December 31, 2022 and 2021, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Secured borrowings</u> (Note 29)		
Bank loans*	\$ 620,026	\$ 643,469
Less: Current portion	(<u>83,630</u>)	(<u>88,245</u>)
Long-term borrowings	<u>\$ 536,396</u>	<u>\$ 555,224</u>

* As of December 31, 2022 and 2021, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land, building and land access (refer to Note 29) was 2.25% ~ 3.65% and 1.2053% ~ 5.3830% per annum, respectively.

	Major Clause	<u>December 31</u>	
		2022	2021
<u>Secured loan</u>			
DBS Bank	Long-term loan: credit line SGD15,000 thousand only interest payable monthly, with interest rate of 2.18% for first 5 years and 2.5% for the remaining years. The loan installment commencement date was 28 April 2021 and repayable in 80 quarterly installments.	\$ 310,735	\$ 294,458
	Long-term loan: credit line SGD8,000 thousand only interest payable until 31 March 2021 or the new factory building was completed. The loan installment commencement date was 30 April 2021.	167,811	157,697
	Long-term loan: SGD5,000 thousand was obtained in April 2020 under Enterprise Financing Scheme ("EFS") Temporary Bridging Loan 1 (TBL1) with an interest rate of 2.50% per annum on monthly rests, and for a tenor of 5 years. The loan installment commencement date was	70,486	88,010

		<u>December 31</u>	
Major Clause		2022	2021
	07 June 2021.		
	Long-term loan: SGD1,000 thousand was obtained in August 2020 under EFS SME Working Capital Loan with an interest rate of 2.25% per annum on monthly rests and for a tenor of 5 years. The loan installment commencement date was 22 October 2021.	15,949	19,234
	Long-term loan: credit line SGD3,000 thousand interest payable monthly, with interest rate of 3.01%, repayable with interest starting April 2021 in 48 monthly installments, each repayment in SGD61 thousand.	36,981	46,763
RHB Bank Berhad	Long-term loan: credit line MYR2,094 thousand interest payable monthly, with interest rate of 3.65% based on BLR, repayable with interest starting July 2017 in 120 monthly installments, each repayment in MYR37 thousand.	11,492	13,298
CIMB Bank	Long-term loan: credit line US\$2,500 thousand interest payable monthly, with interest rate of 3.045% based on COF, repayable with interest starting September 2017 in 60 monthly installments, each repayment in US\$45 thousand.	6,572	24,009
Less: Borrowing due within one year		(<u>83,630</u>)	(<u>88,245</u>)
		<u>\$ 536,396</u>	<u>\$ 555,224</u>

16. TRADE PAYABLE

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

17. OTHER LIABILITIES

		<u>December 31</u>	
		2022	2021
<u>Current</u>			
Other payables			
	Payable for salaries or bonuses	\$ 30,049	\$ 16,516
	Payable for purchase of equipment	3,824	1,192
	Payable for utilities	4,670	8,088
	Payable for provident fund	4,330	4,663
	Payable for professional service fees	2,090	1,514
	Payable for shipping expenses	26,317	38,102

Payable for business tax	3,538	-
Payable for interest expenses	1,530	798
Payable for construction project	-	12,276
Others	<u>33,604</u>	<u>15,664</u>
	<u>\$ 109,952</u>	<u>\$ 98,813</u>
Other current liabilities		
Deferred Income		
Government Grants	\$ 16,038	\$ 17,246
Others	<u>164</u>	<u>275</u>
	<u>\$ 16,202</u>	<u>\$ 17,521</u>

Deferred income is that the Singapore government has subsidized the relevant company's equipment for the new plant. The Group recognized the income in installments based on the useful life of the equipment after the completion of the new plant in February 2021; and the Singapore government has implemented "Jobs Support Scheme" to assist businesses in coping with Covid-19 pandemic. The Group has received all the subsidy from the Singapore government till 2021 (refer to Note 21).

18. RETIREMENT BENEFIT PLANS

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

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

19. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Shares authorized (in thousands of shares)	<u>80,000</u>	<u>80,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>50,243</u>	<u>50,243</u>
Shares issued (in thousands of dollars)	<u>\$ 502,425</u>	<u>\$ 502,425</u>

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

b. Capital surplus

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

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

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

c. Retained earnings and dividend policy

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

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

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

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.

No appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on June 27, 2022 and August 04, 2021.

The appropriation of earnings for 2022 is subject to the resolution of the shareholders' meeting to be held on June 28, 2023.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 252,393	\$ 252,393
Appropriations in respect of		
Debits to other equity items	-	-
Balance at December 31	<u>\$ 252,393</u>	<u>\$ 252,393</u>

e. Other equity items

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Exchange differences on translation of foreign financial statements</u>		
Balance at January 1	(\$ 262,720)	(\$ 220,338)

Recognized for the year		
Exchange differences on translating the financial statement of foreign operations	<u>35,614</u>	<u>(42,382)</u>
Balance at December 31	<u>(\$ 227,106)</u>	<u>(\$ 262,720)</u>

Unrealized valuation gain or loss on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	(\$ 65,948)	(\$ 62,907)
Recognized for the year		
Unrealized gain or loss - equity instruments	<u>(4,273)</u>	<u>(3,041)</u>
Balance at December 31	<u>(\$ 70,221)</u>	<u>(\$ 65,948)</u>

20. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Construction contract revenue	<u>\$ 1,699,124</u>	<u>\$ 1,420,170</u>

a. Contract information

The Group's decoration project contracts include terms on delay penalties. The Group estimates the transaction price using the most likely amount, taking into consideration the historical contracts with similar terms and sizes.

b. Contact balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Trade receivables (Note 9)	<u>\$ 277,952</u>	<u>\$ 228,586</u>
Contract assets		
Retentions receivable	\$ 38,932	\$ 19,401
Decoration project	<u>279,606</u>	<u>124,358</u>
Contract assets - current	<u>\$ 318,538</u>	<u>\$ 143,759</u>
Contract liabilities - current		
Decoration project	<u>\$ 447,588</u>	<u>\$ 186,541</u>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>

Expected credit loss rate	0.13%	0.05%
Gross carrying amount	\$ 318,538	\$ 143,759
Allowance for impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>
	<u>\$ 318,538</u>	<u>\$ 143,759</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
From contract liabilities at the start of the year		
Decoration project	<u>\$ 186,541</u>	<u>\$ 207,671</u>

c. Disaggregation of revenue

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

d. Partially completed contracts

As of December 31, 2022, the aggregate amounts of the transaction prices allocated to the performance obligations that are unsatisfied are \$447,588 thousand. The Group expects to recognize the related revenue as the building is constructed, which is expected to be within 1 year.

21. NET PROFIT (LOSS)

a. Interest income

	<u>For the Year Ended December 31</u>	
	2022	2021
Interest income		
Bank deposits	<u>\$ 379</u>	<u>\$ 307</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2022	2021
Government grants	\$ 8,562	\$ 39,388
Others	<u>12,070</u>	<u>5,507</u>
	<u>\$ 20,632</u>	<u>\$ 44,895</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 \$116 thousand and \$23 thousand in 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) will be provided. Employers operating during the MCD (Movement Control Order) period can apply, and there are no restrictions. The Company recognized subsidy revenue of \$167 thousand and \$2,482 thousand in 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 \$1,319 thousand and \$5,298 thousand in 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 \$3,494 thousand and \$31,560 thousand in 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. Ltd. was completed in 2021, and related subsidies have been recognized phase by phase since 2021. The Company recognized subsidy revenue of \$2,906 thousand in 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 revenue of \$208 thousand and \$25 thousand in 2022 and 2021, respectively.
- 7) In order to revive the small and medium-sized enterprises affected by Covid-19 pandemic, the Japanese government has opened the application for relevant subsidies (Business Revival Support Fund) since 2022 for enterprises whose turnover has declined due to the epidemic within a specific period. The Company recognized subsidy revenue of \$352 thousand in 2022.

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	(\$ 122)	(\$ 185)
Gain on disposal of subsidiary	3,348	-
Net foreign exchange loss	(7,203)	(5,491)
Valuation gain (loss) of financial liabilities at FVTPL	7,412	12,210
Others	(2,853)	(2,431)
	<u>\$ 582</u>	<u>\$ 4,103</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 17,737	\$ 15,063
Interest on lease liabilities	<u>46</u>	<u>96</u>
	17,783	15,159
Less: Amounts included in the cost of qualifying assets	<u>-</u>	(761)

For the Year Ended December 31	
2022	2021
\$ <u>17,783</u>	\$ <u>14,398</u>

Information about capitalized interest is as follows:

For the Year Ended December 31	
2022	2021
Capitalized interest amount	\$ - \$ 761
Capitalization rate	- 1.2054% ~ 2.025%

e. Depreciation and amortization

For the Year Ended December 31	
2022	2021
An analysis of depreciation by function	
Operating costs	\$ 40,281 \$ 40,331
Operating expenses	<u>50,294</u> <u>47,263</u>
	\$ <u>90,575</u> \$ <u>87,594</u>

f. Employee benefits expense

For the Year Ended December 31	
2022	2021
Post-employment benefits (Note 18)	
Defined contribution plan	\$ 30,219 \$ 30,976
Other employee benefits	<u>486,673</u> <u>397,027</u>
	\$ <u>516,892</u> \$ <u>428,003</u>

For the Year Ended December 31	
2022	2021
An analysis of employee benefits expense by function	
Operating costs	\$ 247,278 \$ 191,513
Operating expenses	<u>269,614</u> <u>236,490</u>
	\$ <u>516,892</u> \$ <u>428,003</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.

There was net profit after tax for the year ended December 31, 2022 and 2021, but the functional currency was still a loss after making up for the accumulated losses at the beginning of the year, so the Company did not accrue employees' compensation and remuneration of directors and supervisors.

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

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

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ -	\$ 2,080
Foreign exchange losses	(7,203)	(7,571)
	<u>(\$ 7,203)</u>	<u>(\$ 5,491)</u>

22. INCOME TAX

a. Income tax recognized in profit or loss:

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

	For the Year Ended December 31	
	2022	2021
<u>Current tax</u>		
In respect of the current year	\$ 7,830	\$ 4,387
Adjustments for prior year	(250)	(39)
Others	<u>653</u>	<u>-</u>
	<u>8,233</u>	<u>4,348</u>
<u>Deferred tax</u>		
In respect of the current year	15,004	(7,300)
Others	<u>-</u>	<u>28</u>
	<u>15,004</u>	<u>(7,272)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 23,237</u>	<u>(\$ 2,924)</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 55,559</u>	<u>\$ 2,895</u>
Income tax expense (benefit) calculated at the statutory rate	\$ 23,580	\$ 3,059
Nondeductible expenses in determining taxable income	9,886	6,252
Tax-exempt income	(194)	(5,367)

Tax losses	-	(9,255)
Unused loss carryforwards and deductible temporary differences	1,455	2,835
Adjustments for prior years' tax	(250)	(11)
Investment write-off	(12,915)	-
Others	<u>1,675</u>	<u>(437)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 23,237</u>	<u>(\$ 2,924)</u>

The applicable corporate income tax rate used by the Group entities in Singapore is 17%, while the tax rate applicable to subsidiaries in Malaysia is 24%, the tax rate applicable to subsidiary in China is 20%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax assets		
Tax refund receivable	<u>\$ 8,327</u>	<u>\$ 5,537</u>
Current tax liabilities		
Income tax payable	<u>\$ 4,126</u>	<u>\$ 2,349</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Temporary differences				
Unrealized exchange gains and losses	\$ 57	\$ -	(\$ 36)	\$ 21
Depreciation expense	85	(69)	(16)	-
Property, plant and equipment	(10)	27	38	55
Others	-	(3,010)	13,241	10,231
Tax losses	<u>31,224</u>	<u>(1,962)</u>	<u>(9,063)</u>	<u>20,199</u>
	<u>\$ 31,356</u>	<u>(\$ 5,014)</u>	<u>\$ 4,164</u>	<u>\$ 30,506</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Closing Balance
Temporary differences				
Write-down of inventory	(\$ 6,177)	\$ 617	(\$ 306)	(\$ 5,866)
Unrealized exchange gains and losses	(131)	(522)	(16)	(669)
Property, plant and equipment	20,219	(1,479)	907	19,647
Others	<u>(11,155)</u>	<u>11,374</u>	<u>(310)</u>	<u>(91)</u>
	<u>\$ 2,756</u>	<u>\$ 9,990</u>	<u>\$ 275</u>	<u>\$ 13,021</u>

For the year ended December 31, 2021

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

d. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

<u>Company Name</u>	<u>Unused Amount</u>	<u>Expiry Year</u>
Redwood Interior Pte. Ltd.	\$ 105,259	No expiration date
Redwood Furniture Sdn. Bhd.	24,412	2032
Redwood Projects Japan K.K.	13,864	2032
Redwood (Shanghai) Pte. Ltd.	8,625	2027
Redwood Projects (Vietnam) Company Limited	791	2027
Redwood Projects Korea Co., Ltd.	<u>592</u>	2032
	<u>\$ 153,543</u>	

e. Income tax assessments

Except for the Company not subject to income tax, the tax returns of Redwood Interior Pte. Ltd., Redwood Furniture Sdn. Bhd., Redwood (Shanghai) Pte. Ltd., Redwood Projects Korea Co., Ltd. and Redwood Projects (Vietnam) Company Limited until 2021, have been assessed by the tax authorities. The tax returns of Redwood Projects US Inc., Redwood Projects Japan K.K. and Redwood Projects Philippines Inc. until 2022, have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

For the Year Ended December 31	
2022	2021

Basic earnings per share	<u>\$ 0.64</u>	<u>\$ 0.12</u>
Diluted earnings per share	<u>\$ 0.64</u>	<u>\$ 0.12</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Earnings used in the computation of basic earnings per share	<u>\$ 32,322</u>	<u>\$ 5,819</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 32,322</u>	<u>\$ 5,819</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>50,243</u>	<u>50,243</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>50,243</u>	<u>50,243</u>

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

24. DISPOSAL OF SUBSIDIARY

Since there had been no actual operation in the past two years, the board of directors resolved to dissolve and liquidate Redwood (HK) Ltd in July 2022, and repatriated the share capital to Redwood Interior Pte. Ltd. on July 5, 2022. The liquidation procedure was completed on January 6, 2023.

- a. Consideration received from disposal

	Redwood (HK) Ltd
Sales proceeds receivable	<u>\$ -</u>
Total consideration received	<u>\$ 3,348</u>

- b. Gain on disposal of subsidiary

	Redwood (HK) Ltd
Gain on disposal	<u>\$ 3,348</u>

25. CASH FLOWS INFORMATION

- a. Non-cash transactions

For the years ended December 31, 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 \$19,500 thousand, the equipment payable and construction project payable were decreased by \$9,644 thousand, in cash payment of \$29,144 thousand for the year ended December 31, 2022. (Refer to Note 12)
- 2) The Group acquired property, plant and equipment with fair value of \$64,680 thousand, the equipment payable and construction project payable were decreased by \$32,897 thousand, in cash payment of \$97,577 thousand for the year ended December 31, 2021. (Refer to Note 12)

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 30,690	\$ 3,630	\$ -	\$ -	\$ 34,320
Long-term borrowings	643,469	(23,443)	-	-	620,026
Lease liabilities	1,529	(871)	-	46	704
	<u>\$ 675,688</u>	<u>(\$ 20,684)</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ 655,050</u>

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 59,317	(\$ 28,627)	\$ -	\$ -	\$ 30,690
Long-term borrowings	632,089	11,380	-	-	643,469
Lease liabilities	2,396	(3,249)	2,286	96	1,529
	<u>\$ 693,802</u>	<u>(\$ 20,496)</u>	<u>\$ 2,286</u>	<u>\$ 96</u>	<u>\$ 675,688</u>

26. CAPITAL MANAGEMENT

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

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

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

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

27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 32,540</u>	\$ <u> 32,540</u>

December 31, 2021

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

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

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

For the year ended December 31, 2022

	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2022	\$ 33,219
Recognized in other comprehensive income	(4,273)
Net exchange difference	<u>3,594</u>
Balance at December 31, 2022	<u>\$ 32,540</u>

For the year ended December 31, 2021

	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2021	\$ 37,942
Recognized in other comprehensive income	(3,041)
Net exchange difference	<u>(1,682)</u>

Balance at December 31, 2021 \$ 33,219

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - Interest rate swap contracts	Discounted cash flow. It is measured at the present value of the financial institution's estimated future cash flows discounted at their quoted interest rate.

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

The fair values of overseas unlisted equity securities were determined by the market approach. Due to no liquidity on an open market, a liquidity discount was applied to these securities based on the option pricing model. The applied significant unobservable input 27% is regarded as the assumed liquidity discount in an available market.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 677,879	\$ 545,081
Financial assets at FVTOCI		
Equity instruments	32,540	33,219
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	949,740	917,554
Financial liabilities at FVTPL		
Derivatives	-	1,577

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, currency 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 the Year Ended December 31	
	2022	2021
Profit or loss	(\$ 1,311)	(\$ 1,010)

	Currency USD's Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 1,529	\$ 135

	Currency EUR's Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 315	\$ 76

b) Interest rate risk

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

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

	December 31	
	2022	2021

Fair value interest rate risk		
Financial liabilities	\$ 468,471	\$ 479,155
Cash flow interest rate risk		
Financial liabilities	185,875	195,004

Sensitivity analysis

If interest rates had been 0.5% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by \$929 thousand and \$975 thousand, respectively.

2) Credit risk

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 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.

December 31, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 34,589	\$ -	\$ -
Trade payables	185,442	-	-
Lease liabilities	488	418	-
Other payables	109,952	-	-
Current portion of long-term	97,842	-	-

borrowings			
Long-term borrowings	-	226,014	399,678
	<u>\$ 428,313</u>	<u>\$ 226,432</u>	<u>\$ 399,678</u>

Additional information about the maturity analysis fore lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 488</u>	<u>\$ 418</u>

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 30,903	\$ -	\$ -
Trade payables	144,582	-	-
Lease liabilities	899	714	-
Other payables	98,813	-	-
Current portion of long-term borrowings	100,079	-	-
Long-term borrowings	-	257,820	374,353
	<u>\$ 375,276</u>	<u>\$ 258,534</u>	<u>\$ 374,353</u>

Additional information about the maturity analysis fore lease liabilities

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

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually:		
Amount used	\$ -	\$ -
Amount unused	<u>17,264</u>	<u>15,438</u>
	<u>\$ 17,264</u>	<u>\$ 15,438</u>
Secured bank overdraft facility:		
Amount used	\$ 654,346	\$ 674,159
Amount unused	<u>100,442</u>	<u>92,978</u>
	<u>\$ 754,788</u>	<u>\$ 767,137</u>

28. 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	<u>For the Year Ended December 31</u>	
	2022	2021
Related party in substance	\$ <u>18,254</u>	\$ <u>16,939</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	<u>December 31</u>	
		2022	2021
Other receivables	Related party in substance	\$ <u>46</u>	\$ <u>71</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 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	<u>December 31</u>	
		2022	2021
Trade payables	Related party in substance	\$ <u>1,587</u>	\$ <u>1,858</u>

The outstanding trade payables to related parties are unsecured.

e. Other transactions with related parties

Line Items	Related Party Categories	<u>December 31</u>	
		2022	2021
Other income	Related party in substance	\$ <u>1,829</u>	\$ <u>1,776</u>

f. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	2022	2021
Short-term employee benefits	\$ 20,983	\$ 18,827
Post-employment benefits	<u>700</u>	<u>633</u>
	<u>\$ 21,683</u>	<u>\$ 19,460</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is

based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 32,558	\$ 30,969
Right-of-use assets (land access)	41,322	38,424
Buildings	725,419	683,663
Equipments	<u>70,975</u>	<u>79,251</u>
	<u>\$ 870,274</u>	<u>\$ 832,307</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2022 and 2021 were as follows:

Significant Commitments

As of December 31, 2022 and 2021, the Group signed contractual commitments with the manufacturers for purchases of machinery and equipment amounted to approximately \$24,982 thousand and \$23 thousand, respectively.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,443	1.350 (USD:SGD)	\$ 168,129
USD	259	4.434 (USD: MYR)	7,987
EUR	964	1.430 (EUR:SGD)	31,536
JPY	23,614	0.0102 (JPY:SGD)	<u>5,511</u>
			<u>\$ 213,163</u>
<u>Financial liabilities</u>			
Monetary items			
USD	752	1.350 (USD:SGD)	\$ 23,221
SGD	2,815	3.284 (SGD: MYR)	64,405
MYR	18,819	0.305 (MYR:SGD)	<u>131,110</u>
			<u>\$ 218,736</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	1.35 (USD:SGD)	35,132
MYR	15,236	0.324 (MYR:SGD)	100,970
EUR	236	1.531 (EUR:SGD)	<u>7,395</u>
			<u>\$ 158,040</u>

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:

Foreign Currencies	For the Year Ended December 31			
	2022	Net Foreign Exchange Gains (Losses)	2021	Net Foreign Exchange Gains (Losses)
SGD	(SGD:NTD)	(\$ 1,122)	(SGD:NTD)	(\$ 3,828)
MYR	(MYR:NTD)	(3,951)	(MYR:NTD)	(682)
RMB	(RMB:NTD)	-	(RMB:NTD)	(14)
JPY	(JPY:NTD)	(1,809)	(JPY:NTD)	(581)
KRW	(KRW:NTD)	(26)	(KRW:NTD)	(365)
USD	(USD:NTD)	(239)	(USD:NTD)	-
VND	(VND:NTD)	69	(VND:NTD)	(38)
PHP	(PHP:NTD)	(<u>125</u>)	(PHP:NTD)	<u>17</u>
		<u>(\$ 7,203)</u>		<u>(\$ 5,491)</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

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. (Table 5)
 - 9) Trading in derivative instruments. (Note 7 and 27)
 - 10) Intercompany relationships and significant intercompany transactions. (Table 6)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - 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 year and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

33. SEGMENT INFORMATION

Operating segment financial information

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

a. Revenue from major products and services

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

b. Geographical information

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

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Asian	\$ 1,256,673	\$ 1,069,139	\$ 1,029,442	\$ 1,003,046
Middle East	146,463	79,330	-	-
America	293,700	247,660	-	27
Europe	<u>2,288</u>	<u>24,041</u>	<u>48</u>	<u>89</u>
	<u>\$ 1,699,124</u>	<u>\$ 1,420,170</u>	<u>\$ 1,029,490</u>	<u>\$ 1,003,162</u>

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

c. Information about major customers

Included in revenue arising from decoration of global advanced boutique brand store of \$1,699,124 thousand and \$1,420,170 thousand in 2022 and 2021, respectively, is revenue of approximately 1,055,685 thousand and \$1,033,598 thousand which arose from sales to single customers contributing 10% or more to the Group's revenue.

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

	For the Year Ended December 31	
	2022	2021
Customer A (Note 1)	\$ 416,593	\$ 328,230
Customer B (Note 1)	389,348	252,479
Customer C (Note 1)	249,744	258,243
Customer D (Note 1 and 2)	<u>-</u>	<u>194,646</u>
	<u>\$ 1,055,685</u>	<u>\$ 1,033,598</u>

Note 1: Revenue from decoration.

Note 2: Single customers contributing 10% less to the Group's revenue for year 2022.

REDWOOD GROUP LTD AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 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 1-2)	Aggregate Financing Limit (Note 1-2)
													Item	Value		
0	Redwood Group Ltd.	Redwood Interior Pte. Ltd.	Other receivables for related parties	Yes	\$ 30,000	\$ 30,000	\$ -	-	Short-term financing	\$ -	Financing need	\$ -	-	\$ -	\$ 233,930	\$ 311,907
		Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	233,930	311,907
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Other receivables for related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood (Shanghai) Pte. Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood (HK) Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood Projects Sdn. Bhd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood Projects Japan K.K.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood Projects France S.A.S.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood Projects Korea Co., Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood Projects US Inc.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood Projects Philippines Inc.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood Projects (Vietnam) Company Limited	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395
		Redwood Group Ltd.	Other receivables for related parties	Yes	12,000	12,000	-	-	Short-term financing	-	Financing need	-	-	-	768,395	768,395

Note 1: The limit amount is calculated as follows:

- a. The total amount available for lending purpose shall not exceed \$779,768 (in thousands) x 40% = \$311,907 (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 \$779,768 (in thousands) x 30% = \$233,930 (in thousands) for funding between domestic and foreign subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares of the net worth of Redwood Group Ltd.

- b. The total amount available for lending purpose shall not exceed \$768,395 (in thousands) x 40% = \$307,358 (in thousands) of the net worth of Redwood Interior Pte. Ltd.

If there are transactions with Redwood Interior Pte. Ltd., the total amount available for lending purpose shall not exceed the amount of business transactions in the most recent year. The total amount for lending to a company for funding for a short-term period shall not exceed \$768,395 (in thousands) x 20% = \$153,679 (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 \$768,395 (in thousands) x 100% = \$768,395 (in thousands) for funding between domestic and foreign subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares of the net worth of Redwood Interior Pte. Ltd.

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

REDWOOD GROUP LTD AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 155,954	\$ 688,213	\$ 660,162	\$ 626,758	\$ -	80.38	\$ 935,722	Y	N	N
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	Note 2	614,716	10,662	7,442	7,442	-	0.95	614,716	N	N	N

Note 1: Subsidiary

Note 2: Second-tier subsidiary

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

- a. The total amount of the external endorsement guarantee is 120% of the net equity value and the limit for endorsement of a single enterprise is 20% of the net equity value.
- b. According to the above regulations, the maximum limit for the endorsement of the external endorsement on December 31, 2022 is the net value of \$779,768 (in thousands) \times 120% = \$935,722 (in thousands); the limit for endorsement of a single enterprise is net value of \$779,768 (in thousands) \times 20% = \$155,954 (in thousands). If the Company directly and indirectly holds 100% of the voting rights of the Company, it is not subject to the guarantee limit of the single enterprise endorsement.

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

- a. The total amount of the external endorsement guarantee is 80% of the net equity value and the limit for endorsement of a single enterprise is 20% of the net equity value.
- b. According to the above regulations, the maximum limit for the endorsement of the external endorsement on December 31, 2022 is the net value of \$768,395 (in thousands) \times 80% = \$614,716 (in thousands); the limit for endorsement of a single enterprise is net value of \$768,395 (in thousands) \times 20% = \$153,679 (in thousands). If the Company directly and indirectly holds 100% of the voting rights of the Company, it is not subject to the guarantee limit of the single enterprise endorsement.

REDWOOD GROUP LTD AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 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	December 31, 2022			
				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	\$ 32,540	18.48	\$ 32,540

REDWOOD GROUP LTD AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Redwood Furniture Sdn. Bhd.	Redwood Interior Pte. Ltd.	Subsidiary	Sale	(\$ 560,005)	(97.29%)	60 days of the month	According to the Company's transfer pricing policy	-	\$ 129,900	100	

Note 1: Transactions have been written off in these consolidated financial statements

REDWOOD GROUP LTD AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Company Name	Related Party	Relationship	Receivables from Related Parties Ending Balance	Turnover Rate	Receivables from Related Parties Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Redwood Furniture Sdn. Bhd.	Redwood Interior Pte. Ltd.	Subsidiary	\$ 129,900	4.86	\$ -	-	\$ 28,632	\$ -

REDWOOD GROUP LTD AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
1	Redwood Interior Pte. Ltd.	Redwood Furniture Sdn. Bhd.	3	Accounts payable	\$ 129,900 (SGD 5,677)	No significant difference in terms for related parties	5.87%
		Redwood Furniture Sdn. Bhd.	3	Purchase	560,005 (SGD 26,172)	By Redwood Interior Pte. Ltd. transfer pricing policy	32.96%
		Redwood Furniture Sdn. Bhd.	3	Other receivable	64,123 (SGD 2,803)	No significant difference in terms for related parties	2.90%
		Redwood Projects Japan K.K.	3	Sales revenue	29,753 (SGD 1,391)	By Redwood Interior Pte. Ltd. transfer pricing policy	1.75%
		Redwood Projects Japan K.K.	3	Other receivable	4,059 (SGD 177)	No significant difference in terms for related parties	0.18%
		Redwood Projects France S.A.S.	3	Administrative expenses	8,657 (SGD 405)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.51%
		Redwood Projects France S.A.S.	3	Other payable	4,491 (SGD 196)	No significant difference in terms for related parties	0.20%
		Redwood Projects US Inc.	3	Other receivable	23,869 (SGD 1,043)	No significant difference in terms for related parties	1.08%
		Redwood Projects US Inc.	3	Sales revenue	152,897 (SGD 7,146)	By Redwood Interior Pte. Ltd. transfer pricing policy	9.00%
		Redwood Projects US Inc.	3	Accounts payable	6,168 (SGD 270)	No significant difference in terms for related parties	0.28%
		Redwood Projects US Inc.	3	Administrative expenses	9,653 (SGD 451)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.57%
		Redwood Projects Philippines Inc	3	Administrative expenses	3,958 (SGD 185)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.23%
		Redwood Projects Philippines Inc	3	Accounts payable	2,122 (SGD 93)	No significant difference in terms for related parties	0.10%
		Redwood Projects Philippines Inc	3	Sales revenue	1,817 (SGD 85)	By Redwood Interior Pte. Ltd. transfer pricing policy	0.11%
		2	Redwood Furniture Sdn. Bhd.	Redwood Projects Sdn. Bhd.	3	Sales revenue	15,579 (SGD 728)
Redwood Projects Sdn. Bhd.	3			Accounts payable	6,174 (SGD 270)	No significant difference in terms for related parties	0.28%

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 statements.

REDWOOD GROUP LTD AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 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)	17,989,395	100	\$ 768,395	\$ 35,194	\$ 35,194	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)	25,000,000	100	424,911	33,055	33,055	Second-tier subsidiary
	Redwood (HK) Ltd.	Hong Kong	Decoration of global advanced boutique brand store	- (HK\$ -)	6,081 (HK\$ 1,560)	-	-	-	(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)	750,000	100	47,784	7,268	7,268	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)	80,000	100	12,401	(593)	(593)	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)	600,000	100	20,177	485	485	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)	900	100	(2,582)	(6,068)	(6,068)	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)	500,000	100	31,287	16,277	16,277	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	2,216	(111)	(111)	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)	10,000,000	100	11,576	3,221	3,221	Second-tier subsidiary
	Redwood Specialities India Private Limited	India	Decoration of global advanced boutique brand store	3,119 (INR 7,900)	- (INR -)	789,999	99.99	2,452	(488)	(488)	Second-tier subsidiary
Redwood Furniture Sdn. Bhd.	Redwood Specialities India Private Limited	India	Decoration of global advanced boutique brand store	- (INR 0.01)	- (INR -)	1	0.01	-	(488)	-	Second-tier subsidiary

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

Note 2: The exchange rate was SGD1=NT\$22.88; MYR1=NT\$6.9670; HK\$1=NT\$3.9376; KRW1=NT\$0.0252; EUR1=NT\$32.7207; JPY1=NT\$0.2334; US\$1=NT\$30.8880; VND1=NT\$0.0013; PHP1=NT\$0.5445; INR1=NT\$0.3279 as of December 31, 2022.

REDWOOD GROUP LTD AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					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.	\$ -	\$ -	\$ -	\$ -	(\$ 8,733)	100	(\$ 8,733)	\$ 28,918	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ -	\$ -	\$ -

Note 1: Amount was recognized based on the audited financial statements.

REDWOOD GROUP LTD AND SUBSIDIARIES

**INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 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	16,545,264	32.93%

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

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