STOCK CODE：9935

慶豐富實業股份有限公司

CHING FENG HOME FASHIONS CO., LTD. AND SUBSIDIARIES

ANNUAL REPORT

For the fiscal year ended December 31, 2023

Printed on May 28, 2024

Available at：http://mops.twse.com.tw

http://www.chingfeng.com

1. Spokesperson

Name: Hsu, Chun-Jan
Title: President
TEL: (04)780-1967
E-Mail: melo@chingfeng.com

2. Acting Spokesperson

Name: Chang, Chun-Ming
Title: Deputy General Manager
TEL: (04)780-1967
E-mail: jim.chang@chingfeng.com

3. Head Office and Factories

Head Office:
373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan
TEL: (04)780-1967

Plant 2:
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TEL: (04)777-8885

Changbin Plant:
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TEL: (04)781-2396

4. Stock Transfer Agent

Title: Capital Securities Corp.
Address: B2F, No. 97, Sec. 2, Dunhua S. Road, Daan District, Taipei City, Taiwan
TEL: (02)2702-3999
Website: agency.capital.com.tw

5. Auditor

Firm: KPMG Taiwan
CPA: Chuang, Chun-Wei & Yu, Chi-Lung
Address: 68F, No. 7, Sec. 5, Hsinyi Road, Taipei City, Taiwan
TEL: (02)8101-6666
Website: https://home.kpmg.com/tw

6. Overseas Stock Exchanges Where Securities Are Listed: None

7. Website of the company: http://www.chingfeng.com

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CHING FENG HOME FASHIONS CO., LTD.

Part I – Letter to Shareholders

To Our Shareholders:

We would like to thank all of you for attending the meeting, and for your constant support and trust in the company and its management team.

Looking back on 2023, the global economic growth has slowed down, the Russian-Ukrainian war and rising energy prices have further exacerbated market uncertainties, and impacted the global economy. High inflation and long-term monetary tightening have also put tremendous pressure on business operations. The consumption power has declined due to high inflation and a sharp rise in interest rates, especially when the US core CPI remains high, which has a significant impact on disposable income of consumers. Consumers are more price-sensitive and tend to be K-shaped, which are developed in the direction of parity and high-end, respectively. Through e-commerce and rapid customized business models, the Company improves consumers' sense of product value, and uses diversified production bases to reduce the risk of Sino-US trade frictions, while adapting to the needs of different regional markets. In order to improve production efficiency and reduce manufacturing costs, Ching Feng can maintain competitive advantages in the market.

Consolidated revenue in 2023 was only NT $4,547 million , down 14% from the year before, driven by a number of unfavorable factors. However, with an optimized sales mix and improved production efficiency, the 2023 gross profit margin increased quarter by quarter. The gross profit margin was 20.01% for the whole year, and the YOY increased 14.93%. Operating profit margin was 5.36%, and operating profit was NT $243 million.

Operating Performance

Unit: NT$1,000

	2023		2022		Amount (Increase/Decrease)	
	Amount	%	Amount	%	Amount	%
Operating Income	4,547,224	100.00	5,287,076	100.00	(739,852)	(13.99)
Gross Profit	909,997	20.01	920,616	17.41	(10,619)	(1.15)
Operating Expenses	666,263	14.65	658,687	12.46	7,576	1.15
Operating Profit (Loss)	243,734	5.36	261,929	4.95	(18,195)	(6.95)
Net Profit before Tax	154,309	3.39	280,717	5.31	(126,408)	(45.03)
Net Profit after Tax	104,004	2.29	220,591	4.17	(116,587)	(52.85)
EPS(After Tax)	0.6		1.28			

Income, Expenses and Profitability Analysis

Analyzed Item \ Year		2023	2022
Financial Structure (%)	Liabilities to Assets Ratio (%)	66.12%	68.10%
	Ratio of long-term funds to fixed assets (%)	222.45%	238.22%
Solvency (%)	Current Ratio (%)	232.11%	247.37%
	Quick Ratio (%)	162.76%	180.15%
Profitability (%)	Return on assets (%)	2.59%	4.19%
	Return on shareholders' equity (%)	4.59%	10.25%
	Net Profit (%)	2.29%	4.17%

Budget Execution

Not applicable because the company has not prepared the financial budget for the public.

Research and Development

(1) To develop horizontal, vertical and innovate new series of curtains.

(2) To develop electric curtains such as curtains with wired, wireless control and intelligent control.

(3) To investigate and research materials that can be recycled and reused for the development of curtains curtains that are eco-friendly and also serve functions.

(4) To develop curtain products with different functions.

(5) To continuously improve the quality and functions of existing products.

BUSINESS PLAN FOR THE YEAR OF 2024

Business policies

Optimization of production efficiency: Continuously improve the production efficiency of each plant. Through technological innovation, process improvement and talent training, higher production capacity and lower costs will be achieved.

Strengthening customer relationships: More flexible in meeting customer needs. Through in-depth customer understanding, product portfolio optimization, more valuable solutions and long-term partnerships.

Cooperation with suppliers: Establish closer cooperation with suppliers. This will contribute to material development, cost control and quality management. By combining advanced textile technology, functional fabrics such as fireproof, heat insulation, waterproof, dustproof, and anti-bacterial are used in window coverings, which can greatly improve the performance of the curtains and meet the diversified practical needs of consumers.

Innovation and sustainability: We will continue to promote product innovation to meet market demand. At the same time, we will be committed to environmental protection and sustainable development.

Deepen the advantages of full value chain services, improve and integrate multiple production bases, product innovation and R & D, Raw materials and logistics supply chain lean management and sustainable circular economy, hoping to reflect the company's rapid product development, flexible production and manufacturing, real-time grasp of market demand, etc., enhance good market competitiveness and create growth momentum.

Sales forecast and optimal production-sales policies

The COVID-19 pandemic seemed to be waning. The average spending on DIY home decorating products is going up. With the multiple supply sourcing, we can not only shorten the lead time, but also reduce risks in the manufacturing footprint. We will use capacity planning to keep production optimized, be the first to develop and market a product to strengthen the company's position in the marketplace, and achieve success in different regions to increase revenue and sales.

The impact of external environment, regulatory environment and business environment

1. The impact of business environment and external environment
   High inflation and rapid interest rate hikes in 2023 will cause a significant increase in working capital costs, and high inflation will also slow down consumption momentum. The impact is expected to gradually reduce in 2024, and the global economy is expected to grow compared to 2023. With the post-epidemic era catalyzing the change of consumers' new lifestyle and corporate new business models, and deepening the digital transformation of physical stores and online e-commerce, the Company will focus on expanding customer cooperation from offline chain channels to online e-commerce business orders, shaping the Ching Feng full value chain service model.

   In order to achieve the goal of complying with international ESG sustainability standards as soon as possible, the Company is following the concept of "sustainable environmental protection, sustainable recycling" and indeed improving its operating efficiency, this year officially launched the new ten-year business plan of Ching Feng-the 3S business strategy of "Safety (safety), Smart (intelligence), and Sustainability (sustainability)", and actively put into use the research and development of environmentally friendly recycled material products, reflecting the product advantages in value, quality, logistics, and sustainable circular economy. In terms of value and quality, we develop safety curtains, electric and smart curtains in the new era. Through functional improvement, quality improvement, diversified forms, price reduction, and reshaping the competitiveness of products in the market; On the logistics side, we implemented lean management to shorten consumer waiting time and optimize the customized process to achieve the optimization of the overall value chain; Sustainable recycling develops green energy, carbon reduction, and environmentally friendly recycled window coverings, striving to meet the goal of international ESG regulations.

2. The impact of regulatory environment

   In addition to focusing on the benefits brought by the development of window coverings, we pay more attention to product safety and provide a complete and diverse selection of cordless operating window coverings so that users do not distinguish between age and children, avoid the safety concerns of window coverings, and comply with the highest safety standards in various countries. The Company focuses on the development of “sustainable environmental protection”, and is committed to the development and application of environmentally friendly materials to minimize the impact of the production process on the environment.

As a company with momentum, we are positioned to succeed in an environment of growth, and meeting our commitments to shareholders and other stakeholders. We are honored by your joining us, and look forward to a long and prosperous future together.

Hsu, Ming-Hsuan Chairman	Hsu, Chun-Jan President	Yen, Huei-Ru Accounting Supervisor

Part II - Company Profile

An introduction to Ching Feng Home Fashions Co., Ltd.:

Ching Feng Home Fashions Co., Ltd. was established on March 9, 1977.

1977	The founders of the company, Hsu, Pei-Hsun and Hsu, Kun-Chung, formally established Ching Feng Bamboo Industry Co., Ltd. on March 9, 1977 at 9 Chen Hsing Lane, Fu Nan Village, Fu Hsing Township, Changhua County. The registered capital was NT$1,000,000. It manufactured traditional bamboo curtains with the turnover of 6,000,000 for the year.
1977 ~ 1983	From 1977 to 1983, the company mainly manufactured bamboo curtains. The production process of bamboo curtains is labor-intensive. Even with the improvement of technology and equipment, the highest turnover was only about 30 million New Taiwan Dollars. The founders of the company therefore actively looked for products and technical upgrade that can lead the company to automatic and high-efficiency production. In 1983, they introduced P.V.C into the curtain industry.
1983	After the successful trial run of PVC mini blinds, the company increased the capital to NT$6,000,000, and changed the name of the company to Ching Feng Curtains Co., Ltd. The turnover of the company was increased to NT$180,000,000.
1986	The founder of the company, Hsu, Pei-Hsun, was selected as the 8th Entrepreneurial Youth Model. This award is guided by the National Youth Commission of the Executive Yuan and sponsored by the Taiwan Youth Entrepreneurship Association.
1988	Changed the company name to Ching Feng Curtain Industry Co., Ltd. This year, the company ranked 636th for the first time in Taiwan's list of excellent import and export manufacturers.
1989	The 136th issue of Business Weekly listed the company as one of the top 500 unlisted companies. The growth rate of the plastic industry ranked third in the country.
1991	The company begins to develop advanced products by introducing patents of mini blinds and pleated shades to the market. The company increased the capital to NT$228,000,000, acquired new machinery and equipment to increase production capacity, and prepared for public listing.
1995	The capital was increased to NT$440,000,000, and the company name was changed to "Ching Feng Home Fashions Co., Ltd." to meet the requirements of diversification.
1996	To increase the capital to NT$500,000,000 by transferring the surplus into capital increase of NT$58,000,000.
1997	To increase the capital to NT$525,000,000 by transferring the surplus into capital increase.
1999	(1) It was officially listed on the OTC on February 1, 1999. (2) Increase the production of imitation wood blinds and bedding products. (3) To increase the capital by transferring the surplus of NT$28,746,360 and capital increase of NT$90,000,000 in cash.
2000	It was officially listed on September 11, 2000.
2001	The surplus of NT$37,500,000 was transferred to capital reserve, and the capital collected was NT$787,500,000.

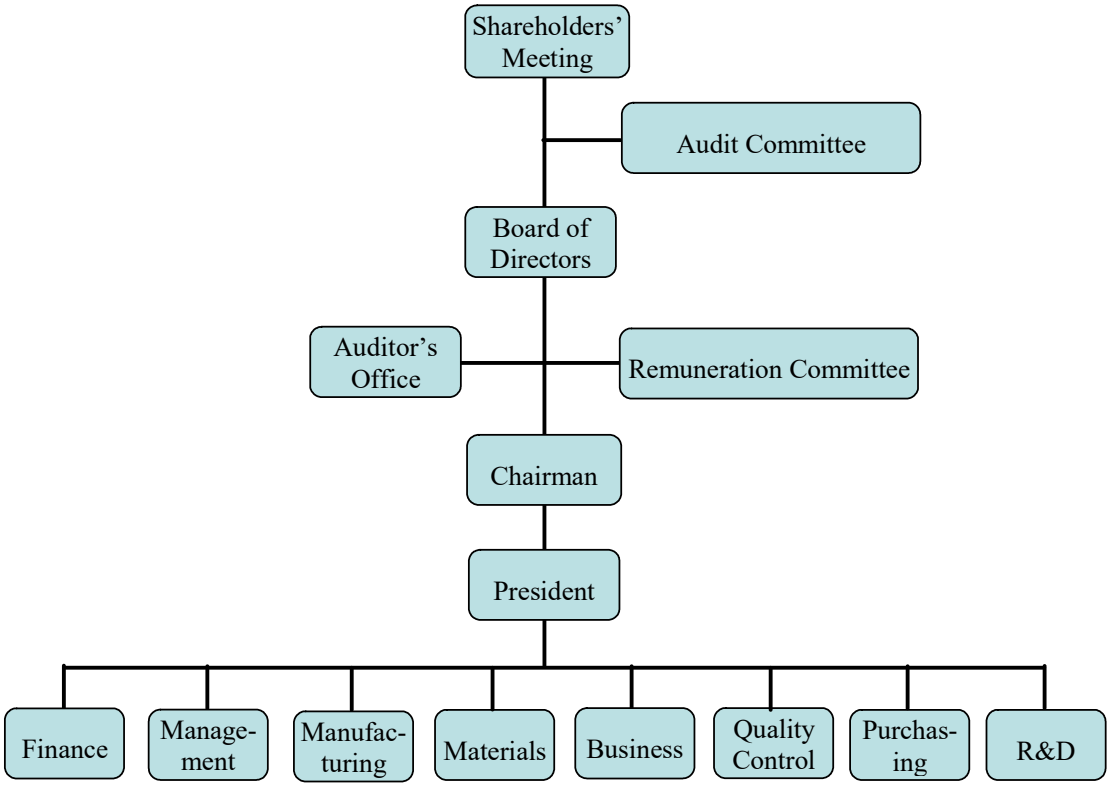
2002	The company's performance was not affected by the economic downturn or the 911 attacks in the United States. According to the ranking of the top 1,000 companies by Business Weekly, it entered the top 500 for the first time.
2009	In April 2009, the company signed a joint loan credit contract with five financial institutions including Taiwan Cooperative Bank, with a credit line of NT$960,000,000 for a period of five years.
2010	The company issued guaranteed corporate bonds for the first time and second time in April 2010, with a total amount of NT$500,000,000 and a coupon rate of 0% for a period of five years. The price of the converted corporate bonds was NT$12.78.
2011	On October 6, 2011, the company was approved by the Financial Supervisory Committee to reduce capital and write off 51,620,571 ordinary shares, with a face value of NT$10 per share, in a total amount of NT$516,205,710, and 8,379,429 ordinary shares of private placement securities. A total of 60,000,000 shares were written off to decrease the original 179,009,816 shares to 119,009,816 shares after capital reduction.
2012	On April 27, 2012, the company carried out the sixth re-election of directors and supervisors, and Mr. Hsu, Ming-Hsuan, the representative of Lee Bang Shing Investment Co., was elected as the president of the company.
2013	In December 2013, the company increased its cash capital by private placement of 11,090,909 ordinary shares, in an amount of NT$61,000,000, as approved by the Ministry of Economic Affairs on January 16, 2013, Official Letter No. Ching-Shou-Tzu-10301009350.
2014	In December 2014, the company increased its cash capital by private placement of 10,204,082 ordinary shares, in an amount of NT$80,000,000, as approved by the Ministry of Economic Affairs on January 28, 2015, Official Letter No. Ching-Shou-Tzu-10301272770.
2015	On June 17, 2014, the company carried out the seventh re-election of directors and supervisors. Mr. Hsu, Ming-Hsuan was elected as the chairman of the company, and Mr. Hsu, Chun-Jan was appointed as the general manager. The company won the Annual Supplier Award from LG Sourcing and IKEA. On December 8, 2015, the company increased its cash capital by private placement of 13,318,535 ordinary shares, in an amount of 120,000,000, as approved by the Ministry of Economic Affairs on January 13, 2016, Official Letter No. Ching-Shou-Tzu-10401280260.
2016	In September 2016, the company signed a joint loan credit contract with five financial institutions including Taiwan Cooperative Bank, with a credit line of NT$820,000,000 for a period of five years.
2017	The company applied to the Bureau of Industry of the Ministry of Economic Affairs to purchase the "Land for Phase II of Lukang West District 1, Changhua Coastal Park".
2018	In July, 2018, the company increased its cash capital by issuing 16,000,000 ordinary shares as approved by the Ministry of Economic Affairs on October 5, 2018, Official Letter No. Ching-Shou-Tzu-10701127470.
2019	In September 2016, the company signed a joint loan credit contract with financial Institutions including Taiwan Cooperative Bank, with a credit line of NT$1,450,000,000 for a period of five years.

2020	The company added a flagship factory in Changhua Coastal Park.
2021	(1) The subsidiary of the company in Vietnam, Ching Feng Vietnam Company Limited, started operation. (2) The company was ranked 23rd reported by CommonWealth Magazine in Issue 723 for companies with a recovery after V-shaped reversal pattern. In 2019, the company ranked 467th, and in 2018, it ranked 577th among listed companies of Taiwan. (3) The company was awarded as a potential Mittelstand Company by the Ministry of Economic Affairs (4) In November, 2021, the company signed a joint loan credit contract with ten financial Institutions including Taiwan Cooperative Bank, with a credit line of 3 billion New Taiwan Dollars for a period of five years.
2022	The company has established a group research and development center at the headquarters to integrate all product research and development of the group.
2023	To increase the capital to NT$1,738,389,260 by transferring the surplus into capital increase of NT$42,155,840. The company was awarded as 2023 Excellent supplier by Lowe's. rPET Cordless full blackout blinds, certified by the international certification organization Intertek RCS. rPET Cordless fully blackout blinds were awarded as the Taiwan Excellence Award.

PART III - CORPORATE GOVERNANCE

ITEM 1 - ORGANIZATION

1. Organization Chart



2. Functions of Each Department

- Auditor's Office：Responsible for the implementation, integration and follow-up related to improvement of internal control audit.
- President：Responsible for business planning of the company.
- Finance Department：
  - Responsible for financing, cash flow management, and analysis and evaluation of investment projects.
  - Responsible for the establishment of an accounting system, keeping books and accounts that deal with the financial affairs of the company.
- Management Department：Responsible for the establishment of a personnel system, planning, organizing, leading, and controlling of all administrative matters including education and training of employees.
- Manufacturing Department：Responsible for the production and manufacture of products.
- Materials Department：Responsible for the management of materials.
- Business Department：Responsible for market development and promotion, and customer service.
- Quality Control Department：Responsible for quality management, providing the best and most efficient quality management and promoting quality consciousness.
- Purchasing Department：Responsible for procuring materials for sustaining operations, and coordination of international procurements.
- R&D Department：
  - Development and improvement of new products, design, development, and tests of products.
  - Development and testing of new technologies and processes.
  - Integrate technology R&D and product R&D, evaluate and introduce new technologies and products.
  - Responsible for the procurement of technology related to processes, automation and procurement of such equipment and materials.

ITEM 2 - PROFILES OF DIRECTORS, PRESIDENT, DEPUTY GENERAL MANAGERS, ASSISTANT MANAGERS, DEPARTMENT HEADS, AND BRANCH HEADS

1. Directors

March 30, 2024 **Unit: Share**

Title	Nationality or place of Registration	Name	Sex	Age	Date Appointed	Term	Date of initial appointment	Shares held at time of appointment		Shares held at present		Shares held under whose spouse, minor offspring		Shares held under name of others		Education and Work Experience	Current Position with Other Firms	Whose spouse or blood relative within two tiers is related to other executive, director or auditor		
								Shares	%	Shares	%	Shares	%	Shares	Shareholding %			Position	Name	Relation
Chairman	Taiwan	Hsu, Ming-Hsuan	M	30-40	2021/07/23	3 years	2003/06/24	7,106,189	4.19	8,820,743	5.07	542,368	0.31	3,158,531	1.82	Department of Biology, Taiwan Normal University Institute of Chemistry, Yangming University Assistant at Academia Sinica	Note	Director and President	Hsu, Chun-Jan	Brother
Director	Taiwan	Hsu, Chun-Jan	M	30-40	2021/07/23	3 years	2004/06/12	5,845,580	3.45	6,387,944	3.67	168,242	0.10	3,266,314	1.88	Dept. of Economics; National Chung Cheng University Deputy General Manager, Business Dept., Ching Feng Home Fashions Co., Ltd.	President of Ching Feng Home Fashions Co., Ltd. Chairman of REGAL ESTATE (USA) INC	Chairman	Hsu, Ming-Hsuan	Brother
Director	Taiwan	Wu, Chien-Tung	M	60-70	2021/07/23	3 years	2021/07/23	1,409	--	1,444	--	--	--	--	--	Dept. of Accounting, National Chengchi University President of Hsin Hong Chi Investment Co., Ltd. Supervisor of Channel Well Technology Co., Ltd. Director of Yong Cheng Accounting Firm	–	–	–	–
Director	Taiwan	Lee Bang Shing Investment Co.			110/07/23	3 years	2021/07/23	3,867,466	2.28	4,085,102	2.35	--	--	--	--	--	--	--	--	--
		Represented by: Chen, Chun-Chung	M	40-50	2021/07/23	3 years	2021/07/23	--	--	67,650	0.04	--	--	--	--	Dept. of Accounting, School of Law and Business, Chung Hsing University Senior Manager of Ernst & Young. Accountant of Solomon & Co., CPAs	Accountant of Chung Pin CPAs.	--	--	--

Title	Nationality or place of Registration	Name	Sex	Age	Date Appointed	Term	Date of initial appointment	Shares held at time of appointment		Shares held at present		Shares held under whose spouse, minor offspring		Shares held under name of others		Education and Work Experience	Current Position with Other Firms	Whose spouse or blood relative within two tiers is related to other executive, director or auditor		
								Shares	%	Shares	%	Shares	%	Shares	Share-Holding %			Position	Name	Relation
Independent Director	Taiwan	Chuang, Yao-Kai	M	50-60	2021/07/23	3 years	2005/06/17	--	--	--	--	--	--	--	--	Assistant Professor, Accounting Information Dept, Kun Shan University. Full time Assistant Professor and full-time Lecturer in the Dept. of Medical Management, Tajen University. Chief of Section of Academic Affairs, the Extension Education affiliated with Tajen University. Adjunct Assistant Professor, National Pingtung University of Science and Technology	Independent Director of Ching Feng Home Fashions Co., Ltd. Full time Assistant Professor in the Dept. of Business Administration, and Adjunct Director of Career Development Center, Kun Shan University.	--	--	--
Independent Director	Taiwan	Lai, Chun-Yu	M	40-50	2021/07/23	3 years	2005/06/17	--	--	--	--	--	--	--	--	Lawyer of the Legal Dept. of Kuo Cheng Construction Co., Ltd. Legal Aid Attorney, Legal Aid Foundation Legal Aid Attorney, Association for Victims Support(AVS)	Independent Director of Ching Feng Home Fashions Co., Ltd. Attorney at Law at Cheng & Ku Law Firm	--	--	--

Title	Nationality or place of Registration	Name	Sex	Age	Date Appointed	Term	Date of initial appointment	Shares held at time of appointment		Shares held at present		Shares held under whose spouse, minor offspring		Shares held under name of others		Education and Work Experience	Current Position with Other Firms	Whose spouse or blood relative within two tiers is related to other executive, director or auditor		
								Shares	%	Shares	%	Shares	%	Shares	Share-Holding %			Position	Name	Relation
Independent Director	Taiwan	Lee, Chun-Te	M	60-70	2021/07/23	3 years	2008/05/24	–	–	–	–	–	–	–	–	Researcher of National Development Fund, Executive Yuan. Manager and Section Chief of the State-owned Enterprise Committee of the Ministry of Economic Affairs. Section Chief and Special Committee Member of Securities and Futures Bureau, Financial Supervisory Committee, Ministry of Finance. Senior Executive Officer of Executive Yuan Fourth Group. Division Chief of Financing Division, Small and Medium Enterprise Administration, Ministry of Economic Affairs Director of the Comprehensive Planning Division of the Financial Supervisory Commission, Executive Yuan. Senior Executive Officer of Financial Supervisory Commission, Executive Yuan. Deputy General Manager of Motor Vehicle Accident Compensation Fund. PhD in Economics, Fujian Normal University, China.	Independent Director of Asia Plastic Recycle Independent Director of Topplus Global. Chief Financial Officer of Wayi Entertainment	–	–	–

Note: The Chairman, Hsu, Ming-Hsuan, is also the Chairman of the subsidiaries as follows: All Strong Industry Inc., Lamae' Global Home Fashion Co., Ltd., Sincere Capital Limited, Paradise General Trading Co., Ltd., Ching Feng Vietnam Company Limited, Fu Yue Window Decoration Co., Ltd., Fu Vietnam Company Limited., and Sun Ocean Vietnam Co., Ltd.

(1) Major Shareholders of Corporate Shareholders

Name	Major Shareholders of Corporate Shareholders
Lee Bang Shing Investment Co.	Chen, Yung-Chin 20%; Huang, Tse-Wei 17.5%; Huang, Cheng-Yuan 17.5%, Huang Ching-Wei 15%, Huang, Hui-Chuan 15%; Hsu, Jen-Chin 10%; Huang, Ting-Yu 5%.

(2) Major Shareholders of Corporate Shareholders：None

Disclosure on the Directors' Professional Qualifications and the Independent Directors' Independence:

Criteria / Name	Professional Qualifications and Work Experiences	Criteria for Independence	No. of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Hsu, Ming-Hsuan	With overall competence including leadership skills, decision-making, strategic planning, crisis management, risk management, etc. Having global perspectives and insights. He manages at the same time the company's subsidiaries or reinvested companies in mainland China and the United States. He introduces and leads the implementation of circular economy and process optimization. He develops high-value products and strengthens R&D of the company. Since 2013, he has served as the President and led the company to grow every year.	There is one director who is related to him as spouses or relatives within the second degree of kinship. It is not more than half of the total number of directors to comply with Article 26-3 of the Securities and Exchange Act.	0
Hsu, Chun-Jan	Having industrial knowledge and rich experience in curtain manufacturing, chemistry, and factory management, he is a senior manager of the company. He is currently serving as the President and General Manager of the company's subsidiaries or reinvested companies. He possesses the abilities of leading, decision-making, crisis management, etc. and has global perspectives.		0
Lee Bang Shing Investment Co. Represented by: Chen, Chun-Chung	He is a Certified Public Accountant (CPA). He owns financial and accounting expertise, and has the ability to identify, analyze and respond to risk factors in the field of business management, decision-making, communication and coordination, crisis management, and risk management for an effective management.	There is no director who is related to him as spouses or relatives within the second degree of kinship, which complies with Article 26-3 of the Securities and Exchange Act.	0
Wu, Chien-Tung	With financial knowledge and experience in operation and management, he serves as the general manager of Chia Her Industrial Co., Ltd. and the supervisor of Channel Well Technology Co., Ltd. He has not been a person of any conditions defined in Article 30 of the Company Act.		0
Chuang, Yao-Kai	Competent in operation and management, he is now s full time Assistant Professor in the Dept. of Business Administration, and Adjunct Director of Career Development Center, Kun Shan University. He is also a member of the audit committee and Remuneration Committee of the company. He has not been a person of any conditions defined in Article 30 of the Company Act. He possesses expertise in the field of education, economics and finance. He has the ability to lead to effective decision-making and crisis management with global perspective. He supervises the company's internal control, proper presentation of financial information, and compensation of managers of the company. He fulfills its duties as an independent director.		0

Criteria / Name	Professional Qualifications and Work Experiences	Criteria for Independence	No. of Other Public Companies in which the Individual is Concurrently Serving as an Independent Director
Lai, Chun-Yu	With rich legal knowledge and management experience. He was a Legal Aid Attorney for the Legal Aid Foundation and a Legal Aid Attorney for the Association for Victims Support(AVS). He is currently an Attorney at Law at Cheng & Ku Law Firm. He has not been a person of any conditions defined in Article 30 of the Company Act. He possesses expertise in the field of economics, finance and law; He has the ability to lead to effective decision-making and crisis management with global perspective. He supervises the company's internal control, proper presentation of financial information, and compensation of managers of the company. He fulfills its duties as an independent director.		0
Lee, Chun-Te	He possesses expertise in the field of the industry and management. He was a Senior Executive Officer of Financial Supervisory Commission, Executive Yuan, Manager and Section Chief of the State-owned Enterprise Committee of the Ministry of Economic Affairs. He is currently the Chief Financial Officer of Wayi Entertainment, and an Independent Director of Asia Plastic Recycle, and Toplus Global. He has the ability to lead to effective management, decision-making and crisis management with global perspective. He supervises the performance of the company's management.		2

Diversity of the Board of Directors：

The company develops and implements a policy to promote the diversity in the composition of the Board of Directors as stated in the Company's "Code on Corporate Governance" including but not limited to the following criteria in two aspects:

1) Basic requirements and values: Gender, age, nationality, ethnicity and culture;
2) Professional knowledge and skills: Such as legal, accounting, industry, finance, marketing or technology. Board members shall possess the necessary knowledge, skills, and work experience to perform their duties.

The company elected a total of 7 directors (including 3 independent directors) at the 2021th Annual General Meeting of Shareholders (2021.7.23). The members of the board of directors are all elites in the industry and academia, with diverse and complementary industrial experience and professional knowledge in banking, finance, accounting, and law. The policy that the composition of the Board of Directors should consider diversity as stipulated in the Company's Code of Corporate Governance has been implemented.

2 directors possess industrial experience; 4 directors are with financial and accounting experts; 1 director is a legal professional. In addition to effective decision-making skills and judgment capabilities, they also have rich experiences with business management, industrial experience, financial accounting or law, which strengthens the independence and diversity of the company's corporate governance.

The Company Sets Objectives as Follows:

Objectives	Status of Implementation	Yes	No
(1) The board includes at least 1 female director.	There are currently no female directors	--	--
(2) The number of independent directors exceeds one-third of the number of directors	3 independent directors Exceeds one-third of the number of directors	V	
(3) Directors concurrently serving as a manager of the company shall not exceed one-third of the directors.	Directors concurrently serving as a manager of the company	V	
(4) No more two director who are related to each other as spouses or relatives within the second degree of kinship.	Director who are related to each other as spouses or relatives within the second degree of kinship:2	V	

Improvement Plan：

To implement the company's board member diversity policy, the selection will not only focus on the goals that have been achieved so far, one female director candidate will be nominated in the 10th director election to achieve the company's management goals.

2. President, Deputy General Managers, Assistant Managers, Department Heads, and Branch Heads

March 30, 2024 Unit: Share

Title	Nationality	Name	Sex	Age	Date Appointed	Shares held		Shares held under whose spouse, minor offspring		Shares held under name of others		Education and Business Experience	Current Position with Other firms	Whose spouse or blood relative within two tiers is related to other executive, director or auditor			Note
						Shares	%	Shares	%	Shares	%			Position	Name	Relation	
President	Taiwan	Hsu, Chun-Jan	M	30-40	2004/12/01	6,387,944	3.67	168,242	0.10	3,266,314	1.88	Dept. of Economics; National Chung Cheng University Deputy General Manager, Business Dept., Ching Feng Home Fashions Co., Ltd.	Chairman of REGAL ESTATE (USA) INC.	--	--	--	--
Deputy General Manager	Taiwan	Peng, Jung-Chen (Note)	M	60-70	2005/09/01	--	--	--	--	--	--	He received MBA from GREENWICH UNIVERSITY. MBA Ruentex-Deputy General Manager of Production Nishoku Technology Co., Ltd. – Assistant Manager	--	--	--	--	--
Deputy General Manager	Taiwan	Teng, Chun-Lung	M	50-60	2009/03/29	--	--	--	--	--	--	Dept. of Mechanical Engineering Nanya Institute of Technology Deputy General Manager of Beautiful Window Group	--	--	--	--	--
Deputy General Manager	Taiwan	Kuan, Yu-Hua	M	60-70	2009/10/14	50,000	0.03	--	--	--	--	Dept. of Communication Management, Shih Hsin University Cistron International Co., Ltd. – General Manager Chiu Long construction – Deputy General Manager Target International Innovation-General Manager	President of Grandtop Decorative Product (Zhenjiang) Co., Ltd. Chairman of Fu Yue Window Decoration Technology Zhenjiang Co., Ltd.	--	--	--	--
Deputy General Manager	Taiwan	Chen, Po-Hung	M	30-40	2021/10/07	141,000	0.08	--	--	--	--	Dept. of Economics, National Chung Cheng University. Manager of Ching Feng Home Fashions, Vietnam.	President of Sun Ocean Vietnam Co., Ltd. President of Ching Feng Vietnam Company Ltd.	--	--	--	--

Title	Nationality	Name	Sex	Age	Date Appointed	Shares held		Shares held under whose spouse, minor offspring		Shares held under name of others		Education and Business Experience	Current Position with Other firms	Whose spouse or blood relative within two tiers is related to other executive, director or auditor			Note
						Shares	%	Shares	%	Shares	%			Position	Name	Relation	
Deputy General Manager and Financial Accounting Supervisor and Corporate Governance Officer	Taiwan	Chang, Chun-Ming	M	40-50	2021/10/07	100,000	0.06	--	--	--	--	Dept. of Accounting and Information Technology, National Chung Cheng University Graduate Institute of Management, Tunghai University Cheng Shin Rubber-Audit Manager Orange Electronics-Deputy General Manager, Finance Director and Spokesperson	Director of Chain Yarn Co.	--	--	--	--
Deputy General Manager and Director of R&D	Taiwan	Wang, Tun-Cheng	M	50-60	2021/10/07	100,000	0.06	--	--	--	--	Institute of Applied Chemistry, Chiao Tung University Guangxi Honghua Biological Industry-Acting president Zhejiang Chinese Group-Vice President Zhejiang Lofan Enterprise-General Manager Geometric Informatics Technology, Inc. Beijing Branch-General Manager Huiyang Venture-Special Assistant to the President Singapore E T Associates-China Chief Representative Oriental Good Life Management Service-Deputy General Manager Hong Dieh Technology-Special Assistant to General Manager	--	--	--	--	--
Assistant Manager	Taiwan	Chang, Chih-Ming	M	50-60	2021/10/07	50,000	0.03	1,025	--	--	--	Graduated from Institute of Industrial Engineering, Feng Chia University. Yulon Motor Industry-Senior Engineer Siliconware Precision-Engineer	--	--	--	--	--
Accounting Supervisor	Taiwan	Yen, Huei-Ru	F	30-40	2023/09/01	--	--	--	--	--	--	Dept. of Accounting, Tunghai University KPMG Taiwan-Supervisor of Audit Dept. Optorun Taiwan Co., Ltd.-Supervisor of Management Dept.	--	--	--	--	--

Note: The Deputy General Manager, Peng, Jung-Chen, retired on January 31, 2023.

3. Compensation of Directors, President and Deputy General Managers

1) Compensation of Directors and Independent Directors

Unit: NT$1,000

No.	Title	Name.	Compensation to Directors								Total Compensation (A+B+C+D) & Ratio of Compensation to Net Profit		Compensation as a Concurrent Employee								Total Compensation(A+B+C+D+E+F+G) & Ratio of Compensation to Net Profit		Compensation from Investors Other Than Subsidiaries of the Company or the Parent Company
			Base Compensation (A)		Pension/ Severance (B)		Director's Compensation (C)		Professional Fees (D)				Salary, Bonus, Allowance (E)		Pension/ Severance (F)		Employee Compensation (G)						
																	Parent only		Consolidated				
			Parent only	Consol-idated	Parent only	Consol-idated	Parent only	Consol-idated	Parent only	Consol-idated	Parent only	Consol-idated	Parent only	Consol-idated	Parent only	Consol-idated	Cash	Shares	Cash	Shares	Parent only	Consol-idated	
1	Chairman	Hsu, Ming-Hsuan	5,130	5,130	--	--	209	209	8	8	5.14	5.14	--	--	--	--	--	--	--	--	5.14	5.14	--
2	Director	Hsu, Chun-Jan	360	360	--	--	209	209	10	10	0.56	0.56	3,808	4,176	108	108	426	--	426	--	4.73	5.09	--
3	Director	Wu, Chien-Tung	360	360	--	--	210	210	8	8	0.56	0.56	--	--	--	--	--	--	--	--	0.56	0.56	--
4	Director	Lee Bang Shing Investment Represented by Chen, Chun-Chung.	360	360	--	--	210	210	10	10	0.56	0.56	--	--	--	--	--	--	--	--	0.56	0.56	--
5	Independent Director	Chuang, Yao-Kai	360	360	--	--	210	210	46	46	0.59	0.59	--	--	--	--	--	--	--	--	0.59	0.59	--
6	Independent Director	Lai, Chun-Yu	360	360	--	--	210	210	50	50	0.60	0.60	--	--	--	--	--	--	--	--	0.60	0.60	--
7	Independent Director	Lee, Chun-Te	360	360	--	--	210	210	48	48	0.59	0.59	--	--	--	--	--	--	--	--	0.59	0.59	--

Range of Compensation of Directors

Range of Compensation to Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	Parent only	Consolidated I	Parent only	Consolidated J
Less than NT$1,000,000	2、3、4、5、6、7	2、3、4、5、6、7	3、4、5、6、7	3、4、5、6、7
Less than NT$1,000,000	--	--	--	--
NT$2,000,000(inclusive)~NT$3,500,000(exclusive)	--	--	--	--
NT$2,000,000(inclusive)~NT$3,500,000(exclusive)	--	--	--	--
NT$5,000,000(inclusive)~NT$10,000,000(exclusive)	1	1	1、2	1、2
NT$5,000,000(inclusive)~NT$10,000,000(exclusive)	--	--	--	--
NT$5,000,000(inclusive)~NT$10,000,000(exclusive)	--	--	--	--
NT$5,000,000(inclusive)~NT$10,000,000(exclusive)	--	--	--	--
NT$5,000,000(inclusive)~NT$10,000,000(exclusive)	--	--	--	--
NT$100,000,000 and above	--	--	--	--
Total	7	7	7	7

Note: Indicated by the number of each director.

2) Compensation of President, Deputy General Managers

Unit: NT$1,000

No.	Title	Name	Base Compensation (A)		Pension/Severance (B)		Manager's Compensation (C)		Compensation as a Concurrent Employee (D)				Total Compensation (A+B+C+D+E+F+G) & Ratio of Compensation to Net Profit		Compensation from Investors Other Than Subsidiaries of the Company or the Parent Company
			Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only		Consolidated		Parent only	Consolidated	
									Cash	Share	Cash	Share			
1	President	Hsu, Chun-Jan	2,590	2,958	108	108	1,218	1,218	426	--	426	--	4.17	4.53	--
2	Deputy G.M.	Kuan, Yu-Hua	1,200	1,728	108	108	1,007	1,007	151	--	151	--	2.37	2.88	--
3	Deputy G.M.	Chang, Chun-Ming	1,510	1,510	74	74	1,020	1,020	166	--	166	--	2.66	2.66	--
4	Deputy G.M.	Wang, Tun-Cheng	1,328	1,328	58	58	1,165	1,165	166	--	166	--	2.61	2.61	--
5	Deputy G.M.	Chen, Po-Hung	822	1,504	103	125	1,238	1,560	187	--	187	--	2.26	3.25	--
6	Deputy G.M.	Peng, Jung-Chen (Note)	1,341	1,341	83	83	599	599	92	--	92	--	2.03	2.03	--
7	Deputy G.M.	Teng, Chun-Lung													

Note: The Deputy General Manager, Peng, Jung-Chen, retired on January 31, 2023.

Range of Compensation of President, Deputy General Managers and Managers

Range of Compensation to President and Managers	Name of President and Managers	
	Parent only	Consolidated E
Less than NT$1,000,000	6	6
NT$1,000,000(inclusive)~ NT$2,000,000(exclusive)	7	7
NT$2,000,000(inclusive)~NT$3,500,000(exclusive)	2、3、4、5	2、3、4、5
NT$3,500,000(inclusive)~NT$5,000,000(exclusive)	1	1
NT$5,000,000(inclusive)~NT$10,000,000(exclusive)	–	–
NT$10,000,000(inclusive)~NT$15,000,000(exclusive)	–	–
NT$15,000,000(inclusive)~NT$30,000,000(exclusive)	–	–
NT$30,000,000(inclusive)~NT$50,000,000(exclusive)	–	–
NT$50,000,000(inclusive)~NT$100,000,000(exclusive)	--	--
NT$100,000,000 and above	--	--
Total	7	7

3) Managers Who Receive Compensation as a Concurrent Employee

	Title	Name	Share	Cash	Total	Ratio of Compensation to Net Profit (%)
Managers	President	Hsu, Chun-Jan	--	1,371	1,371	1.32
	Deputy G.M.	Peng, Jung-Chen (Note)				
	Deputy G.M.	Teng, Chun-Lung				
	Deputy G.M.	Kuan, Yu-Hua				
	Deputy G.M.	Chang, Chun-Ming				
	Deputy G.M.	Wang, Tun-Cheng				
	Deputy G.M.	Chen, Po-Hung				
	Assistant Manager	Chang, Chih-Ming				
	Accounting Supervisor	Yen, Huei-Ru				

Note: The Deputy General Manager, Peng, Jung-Chen, retired on January 31, 2023.

4. On the financial reports, the company and all companies in the consolidated statement analyze the proportion of the total compensation paid to the company's directors, president and deputy general managers in the last two years to the net profit of each company, and explain the policy, criteria and combination of compensation, and set procedures and their relevance to business performance.

Title	2022				2023			
	Total		Ratio of Compensation to Net Profit (%)		Total		Ratio of Compensation to Net Profit (%)	
	Parent only	Consoli -dated	Parent only	Consoli -dated	Parent only	Consoli -dated	Parent only	Consoli -dated
Director	12,852	12,852	5.83	5.83	13,280	13,648	12.77	13.12
President & Deputy G.M.	21,125	22,485	9.58	10.19	16,760	18,682	16.11	17.76

The remuneration paid to directors included the the remuneration, allowances and rewards paid to directors. The remuneration for directors is determined by the shareholders' meeting in accordance with the provisions of the company's Articles of Incorporation. Regardless of operating profits or losses, the directors' remuneration shall be paid at the usual level of the same industry, the allowances paid to directors were determined based on the attendance at the board meetings. In accordance with Article 20 of the company's Articles of Incorporation, the company distributes no more than 3% as compensation to directors.

The remuneration of the president and deputy general manager includes salaries, bonuses, employee dividends, and other compensation instrument of a remunerative nature, and is determined based on the positions held, responsibilities undertaken, the level of contribution to the company, and with reference to industry standards.

The company has established Remuneration Committee which is composed of all independent directors. This committee is responsible for formulating and regularly reviewing policies, systems, standards, and structures related to performance evaluation and compensation for directors and managers. It periodically assesses and references industry compensation standards to set the compensation for directors and managers. Compensation considerations include job title, rank, education, professional capabilities, and responsibilities. Bonuses are determined based on performance evaluation criteria, which include financial indicators (such as the achievement rates of company revenue, net profit before tax, and net profit after tax) and professional capabilities (such as financial accounting, operational management, industry knowledge, and decision-making abilities).

In addition to achieving established operating performance goals, the performance objectives for the company's managers also ensure that possible risks within their scope of responsibility are managed and prevented. Therefore, important decisions made by the company's management are made after considering various risk factors. The performance of these decisions is reflected in the company's profitability, thereby linking management compensation to the performance of risk control.

ITEM 3 – CORPORATE GOVERANCE

1. The Board of Directors

The Board of Directors convened 8 meetings (A) in fiscal year 2023, of which the attendance is as follows：

Title	Name	Attendance in Person B	Attendance by Proxy	Attendance Rate(%)(B/A)	Note
Chairman	Hsu, Ming-Hsuan	8	0	100.00	
Director	Hsu, Chun-Jan	6	0	75.00	
Director	Wu, Chien-Tung	7	0	87.50	
Director	Lee Bang Shing Investment Co. Repensented by: Chen, Chun-Chung	8	0	100.00	
Independent Director	Chuang, Yao-Kai	8	0	100.00	
Independent Director	Lai, Chun-Yu	7	0	87.50	
Independent Director	Lee, Chun-Te	8	0	100.00	

1) If any of the following situations occurs in the operation of the Board of Directors, the date, session, contents of proposals, opinions of all independent directors, and the company's response to the opinions of independent directors shall be stated:
(1) Matters listed in Article 14-3 of the Securities and Exchange Act

Date Session	Proposal(s) and Resolutions	Proposals Referred to items listed in Article 14-3 of the Securities Exchange Act	Resolutions that have not been approved by the Audit Committee but have been approved by more than 1/3 of irectors
2023/01/18 13th Session of the 9th Board of Directors	The appointment, remuneration and independence assessment of CPAs for the Years 2023 to 2025.	V	
	Amendment to the “Rules of Procedure for Board of Directors Meetings”.	V	
	To provide endorsement and guarantee to Sun Ocean Vietnam Co., Ltd.	V	
	To increase capital of Sun Ocean Vietnam Co., Ltd.	V	
	Resolution of Independent Directors (2023/01/18): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2023/03/14 14th Session of the 9th Board of Directors.	The distribution of earnings from the year of 2022.	V	
	Loan to overseas subsidiaries, Ching Feng Vietnam Company Limited., Fu Vietnam Company Limited,	V	
	To increase capital of Sun Ocean Vietnam Co., Ltd.	V	
	Amendment to the “Procedures for Acquisition and Disposal of Assets”.	V	
	Resolution of Independent Directors (2023/03/14): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		

Date Session	Proposal(s) and Resolutions	Proposals Referred to items listed in Article 14-3 of the Securities Exchange Act	Resolutions that have not been approved by the Audit Committee but have been approved by more than 1/3 of irectors
2023/05/11 15th Session of the 9th Board of Directors	Application for supplementary public offering and listing of private placement of common shares in 2014 and 2015.	V	
	Appointment of Corporate Governance Officer.	V	
	Amendments to the "Standard Operating Procedures for Handling Directors' Requests", "Rules of Procedure for Board of Directors Meetings" and "Internal Control System".	V	
	The change of endorsement and guarantee conditions for the subsidiary, Ching Feng Vietnam Company Limited.	V	
	Resolution of Independent Directors (2023/5/11): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2023/06/20 16th Session of the 9th Board of Directors	To increase capital of Ching Feng Vietnam Company Limited.	V	
	Resolution of Independent Directors (2023/06/20): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2023/08/11 18th Session of the 9th Board of Directors	To provide endorsement and guarantee to Sun Ocean Vietnam Co., Ltd., Ching Feng Vietnam Company Limited.	V	
	Change of accounting supervisor.	V	
	Amendment to the "Rules of the Management of Related Party Transactions".	V	
	Resolution of Independent Directors (2023/08/11): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2023/11/08 19th Session of the 9th Board of Directors	Transfer of overdue accounts receivable to capital loans.	V	
	2023 annual audit plan.	V	
	Amendment of the Company's internal control system-financing cycle.	V	
	Amendment to "Procedures for Management of Insider Trading".	V	
	Loan to overseas subsidiaries, Sun Ocean Vietnam Co., Ltd.	V	
	Cancellation of the endorsement and guarantee for the raw material procurement of the subsidiary Grandtop Decorative Product (Zhenjing) Co., Ltd.	V	
	Appointment of the information security manager.	V	
	Resolution of Independent Directors (2023/11/08): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		

(2) In addition to the above-mentioned, other resolutions of the board of directors that have been opposed or reserved by independent directors, and for which there are records or written statements: None.

2) Directors' recusal of interest proposals:

On March 14, 2023, when the compensation of employees and directors were discussed, directors recused themselves due to conflicts of interest.

3) Evaluation cycle, period, scope, method and items of self (or peer) evaluation of the Board of Directors:

Cycle	Period	Scope	Method	Items of Evaluation
Once a year	2023/01/01 to 2023/12/31	Performance Evaluation Of the Board of Directors	Internal Selfevaluation of the Board of irectors	1. Involvement in company operations 2. Improving the quality of board-decision-making 3. Board Composition and Structure 4. Election and Continuing Education of Directors 5. Internal Control
		Performance Evaluation Of individual board directors	Selfevaluation of the Board of Directors	1. Mastery of company goals and tasks 2. Awareness of Directors' Responsibilities 3. Involvement in company operations 4. Internal relationship management and communication 5. Professional and Continuing Education for Directors 6. Internal Control
		Performance evaluation of functional committees	Selfevaluation of functional committees	1. Involvement in company operations 2. Awareness of the responsibilities of functional committees 3. Improving the quality of decision-making by functional committees 4. Formation and selection of functional committees 5. Internal Control

4) The current and most recent year's goals of strengthening the functions of the board of directors (such as the establishment of an audit committee, the improvement of information transparency, etc.) and the evaluation of its implementation:

(1) In 2023, the company conducted internal performance evaluations of the overall Board of Directors each individual director, the audit committee, and the Remuneration Committee in accordance with the "Performance Evaluation Measures of the Board of Directors".

(2) The internal performance evaluation of the Board of Directors of the company in 2023:

A. Based on the self-assessment results of the above-mentioned five aspects by directors and committee members, the overall operation of the board of directors and functional committees is in sound condition. All aspects are rated as "excellent". It shows that the Board of Directors has fulfilled its responsibility of guiding and supervising the implementation of the company's strategies, and established a proper internal control system to comply with the requirements of the competent authority and relevant lawsand regulations.

B. According to the functions and powers of the functional committees and the norms of corporate governance, the Remuneration Committee, the audit committee, and all independent directors have properly exercised powers or performed duties with care and diligence in terms of the efficiency and effectiveness of the committee's operation.

C. The above evaluation was reported at the 21th Session of meeting of the 9th Board of Directors on March 13, 2024.

(3) The company has 7 directors (including 3 independent directors). Before putting into action, all important proposals were consulted for the opinions to obtain the consensus of all directors, and then published in accordance with relevant laws and the requirements of the competent authority.

(4) In accordance with the laws and regulations, the directors of the company have participated in courses such as corporate governance and securities laws. They continued to take appropriate courses to ensure all of the judgments they made were based on the latest knowledge.

2. Audit Committee

The company's "Audit Committee" was established on June 4, 2018 to replace the Committee of Supervisors. The members of the committee are served by three independent directors, and a member is elected to serve as the convener and chairman of meetings. Its operation follows the Regulations of Audit Committee", and its duties and responsibilities include: providing oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations; transactions of major assets or derivative commodities; raising funds or issuing securities; appointment, dismissal or compensation of accountants; appointment and dismissal of financial, accounting or internal supervisors.

Operations of 2023：

1) The Audit Committee reviewed financial reports of the company. The board of directors of the company submitted 2022 financial statements (including consolidated financial statements) for attestation by Accountants, Chuang, Chun-Wei and Yu, Chi-Lung at KPMG Taiwan, and together with Operation Report and Proposal of Distribution of Profit, they were all approved by the 10th session of 2nd Audit Committee on March 14, 2023, the 14th session of 9th Board of Directors, and 2023 Shareholders' Meeting held on May 24, 2023.
2) The Audit Committee assessed the effectiveness of the internal control system. The company determines whether the design and implementation of the internal control system in 2023 are effective based on "Regulations Governing Establishment of Internal Control System by Public Companies".

   Based on the results of the internal control self-assessment operations and annual audit work, no significant deficiencies have been identified in the design and implementation of the company's internal control system. The design and implementation of the company's internal control system are deemed effective. After deliberation and approval by the 17th Audit Committee of the 2nd term (2024.3.13), it was subsequently presented to and resolved by the 21st meeting of the 9th Board of Directors (2024.3.13) and the "Internal Control System Statement" for 2023 was issued.

The Audit Committee convened 7 meetings in fiscal year 2023, of which the attendance is as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%)(B/A)	Note
Convener	Chuang, Yao-Kai	7	0	100.00	
Member	Lai, Chun-Yu	7	0	100.00	
Member	Lee, Chun-Te	7	0	100.00	

Other matters to be recorded：

1) If any of the following situations occur in the operation of the Audit Committee, the date of the Audit Committee meeting, the session, the agenda content, the dissenting opinions of independent directors, reservations or significant recommendations, the results of the Audit Committee's decision, and the company's response to the Audit Committee's opinions shall be disclosed.
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act. See table below for details.
   (2) In addition to the above-mentioned, resolutions that have not been approved by the Audit Committee but have been approved by more than 2/3 of directors: None

Date Session	Proposal(s) and Resolutions	Proposals Referred to items listed in Article 14-5 of the Securities Exchange Act	Resolutions that have not been approved by the Audit Committee but have been approved by more than 1/3 of irectors
2023/01/18 9th Session of the 2th Audit Committee	The appointment, remuneration and independence assessment of CPAs for the Years 2023 to 2025.	V	
	Amendment to “Rules of Procedure for Board of Directors Meetings”.	V	
	To provide endorsement and guarantee to Sun Ocean Vietnam Co., Ltd., Ching Feng Vietnam Company Limited.	V	
	Capital increase of overseas subsidiary, Sun Ocean Vietnam Co., Ltd.	V	
	Resolution of Independent Directors (2023/01/18): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2023/03/14 10th Session of the 2th Audit Committee	Discussion of financial statements of the 2022.	V	
	The distribution of earnings from the year of 2022.	V	
	Loan to overseas subsidiaries, Ching Feng Vietnam Company Limited, Fu Vietnam Company Limited	V	
	Capital increase of overseas subsidiary, Sun Ocean Vietnam Co., Ltd.	V	
	Amendment to “Procedures for Acquisition and Disposal of Assets”.	V	
	Resolution of Independent Directors (2023/03/14): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2023/05/11 11th Session of the 2th Audit Committee	Application for supplementary public offering and listing of private placement of common shares in 2014 and 2015.	V	
	Appointment of Corporate Governance Officer.	V	
	Amendments to the “Standard Operating Procedures for Handling Directors’ Requests,” “Rules of Procedure for Board of Directors Meetings,” and “Internal Control System.”	V	
	The change of endorsement and guarantee conditions for the subsidiary, Ching Feng Vietnam Company Limited.	V	
	Resolution of Independent Directors (2023/05/11): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		

Date Session	Proposal(s) and Resolutions	Proposals Referred to items listed in Article 14-5 of the Securities Exchange Act	Resolutions that have not been approved by the Audit Committee but have been approved by more than 1/3 of irectors
2023/06/20 12th Session of the 2th Audit Committee	Capital increase of overseas subsidiary, Ching Feng Vietnam Company Limited.	V	
	Resolution of Independent Directors (2023/06/20):All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2023/08/11 14th Session of the 2th Audit Committee	To provide endorsement and guarantee to Sun Ocean Vietnam Co., Ltd., Ching Feng Vietnam Company Limited.	V	
	Change of accounting supervisor.	V	
	Amendment to the "Rules of for the Management of Related Party Transactions".	V	
	Resolution of Independent Directors (2023/08/11): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2023/11/08 15th Session of the 2th Audit Committee	Transfer of overdue accounts receivable to capital loans.	V	
	2023 annual audit plan	V	
	Amendment of the Company's internal control system-financing cycle.	V	
	Amendment to "Procedures for Management of Insider Trading".	V	
	Loan to overseas subsidiaries, Sun Ocean Vietnam Co., Ltd.	V	
	Cancellation of the endorsement and guarantee for the raw material procurement of the subsidiary Grandtop Decorative Product (Zhenjing) Co., Ltd.	V	
	Appointment of the information security manager.	V	
	Resolution of Independent Directors (2023/11/08): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		

2) Independent Directors' recusal of interest proposals: None

3) Communications among independent directors and internal audit supervisors and accountant (including major events, methods and results of communication based on the company's financial and operating status) :

(1) The company's independent directors have direct communication channels with internal audit supervisors and accountants; in accordance with the regulations of the competent authority, they regularly check the company's financial and operating conditions, and communicate directly with the management team.

A. The company's internal audit supervisor regularly conducts internal audit reports in quarterly audit committee meetings. The report includes the implementation of audit, inspection deficiencies, improvement, tracking and their effectiveness; in addition to providing independent directors' with written audit reports every month, the internal audit supervisor also conducts reports on individual project according to the recommendations of independent directors.

B. After the quarterly financial statements have been audited by the company's accountants, the Audit Committee reports the audit results of financial statements of the company and its subsidiaries at home and abroad, as well as other matters required by relevant laws and regulations, at the audit committee meeting.

(2) The independent directors communicated well with the internal audit supervisor, and the independent directors had no other suggestions. The major items communicated in 2022 are summarized as follows:

A. Communicaton with internal audit supervisor:

Date	Items communicated	Results
2023/01/18	Progress report on internal audit from October to December 2022	No comments. Submitted to the Board of Directors for approval.
2023/03/14	The self-assessment of internal control in 2022 has been completed. 2022 Internal Control Statement was issued. Progress report on internal audit from January, 2022.	Agreed and submitted to the Board of Directors for approval. Agreed and submitted to the Board of Directors for approval. No comments. Submitted to the Board of Directors for approval.
2023/05/11	Progress report on internal audit from February to April, 2023.	No comments. Submitted to the Board of Directors for approval.
2023/06/20	Progress report on internal audit from May, 2023.	No comments. Submitted to the Board of Directors for approval.
2023/08/11	Progress report on internal audit for June to July, 2023.	No comments. Submitted to the Board of Directors for approval.
2023/11/08	Progress report on internal audit from August to October, 2023. To propose 2024 internal control plan.	No comments. Submitted to the Board of Directors for approval. Agreed and submitted to the Board of Directors for approval.

B. Communication with accountants:

Date	Items communicated	Results
2023/03/14	The accountants reviewed and explained the consolidated financial statements for the fourth quarter of 2022, internal control system written review implementation status and important regulatory updates.	None
2023/05/11	The accountants reviewed and explained the consolidated financial statements for the first quarter of 2023, internal control system written review implementation status and important regulatory updates.	None
2023/08/11	The accountants reviewed and explained the consolidated financial statements for the second quarter of 2023, internal control system written review implementation status and important regulatory updates.	None
2023/11/08	The accountants reviewed and explained the consolidated financial statements for the third quarter of 2023, internal control system written review implementation status and important regulatory updates.	None

3. Corporate Governance of the company and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Criteria	Yes	No	Status/ Explanation	Deviations and Reasons
1. Does the Company establish and disclose the proper corporate governance framework based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has the "Code of Corporate Governance" for protecting the rights and interests of shareholders, strengthening the functions of the board of directors, respecting the rights and interests of stakeholders, and improving information transparency. The Code is available for shareholder review on the Company's official website under "Corporate Governance".	None
2. Shareholding structure & shareholders' rights				
(1) Has the Company established an internal operating procedure to address shareholders' suggestions, doubts, disputes, and litigation based on this procedure?	✓		(1) A spokesman system is established for this purpose.	None
(2) Does the Company fully grasp its major shareholders and their ultimate controllers?	✓		(2) The company keeps abreast of changes in the increase, decrease, and mortgage of shareholders, directors, supervisors, and managers holding more than 5% of the shares. Directors, supervisors, managers, and shareholders holding more than 10% of the shares will be entered into the website designated by the competent authority of securities for public disclosure.	None
(3) Does the Company adopt and execute proper risk management and firewall system within its subsidiaries?	✓		(3) Between the company and its subsidiaries, specific written systems have been developed and implemented in relation to financial and business related operations.	None
(4) Does the Company establish internal rules against insider trading?	✓		(4) The company has established the "Operational Procedures of Internal Material Information" to regulate that insiders who know the internal material information must not disclose internal material information to others. The Procedures is in line with the company's "Code of Corporate Governance". In addition, the company has drawn up the "Code of Ethical Corporate Management" and "Code of Conduct and Ethics" to regulate insiders not to use the unpublished information they know to engage in insider trading, nor to disclose it to others, so as to prevent others from using the unpublished information to engage in insider trading. All of these codes have been submitted to the board of directors for approval.	None
3. Composition of the Board of Directors Composition and Responsibilities				
(1) Does the Board of Directors develop and implement a policy to promote diversity in the composition of its members	✓		(1) Please refer to page 10 of this annual report for the Company's board diversity policy, specific management objectives and implementation.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(2) The company has set up a compensation committee in accordance with external experts serving as committee members. However, no other similar functional committees have been set up yet.	No other functional committees are established.

Evaluation Criteria	Yes	No	Status/ Explanation	Deviations and Reasons
(3) Does the Company establish and implement on an annual basis a set of assessments to measure the performance of the Board of Directors, report the performance evaluation results to the Board to Directors, and use it as a reference for the compensation of the Board of Directors, and nomination for re-election?	✓		(3) The company's Remuneration Committee regularly reviews the evaluation about directors' and managers' performance, compensation policies, and criteria.	None
(4) Does the Company regularly evaluate the independence of accountants?	✓		(4) The Audit Committee of the Company regularly evaluates the independence of the CPAs every year, and then reports the evaluation results to the Board of Directors. The latest evaluation was approved by the Audit Committee on 19 January 2024 and submitted to the Board of Directors on 19 January 2024 for approval. The important evaluation procedures include obtaining the CPA's "Independence Declaration" and the accounting firm's "Audit Quality Indicator (AQI)" and taking them into consideration., evaluating whether the CPA has a significant financial interest in the Company or holds the shares of the Company, evaluating whether the CPA and the Company have a joint investment or benefit-sharing relationship, and whether the CPA has served for more than seven onsecutive years.	None
4. Has the Company allocated suitable and sufficient corporate governance staff and appointed a manager of corporate governance responsible for corporate governance (including, but not limited to, furnishing information required for business execution by directors, assisting directors in complying with laws and regulations, handling matters related to board and shareholder meetings in accordance with the laws, producing minutes of board and shareholder meetings,etc.)?	✓		The company has allocated suitable and sufficient corporate governance staff to be responsible for handling corporate governance-related matters, including providing directors with information needed to perform their duties, handling matters related to meetings of the board of directors and shareholders' meetings in accordance with the law, handling company registration and registration of changes, making minutes of board of directors and shareholders' meetings, and ensuring the compliance with the law.	None
5. Has the Company established a communication channel and designated a website section for its stakeholders and to handle all CSR-related issues?	✓		A spokesperson has been set up as a communication channel with stakeholders. At the same time, a stakeholder corner has been set up on the company website to provide the company's latest news and important issues about corporate social responsibilities.	None
6. Does the Company appoint a professional shareholder service agency to handle shareholder meeting affairs?	✓		The company appointed the Stock Agency Department of Capital Securities Corp. as the company's agency to handle shareholders' meetings of the company.	None

Evaluation Criteria	Yes	No	Status/ Explanation	Deviations and Reasons
7. Information Disclosure (1) Does the Company have a website to disclose all information regarding finances, the business, and corporate governance?	✓		(1) The company has a dedicated person responsible for collecting and disclosing company information.	None
(2) Does the Company have other information disclosure channels (e.g. English website, designated personnel to handle information collection and disclosure, spokesperson system, investor conference webcasts, etc.)?	✓		(2) The company has set up a website: http://www.chingfeng.com Shareholders can inquire about the company's financial, business and corporate governance on the website.	None
(3) Does the Company report its annual financial report within two months after the end of the fiscal year and announce the first, second, and third quarter financial reports and monthly operating updates before the prescribed deadlines?		✓	(3) The company prepared financial reports and monthly operating conditions within the prescribed time limit in accordance with the "Matters to be Handled by Listed Issuers of Securities"; the company has not announced and filed annual financial reports within two months after the end of the fiscal year.	In the future, it will be handled depending on actual needs or in accordance with laws & regulations.
8. Is there any other important information to facilitate a better understanding of the Company' s corporate governance practices (Including but not limited to employee rights and interests, employee wellness, investor relations, supplier relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policies, risk assessment, and customer relations policies; purchase of liability insurance for directors and supervisors.)?	✓		(1) The company has always treated its employees with integrity and protected their rights and interests entitled to them in accordance with the Labor Standards Act.	None
	✓		(2) Through enriching and stabilizing the welfare system and good education and training system for employees, the company has established a good relationship of mutual trust and mutual dependence with employees. For example: subsidizing employee social club activities, providing cultural and entertainment, medical subsidies and medical consultation, and providing employees with rented dormitories and parking lots.	None
	✓		(3) The Finance Dept. of the company is in charge of deal with shareholder suggestions.	None
	✓		(4) The Company has always maintained a good relationship with its suppliers.	None
	✓		(5) Stakeholders may communicate and make suggestions to the company in order to safeguard rights and interests entitled to them.	None
	✓		(6) The directors of the company all have professional background in the industry and work experience with corporate governance.	None
	✓		(7) Develop various internal regulations in accordance with the law, and conduct various risk management and assessments	None
	✓		(8) The company maintains a stable and good relationship with customers for the best interests of the company.	None
	✓		(9) The company has purchased liability insurance for the directors.	None

Evaluation Criteria	Yes	No	Status/ Explanation	Deviations and Reasons
9. Please explain the parts that have been improved based on assessments of Corporate Governance released by the Corporate Governance Center of Taiwan Stock Exchange, and propose priority strengthening measures for the parts that have not been improved.		✓	The company has reviewed reasons and made improvement of the parts which has to be improved in accordance with assessments of Corporate Governance released by the Corporate Governance Center of Taiwan Stock Exchange. The company also made further plans for improvements with reference to the Guidelines of 2021 Assessments of Corporate Governance. Improvement projects: A CSR section has been set up on the Company's website for investors, customers, suppliers and stakeholders to understand the promotion and implementation of the Company's sustainable development. Priorities and measures that have not been improved yet: Update the internal organisation, system and information in accordance with the corporate governance evaluation indicators or related measures, and continue to optimise the configuration of the Company's website, so that the content can better meet the needs of investors and related stakeholders.	In the future, the assessment items will be handled depending on actual needs or in accordance with laws and regulations.

Note 1: Diversity of board members

Core Items / Name of Directors	Basic conditions with value		Major background	Professional Knowledge and Skills							
	Sex	Nationality	Education	Operational Judgment	Accounting and Financial Analysis	Management	Crisis Management	Industry knowledge	International Market Perspective	Leadership	Decision Making
Hsu, Ming-Hsuan	M	Taiwan	Biochemistry	V	V	V	V	V	V	V	V
Hsu, Chun-Jan	M	Taiwan	Business Administration	V	V	V	V	V	V	V	V
Wu, Chien-Tung	M	Taiwan	Accounting	V	V	V	V	V	V	V	V
Chen, Chun-Chung (Lee Bang Shing Investment)	M	Taiwan	Accounting	V	V	V	V	V	V	V	V
Chuang, Yao-Kai	M	Taiwan	Accounting	V	V	V	V		V	V	V
Lai, Chun-Yu	M	Taiwan	Law	V	V	V	V		V	V	V
Lee, Chun-Te	M	Taiwan	Business Administration	V	V	V	V		V	V	V

Note 2：Evaluation Form of Accountants

1. Independence			
Items		Yes/No	Meet the requirements for independence
01	Does the accountant himself or his spouse or minor children invest in or have financial interests with the company?	No	V
02	Does the accountant himself, his spouse, or his minor children have a loan with the company? However, if the client is a financial institution, then it will not be the case.	No	V
03	Is the accountant or member of the audit team currently or in the past two years serving as a director or manager of the company or a position that has a significant impact on the audit?	No	V
04	Do accountants or audit team members help promote or function as an intermediary of stock or other securities issued by the Company?	No	V
05	In addition to business permitted by law, do accountants or members of the audit team represent the company to defend in the legal or any dispute cases with any third party?	No	V
06	Does the accountant or audit team member have any relationship with the company's directors, managers, or personnel with positions that have a significant impact on audit cases as spouses, lineal blood relatives, lineal relatives by marriage, or collateral blood relatives within two generations?	No	V
07	Is the joint accountant who retired within one year serving as a director, manager of the company, or a position that has a significant impact on the audit?	No	V
08	Did the accountants or members of the audit team accept gifts of great value or any special offer from the company or directors, managers or major shareholders?	No	V
09	Is the accountant currently employed by the client or any person under audit as a regular job, receiving a fixed salary, or serving as a director or supervisor (audit committee)?	No	V
2. Independent Operations			
01	Has the accountant recused and refused to undertake the entrusted case that has a direct or significant indirect interest relationship with him and affects the impartiality and independence?	Yes	V
02	In addition to maintaining the independence in fact, does the accountant also maintain independence in appearance when providing audit, review, special review of financial statements, and opinions?	Yes	V
03	Do members of the audit team, other joint accountants or shareholders of the accounting firm, companies affiliated or associated with the accounting firm also maintain independence from the company?	Yes	V
04	Are accountants able to do their work objectively and with integrity?	Yes	V
05	Have the accountants maintained a fair and objective position, and do they have no perception of any impropriety, any kind of bias or connection with the business they are auditing?	Yes	V

Note 3: Issues that the Stakeholders are concerned and communication channels

Stakeholders	Issues	Communication Channels	Results
Shareholders	The company's operation and development; Financial transparency; Risk Management; Corporate Governance; Environmental protection	Information Observatory; Hold the company's shareholders' meeting at least once a year; Participate in domestic and foreign investment forums from time to time; A dedicated Mailbox to Investors; Contact person: Deputy General Manager, Mr. Chang ir@chingfeng.com	1. Transparency of the company's information. 2. Announced and filed as scheduled in accordance with the regulations of the competent authority. 3. Investor conference in the second half of the year.
Employees	Company strategy and operating conditions; Labor Relations; Employee Rights; Education Training and Career Development; Work environment; Expression and communication of opinions	Hold labor-management meetings and employee quarterly meetings once a quarter. Hold meetings with senior executives every month. Hold Occupational Safety and Health Committee meetings once a quarter. Conduct employee satisfaction surveys every year. Contact person: Deputy General Manager, Mr. Wang management@chingfeng.com	1. Encourage social participation and encourage employees to actively participate in public welfare activities. 2. The annual employee education and training exceeded 10,000 person-times, and the results were outstanding. 3. A total of 4 labour-management meetings are held regularly at each plant, and the communication between labour and management is good. 4. In August 2023, an employee stock ownership association was established to handle the employee stock ownership trust. The company gives certain rewards and encourages employees to participate to safeguard employees' retirement life. The response from employees has been extremely positive.
Customers	Products and Services; Customer Health and Safety; Marketing communication; Customer satisfaction survey; Green product	Customer service line - depending on demand Customer Service and Telephone Interviews Official website and media - update as needed Conduct satisfaction survey conducted every year. Contact person: President, Mr. Hsu sales1@chingfeng.com	The Company conducts market research in client stores and annual customer satisfaction surveys to understand customer and consumer demands for our products.
Suppliers	Management of Green Supply Chain; Assessment of human rights in supplier chain; Business performance; Order management; Quality management; Production technology	Supplier Evaluation; Supplier assessment; Supplier Counseling - as needed E-procurement－As required Contact person Assistant Manager, Mr. Chang prch@chingfeng.com	Conduct risk assessment and on-site evaluation for key suppliers. 100% of our main suppliers have signed the Human Rights and Environmental Commitment Agreement.

Stakeholders	Issues	Communication Channels	Results
Local Communities	Occupational Safety Health; Environmental management; Social participation Volunteering	Hold joint defense once a quarter for the safety of the industrial park. A dedicated corner is set on the company's website. Hold volunteer activities once a quarter. Contac person: Deputy General Manager, Mr. Wang management@chingfeng.com	There is no violation of the Air Pollution Control Act and the Waste Disposal Act and any incident that will affect the community. Participate in joint defense, increase disaster prevention exchanges between companies, and prevent disasters from affecting the environment and safety. We participate in various community activities in the township to promote the relationship between neighbours, and enhance the mutual assistance of neighbours and build a caring community together.
NGO non-governmental organization	Environmental protection; Social welfare Working conditions	Non-Financial Disclosures – Annual; Regular donations to public welfare charity organizations: World Vision, Huashan Social Welfare Foundation and Veterans Affairs Council, Taiwan; Organze care and Participate in environmental conservation activities in neighboring communities. Contact person: Deputy General Manager, Mr. Wang management@chingfeng.com	Actively participate in social welfare activities, regularly donate to public welfare and charity organizations, and help care for disadvantaged children and the elderly living alone. Sponsored neighbourhood community activities and provided warm winter blankets.
Government	Legal compliance; Occupational Safety and Health; Greenhouse gas reduction; Environmental protection; Energy management	Irregularly participate in seminars and public hearings on regulations organised by the competent authority. Quarterly employee meetings to promote the latest legal requirements and compliance with anti-corruption, integrity management, etc. Contact person: Deputy General Manager, Mr. Wang management@chingfeng.com	Regular and irregular announcements at the "Market Observation Post System" and health management, promote occupational safety and health management, and ensure that the management system complies with laws and regulations and is effectively implemented.

4. Remuneration Committee

1) Members of Remuneration Committee

Position	Name	Professional Qualifications and Work Experiences	Criteria for Independence	No. of Other Public Companies in which the Individual is Concurrently Serving as a compensation committee member
Independent Director	Lai, Chun-Yu	With rich legal knowledge and management experience, he was a Legal Aid Attorney for the Legal Aid Foundation and a Legal Aid Attorney for the Association for Victims Support(AVS). He is currently an Attorney at Law at Cheng & Ku Law Firm. He has not been a person of any conditions defined in Article 30 of the Company Act. He possesses expertise in the field of economics, finance and law; He has the ability to lead to effective decision- making and crisis management with global perspective. He supervises the company's internal control, proper presentation of financial information, and compensation of managers of the company. He fulfills its duties as an independent director.	Comply with Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". They, their spouses, and relatives within two generations have not served as directors, supervisors, or employees of the company or its relationship;	0
Independent Director	Chuang, Yao-Kai	Competent in operation and management, he is now s full time Assistant Professor in the Dept. of Business Administration, and Adjunct Director of Career Development Center, Kun Shan University. He is also a member of the audit committee and Remuneration Committee of the company. He has not been a person of any conditions defined in Article 30 of the Company Act. He possesses expertise in the field of education, economics and finance; He has the ability to lead to effective decision-making and crisis management with global perspective. He supervises the company's internal control, proper presentation of financial information, and compensation of managers of the company. He fulfills its duties as an independent director.	They, their spouses, and relatives within two generations (or in the name of others) do not hold shares in the company; They have not serving as a director, supervisor or employee of a company with a specific relationship with the company; They have provided the company or its affiliated companies with business, legal, financial, accounting and other services in the past 2 years and received compensation for it.	0
Independent Director	Lee, Chun-Te	He possesses expertise in the field of the industry and management. He was a Senior Executive Officer of Financial Supervisory Commission, Executive Yuan, Manager and Section Chief of the State-owned Enterprise Committee of the Ministry of Economic Affairs. He is currently the Chief Financial Officer of Wayi Entertainment, and an Independent Director of Asia Plastic Recycle, and Independent Director of Toplus Global. He has the ability to lead to effective management, decision-making and crisis management with global perspective. He supervises the performance of the company's management.		2

2) Information on the operation of the Remuneration Committee

(1) The Remuneration Committee of the company has 3 members.

(2) The term of office: August 11, 2021 to July 22, 2024. The Remuneration Committee held four meetings (A) in 2023, of which the attendance is as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate % (B/A)(Note)	Note
Convener	Lai, Chun-Yu	4	0	100.00%	
Member	Chuang, Yao-Kai	4	0	100.00%	
Member	Lee, Chun-Te	4	0	100.00%	

Other matters to be recorded:

1) If the Board of Directors does not adopt the recommendation of the Remuneration Committee, the date, session, content of the proposal, resolution, and response to the opinions of the Remuneration Committee should be stated. If the remuneration approved by the Board of Directors is better than the recommendation of the Remuneration Committee, then the difference and reasons should be also stated: None.

2) For resolutions of the Remuneration Committee, if there are members who have objections or reservations to the proposal and there are records or written statements, then the date, session, content of the proposal, opinions of all members, and response to the opinions should be stated: Not applicable.

3) Communication and Resolutions in 2023:

Date/Session	Proposal	Results
The 4th Session of the 5th Remuneration Committee January 18, 2023	1. Year-end bonuses for the President and managers 2. The retirement for Deputy General Manager Peng, Jung-Chen	Reviewed and approved. Submitted to the Board of Directors for approval.
The 3th Session of the 5th Remuneration Committee March 14, 2023	1. 2022 compensation to employees and directors. 2. Employee Stock Ownership Trust	Reviewed and approved. Submitted to the Board of Directors for approval.
The 6th Session of the 5th Remuneration Committee August 11, 2023	1. Proposed change of the allocation method for funds in the employee stock trust. 2. Distribution of remuneration to directors for 2022.	Reviewed and approved. Submitted to the Board of Directors for approval.
The 7th Session of the 5th Remuneration Committee November 08, 2023	1.Transfer of treasury stock to employees. 2. Employee subscription for treasury stock trust ownership	Reviewed and approved. Submitted to the Board of Directors for approval.

5. Sustainable Development of the company and Deviations from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
1. Has the company established a governance framework to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, and the Board of Directors authorized a senior manage to handle it, and supervised it?	✓		The Company established the Sustainable Development Committee. The committee members are convened by the Group's general manager, and the Group's senior managers serve as the convener of the promotion of each strategy group, and the corporate governance officer regularly reports the implementation to the Board of Directors.	No significant difference.
2. Does the company conduct risk assessments on issues of environmental, social and corporate governance related to the company's operations in accordance with the principle of materiality, and develop relevant risk management policies or strategies?	✓		The company's risk management strategies for major issues in 2023 are as follows: 1. Environmental issues: 1) Environmentally friendly products: With a complete manufacturing process and optimized competitive advantages, we can produce environmentally friendly products with no harmful substances for customers and reduce the impact of products on the environment. 2) Greenhouse gas management: Incorporate climate change risks into overall considerations, estimate the probability of risk occurrence and impact, develop risk contingency plans and crisis management, and issue early warnings to mitigate the impact of climate changes. 3) Energy management: Improve energy efficiency; promote energy saving to reduce energy consumption. Reduce greenhouse gas emissions and environmental pollution. Reduce production costs, and meet the requirements of customers or the government. 4) Water management and discharge: Through daily management, reduction and recycling to maximize the use of water resources reduce environmental pollution and production costs. Establish a response mechanism for water shortages, and reduce the impact of it. 5) Waste and recycling: Through the recycling and reuse of waste for the effective use of resources and to solve other pollution-derived problems. Waste is provided for reuse by other industries to reduce environmental impact and achieve the full benefits of a circular economy. 2. Social issues: 1) Employee retention and employee Wellbeing: The Company has established a sound system of remuneration, benefits, and incentives, and a diversified and inclusive corporate culture, so that employees can contribute to diverse ideas, experience, backgrounds and personal characteristics, activate team atmosphere, stimulate creative thinking, and improve work performance.	No significant difference

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
			2) Staff development: Establish a superior training and development system to strengthen the core technical capabilities of personnel, enhance product competitiveness, achieve the company's annual strategic goals, and cultivate excellent employees. 3) Occupational health and safety: Provide a safe and healthy working environment for employees through continuous improvement, enhancing safety culture awareness, strengthening self-inspection to reduce the occurrence of occupational accidents. 4) Social participation: The company establishes a sustainable business by promoting industry-university cooperation and exchanges, humanistic care, environmental protection, and good neighborliness. 3. Corporate governance issues: 1) Risk management: Construct an effective risk management mechanism and continue to maintain it at a desired state. Reduce operating costs to ensure the profitability, and create a high-quality working environment to achieve the company's sustainable business goals. 2) Ethical Corporate management: Establish a good corporate governance system, implement ethical policies and risk control mechanisms with suppliers, customers and related stakeholders for a sustainable operation. 3) R&D and innovation: Improve technology, design new products, provide customers with high value-added products, and improve production line efficiency to maintain a competitive advantage. 4) Customer service: Provide full customer service. Through communication and visits to understand what customers need and their opinions so as to improve customer satisfaction and enhance the corporate image. 5) Supplier sustainable management: Promote sustainable supplier management, enhance supply chain resilience, reduce supply chain risks, and turn suppliers to into partners to move towards a sustainable future together.	

<table>
<tr><th>Evaluation Criteria</th><th>Yes</th><th>No</th><th>Status Explanation</th><th>Deviations and Reasons</th></tr>
<tr><td>3. Environmental issues:
1) Has the company difference established a suitable environmental management system according to itsindustrialcharacteristics?</td><td>✓</td><td></td><td>1) Implement energy saving and carbon reduction activities:
Accent lighting, paper reduction, zoning of air conditioning, etc.</td><td>No significant difference</td></tr>
<tr><td>2) Is the company committed to Improving energy efficiency and using recycled materials with low impact on the environment?</td><td>✓</td><td></td><td>2) Our company diligently implements resource recycling, waste reduction, and the use of recycled paper at our operational premises. Furthermore, we are committed to plastic material recycling. In 2023, we utilized over 20 million recycled PET bottles to produce eco-friendly yarn, which was then used in the production of curtains. Additionally, in our blanket manufacturing process, the usage ratio of eco-friendly yarn reached 12-25%.</td><td>No significant difference</td></tr>
<tr><td>3) Does the company assess the current and future potential risks of climate change, and take countermeasures for the issue?</td><td>✓</td><td></td><td>3) The Company has initiated an inventory of greenhouse gas emissions and is simultaneously monitoring and evaluating potential opportunities and risks arising from climate change.</td><td>No significant difference</td></tr>
<tr><td>4) Has the company made statistics on greenhouse gas emissions, water consumption, and waste in the past two years, and developed policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?</td><td></td><td></td><td>4) The Company has begun conducting an inventory of greenhouse gas emissions in Taiwan, which includes direct emissions (Scope 1), energy indirect emissions (Scope 2), and other indirect emissions (Scope 3). The inventory data is expected to be completed by the third quarter of 2024 and will be published on the company's website after third-party verification.
Greenhouse gas emissions in the past two years:
<table><tr><th>Item</th><th>2023</th><th>2022</th></tr><tr><td>Greenhouse gas emissions</td><td>1,611,252 tonCO2e/Year</td><td>2,145,802 tonCO2e/Year</td></tr></table>The Company has been focusing on water resource conservation and environmental protection for many years. Since 2022, the Company have implemented rainwater harvesting for irrigation of greenery in the factory area to reduce the use of tap water. The Company will continue to explore water resource recycling and further ways to evolve, aiming to save overall water consumption.
Water consumption in the past two years:
<table><tr><th>Item</th><th>2023</th><th>2022</th></tr><tr><td>Water consumption</td><td>13,876 Cms</td><td>19,146 Cms</td></tr></table>The Company's waste sources primarily consist of waste generated during the production process and waste from employee activities. Both types of waste are properly sorted and entrusted to external qualified recycling facilities for recycling and reuse.</td><td>No significant difference</td></tr>
</table>

<table>
<tr><th>Evaluation Criteria</th><th>Yes</th><th>No</th><th>Status Explanation</th><th>Deviations and Reasons</th></tr>
<tr><td>4) Has the company made statistics on greenhouse gas emissions, water consumption, and waste in the past two years, and developed policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?</td><td>✓</td><td></td><td>Total weight of waste in the past two years:
<table><tr><th>Item</th><th>2023</th><th>2022</th></tr><tr><td>Total weight of waste</td><td>345 Ton</td><td>341 Ton</td></tr></table>The Company will move towards a low-carbon society, strive to bring carbon emissions reduction to the environment, strengthen the market competitiveness of low-carbon products, and achieve a sustainable consumption and production model of a low-carbon economy.</td><td>No significant difference</td></tr>
<tr><td>4. Social issues:
1) Has the company established relevant management policies and procedures in accordance with relevant laws and International Human Rights Conventions?</td><td>✓</td><td></td><td>1) Comply with relevant labor laws and respect The principles of internationally recognized basic labor human rights, protect rights and interests entitled to employees and non-discrimination treatment in employment:
(1) Provide employees with reasonable salary and bonus.
(2) Hold employee education and training.
(3) Implement the insurance plan and leave management.
(4) Allocate pension according to law.
(5) There is no gender discrimination in the promotion. Respect for gender equality, and promote disabled persons in accordance with the law. Internal rules for employee complaints and sexual harassment are also established.</td><td>No significant difference</td></tr>
<tr><td>2) Does the company develop and Implement reasonable employee welfare system (including salaries, vacations and other benefits, etc.), and properly reflect business performance on employee compensation?</td><td>✓</td><td></td><td>2) The company pays female and male employees equally for the same job or for job of the same value, and it is better than the government's regulated minimum pay. Every year, the individual performance and contributions will be used as the basis for evaluating salary adjustments, bonuses, dividends... and other rewards. The company also has a well-planned grade and rank system, which is applicable to both male and female employees; performance appraisal is carried out every year, and the rewards to managers and above are directly linked to the organization's business performance and will be evaluated quarterly.
In August 2023, the Company launched an employee stock ownership trust plan, and allocated a fixed amount to be deposited in a special trust account, not only to achieve the purpose of retaining talents, but also to help colleagues accumulate wealth and plan future retirement life.</td><td>No significant difference</td></tr>
</table>

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
3) Does the company provide employees with a safe and healthy working environment, and provide employees with regular safety and health education?	✓		3) In accordance with relevant laws and regulations on occupational safety and health, the company implements measures such as safety and health education, disaster prevention training, and health management necessary for employees to engage in work. In addition, the equipment safety protection and personal safety protective gear are strictly required to meet the standards and regulations, and the supervisor will conduct safety inspections on a regular basis. Once a quarter, the general manager will chair the Occupational Safety Committee, review the management and training to ensure that employees work in a safe workplace.	No significant difference
4) Has the company established an Effective career development training plan for employees?	✓		4) The company's training and development strictly follow the principles of PDDRO. An overall analysis is conducted based on these four aspects: strategy, organization, work, and personal needs. Develop an annual education and training plan, taking into account the management ability, professional ability, general knowledge and policy advocacy. And surveys about the needs of career development are conducted every year to promote employees to make personal development plans, so that every employee can also indirectly communicate better with their supervisors about their career development, allowing employees with excellent performance and potential to have the opportunity for promotion.	No significant difference
5) For issues such as customer health and safety, customer privacy, marketing and labeling, does the company follow relevant laws and international standards, and develop relevant consumer or customer rights protection policies and complaint management?	✓		5) The company's products are designed and manufactured in accordance with the latest "Curtain Safety Standard Regulations" passed by the United States to ensure the safety of children at home. The company successfully passed the ISO9001 quality standard system. The plastic blinds have passed the tests by Bureau Veritas and SGS. The products of the company are covered by product liability insurance from American Anda Insurance Group and Tokio Marine America Insurance Company (U.S. subsidiary insured).	No significant difference
6) Has the company developed supplier management policies, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights?	✓		6) The company has signed long-term contracts withsuppliers, and has strict requirements for quality, safety and environmental protection to be committed to social responsibility together. The contract signed by the company with its major suppliers includes this clause: Comply with corporate social responsibility. If the supplier violates the contract and has a significant impact on the environment and society, the contract may be terminated or canceled at any time.	No significant difference

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
5. Does the company refer to Internationally accepted standards or guidelines for preparing reports such as sustainability reports that disclose non-financial information of the company? Has the report obtained a third-party verification?		✓	The Company plans to prepare the 2023 "Sustainability Report" by the end of 2024 with reference to the internationally accepted reporting standards. However, without obtaining confirmation from a third-party verification unit, the final report will be placed on the company website for reference.	Will handle depending on actual needs and according to law.

6. If the company has its own sustainable development code in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between its operation and the established code:

The Company has established the "Corporate Social Responsibility Practice Guidelines". Additionally, on 12 April 2024, the board of directors approved amendments to certain articles and renamed it as the "Sustainable Development Practice Guidelines," which will be implemented following the board's decision.

7. Other important information that helps to understand the implementation of sustainable development

1) Social services and social welfare:
(1) The Company donated to Huashan Genesis Social Welfare Foundation to help improve the lives of the elderly living alone in the neighbouring areas.
(2) The Company donated to the public welfare and charity organisation, Xiangyuan Memorial Education Institute, to help people with physical and mental disabilities to live independently, learn with peace of mind, and live with dignity.
(3) Donated to a charity group called Little Angel Home to help children lost or suffered from family changes establish a good living environment, meet the needs of love and safety, and promote the physical and mental health of children and the development of personality.
(4) The Company donated to the Taiwan Fund for Children and Families, a charity organisation, to help children enjoy the proper care of family, physical and mental safety protection, healthy growth of the environment, full education opportunities, and happy learning life.
(5) The Company donated to the XINBAO Social Care Association, a public welfare and charity organisation, to continue to serve children and adolescents from vulnerable single-parent families such as dependent children, orphanages, behavioural deviations, and dependent children.
(6) The Company donated to the charity group Chang Ai Home for Children and Children, helping vulnerable children suffering from trauma to enjoy a warm family.

2) Safety and health:
(1) Establish a sound standard operating procedure and strictly require employees to abide by it.
(2) Require employees to wear protective equipment, such as goggles, safety shoes, protective clothing, etc.
(3) Set up complete emergency rescue equipment, and regularly inspect and renew it.
(4) Regularly implement internal and external education and training and environmental safety inspections related to industrial safety. If there are any deficiencies, the performance bonus will be affected.
(5) Provide employee with health examination every year, and increase check items for special workers.
(6) In line with the belief and responsibility of caring for every employee, the company has installed automated external defibrillator (AED) in the factory area.
(7) To cooperate with epidemic prevention, when entering the factory, body temperature must be measured, and disinfection and quick screening must be carried out.

3) Other social responsibility activities:
(1) Donate company products to sponsor community activities in the neighborhood.
(2) Participate in a number of neighbourhood activities to maintain good relations with the neighbouring community.
(3) We donated to the Kaohsiung Police Association to help prevent crimes, promote police cooperation, expand security publicity, and maintain public security.
(4) Donated to the education institution Eindhoven Experimental Education Organisation to contribute to Taiwan's education and cultivate future talents.

6. The Ethical Corporate Management of the company and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
1. Build ethical corporate management and plans: 1) Does the company develop the ethical corporate management approved by the Board of Directors, and expressly state the policy and practices in rules and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the business policy?	✓		1) Based on the business philosophy of honesty, pragmatism and solidity, the company follows the Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant rules and regulations for TWSE/GTSM listed companies, and the internal control system, accounting system for good corporate governance. The company clearly expresses the ethical corporate management in the "Personnel Rules" and develops the "Code of Conduct and Ethics" for the directors and managers. The board of directors and management team also promise to actively implement and supervise the ethical corporate management.	No significant difference
2) Whether the company has established a risk assessment mechanismagainst unethical conduct, analyzed and assessed on a regular basis business activities within the business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs that at least cover those stated in Article 7-2 of the "Ethical orporate Management Best Practice Principles for TWSE/GTSM Listed Companies" ?	✓		2) The company stipulates strict codes of conduct and ethics in the "Personnel Rules" and "Work Rules", and clearly stipulates related rewards and punishments. All directors, managers, employees or persons with substantial control of the company are strictly prohibited from directly or indirectly providing, promising, requesting or accepting any illegal benefits, or engaging in any act that violates integrity, illegality or breach of fiduciary obligations, in order to prevent dishonest acts such as malpractice for personal benefits, embezzlement, accepting bribes, leaking secrets or false reports.	No significant difference
3) Does the company clearly define And implement operating procedures, guidelines, punishment and complaint systems for violations to prevent dishonesty, and regularly review and amend them?	✓		3) For those engaged in business activities with low dishonesty risk, the company clearly stipulates in the "Personnel Rules" and "Work Rules" that they are not allowed to accept invitations from suppliers for banquets, nor to accept gifts or other benefits. Violators will be punished. The company also promotes the rotation of positions to prevent the occurrence of such malpractices.	No significant difference
2. Ethical Corporate Management: 1) Does the company assess the integrity of its counterparties, and specify the term in the contracts it signs with them?	✓		1) The contracts signed by the company with external parties for business purposes all stipulate good faith clauses. In addition, the company also conducts integrity investigations on stakeholders such as customers and suppliers to avoid dishonest behaviors that may damage the company's rights and interests.	No significant difference

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
2) Has the company set up a dedicated unit for promoting ethical corporate management under the Board of Directors, and regularly (at least once a year) report to the Board of Directors about the policies and results of the implementation and supervision?	✓		2) The Company's Management Department, Legal Office, and Chairman's Office jointly formed the "Ethical Corporate Management Work Group", which is responsible for formulating and supervising the implementation of ethical corporate management policies and prevention programmes to ensure the implementation of ethical corporate management, and reporting the implementation status to the Board of Directors on a regular basis every year.	No significant difference
3) Does the company develop policies to prevent conflicts of interest, provide channels for explanation?	✓		3) The company's "Rules and Procedures of Board of Directors Meetings" and "Code of Conduct and Ethics " have a system for directors to avoid interests. Directors should uphold a high degree of self-discipline. If the proposal has an interest in the director himself or the legal person he represents, and if there is a risk of harming the interests of the company, the director shall not participate in the discussion and vote; the directors shall also be self-disciplined and shall not support each other. The company stipulates in the "Personnel Rules" that employees should strictly abide by the code of conduct and ethics for avoiding interests. Employees should take the initiative to report matters with moral doubts such as conflicts of interest. The company has also stipulated relevant non-competition clauses. An "Employee Suggestion Box" for employees to report about any illegal or improper behavior.	No significant difference
4) Whether the company has established an effective accounting system and internal control system in order to implement ethical corporate management, and the internal audit unit has drawn up relevant audit plans based on the assessment, and use it to follow the compliance or entrust an accountant to audit it?	✓		4) The company has established an effective and complete accounting and internal control system. With fully computerized operations, the computers are connected to each other to check and manage abnormal situations, if any; in addition, the company has also established an independent internal audit framework, and requires all departments of the company to regularly conduct business inspections based on the spirit of internal control.	No significant difference
5) Does the company hold regular education and training on ethical corporate management?	✓		5) The company upholds and continues to encourage directors and supervisors to participate in courses organized by the competent authority for the education and training focusing on ethical corporate management. In the future, it will be included in the education and training of directors and independent director together with corporate governance.	No significant difference

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
3. Whistleblowing system: 1) Has the company established a specific whistleblowing and reward system, established channels to facilitate whistleblowing, and assigned appropriate specialists to handle whistleblowers?	✓		The Company's "Whistleblower System" regulates the protection and rewards of the receiving unit, dedicated handling personnel, and whistleblowers; In addition to the "Work Rules", the "Employee Opinion Mailbox" and "Grievance Procedures" are also in place for employees and relevant personnel to report any improper conduct.	No significant difference
2) Has the company established a Standard operating procedure for the investigation of the reported matter, the follow-up measures and treating the information learned during the course of an nvestigation confidential?	✓			
3) Has the company adopted measures to properly protect the whistleblower?	✓			
4. Information disclosure: Does the company disclose its ethical corporate management and promote its effectiveness on its website and Market Observation Post System?	✓		The company discloses the information about the "Code of Conduct and Ethics" and "Ethical Corporate Management" on the company's website (http://www.chingfeng.com) and Market Observation Post System (MOPS). There is no significant difference from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".	No significant difference

5. If the company has established its own code of ethical corporate management in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences them:
On November 12, 2014, the company passed the resolution of formulating the "Ethical Corporate Management". Although it has been slightly revised according to the company's operation, the codes stipulated are consistent with the spirit of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".

6. Other important information that is helpful to understand the company's ethical corporate management and operation (such as the company's review and revision of its Ethical Corporate Management, etc.):
In order to implement the Ethical Corporate Management policy, the company requires suppliers from all over the world who have business relations with the company to sign the "Manufacturer's Commitment Letter". It is expected that all employees of the company and those who have cooperative relations with the company understand and respect the ethical standards of the company.
The company continues to publish legal and intellectual rights e-newsletters on a regular basis, making "integrity" the most basic core culture of the company. In addition, the company conducts the risk assessment of laws on ethics once a year, reviews the company's ethical corporate management through the internal control system for identification and update of laws and regulations.
The business ethics education and training sessions promoted by our company are as follows:

Date	Course	Number of people
2023/06/06	Business ethics education and training	341
2023/06/29	Business ethics education and training	190
2023/11/09	Business ethics education and training	332
2023/12/21	Business ethics education and training	178
2023/10/08	In charge of education and training on integrity management policies	37

7. If the company has developed codes of corporate governance, it should disclose how to inquire:

1) The company has developed:

(1) Rules of Procedures for Shareholders' Meetings
(2) Rules of Procedures for Board of Directors Meetings
(3) Method of Election of Directors
(4) Insider trading prevention management operating procedures
(5) Internal major information processing procedures
(6) Rules of ethical conduct
(7) Ethical Corporate Management
(8) Rules on Corporate Governance
(9) Procedures for Ethical Management and Guidelines for Conduct
(10) Rules of Practice for Sustainable Development
(11) Standard Operating Procedures for Handling Directors' Requests
(12) Self-evaluation or Peer-to-Peer evaluation of Board Directors
(13) Operating standards related to financial business between related parties

2) How to inquire about the information:
Under the "Corporate Governance" on the company's website (http://www.chingfeng.com)
Or on the Market Observation Post System (http://mops.twse.com.tw), click the "Rules for Establishing Corporate Governance" under "Corporate Governance".

8. Other important information sufficient to enhance the understanding of the corporate governance may also be disclosed.

1) The important information about the company is announced Market Observation Post System in accordance with the regulations of the competent authority.
2) Education and Training for Directors

Title	Name	Date Appointed	Date		Organizer	Course Name	Hours	Meet Requirement
			From	To				
Chairman	Hsu, Ming-Hsuan	2021/07/23	2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Integrate strategic development and ESG enterprise risk management	3	Yes
			2023/11/08	2023/11/08		Selection method and tax effect of corporate mergers and acquisitions	3	
Director	Hsu, Chun-Jan	2021/07/23	2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Integrate strategic development and ESG enterprise risk management	3	Yes
			2023/11/08	2023/11/08		Selection method and tax effect of corporate mergers and acquisitions	3	
Director	Wu, Chien-Tung	2021/07/23	2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Business contract introduction	3	Yes
						Patent attack and defence	3	
			2023/11/08	2023/11/08		Selection method and tax effect of corporate mergers and acquisitions	3	
Director	Lee Bang Shing Investment Co. Chen, Chi-Chung	2021/07/23	2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Integrate strategic development and ESG enterprise risk management	3	Yes
			2023/11/08	2023/11/08		Selection method and tax effect of corporate mergers and acquisitions	3	

Title	Name	Date Appointed	Date		Organizer	Course Name	Hours	Meet Requirement
			From	To				
Independent Director	Chuang, Yao-Kai	2021/07/23	2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Integrate strategic development and ESG enterprise risk management	3	Yes
			2023/10/27	2023/10/27	Securities & Futures Institute	Sustainable Development Practise Seminar	3	
Independent Director	Lai, Chun-Yu	2021/07/23	2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Integrate strategic development and ESG enterprise risk management	3	Yes
			2023/11/08	2023/11/08		Selection method and tax effect of corporate mergers and acquisitions	3	
Independent Director	Lee, Chun-Te	2021/07/23	2023/05/09	2023/05/09	Securities & Futures Institute	How directors and supervisors supervise the company to do a good job in enterprise risk management and crisis management	3	Yes
			2023/07/13	2023/07/13	Taipei Exchange	Sustainable Development Action Plan Promotion Conference for Listed Companies	3	
			2023/08/10	2023/08/10	Securities & Futures Institute	Brief introduction and case analysis of short-term insider trading of the Company	3	
			2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Integrate strategic development and ESG enterprise risk management	3	
			2023/11/08	2023/11/08		Selection method and tax effect of corporate mergers and acquisitions	3	

3) Education and Training for Managers

Title	Name	Date Appointed	Date		Organizer	Course Name	Hours	Meet Requirement
			From	To				
Deputy General Manager and Financial Accounting Supervisor and Chief Corporate Governance Officer	Chang, Chun-Ming	2023/05/11	2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Integrate strategic development and ESG enterprise risk management	3	Note
			2023/11/08	2023/11/08		Selection method and tax effect of corporate mergers and acquisitions	3	
			2023/12/12	2023/12/12		The 19th (2023) International Summit Forum on Corporate Governance─Creating a new situation in governance to enhance corporate value	6	
Accounting Supervisor	Yen, Huei-Ru	2023/09/01	2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Integrate strategic development and ESG enterprise risk management	3	Yes
			2023/11/08	2023/11/08		Selection method and tax effect of corporate mergers and acquisitions	3	
			2023/10/02	2023/10/13	Accounting Research and Development Foundation	Professional training course for newly appointed accounting officers of issuers, securities firms, and securities exchanges	30	

Note: According to Article 24 of the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE/TPEx Listed Companies and the Board's Exercise of Powers”, newly appointed corporate governance officers are required to complete at least 18 hours of training within one year of assuming the position, starting from the date of assuming the position (2024/05/10).

4) Succession of members of the board of directors and major managers:

(1) The company currently has a total of 7 directors (including 3 independent directors), all of them have business, financial accounting or business management expertise required by the company, and one of them is also a senior manager of the company and the subsidiaries. The composition of the future board of directors and the selection and appointment of members will continue to follow the current rule.

Regarding the succession of the board of directors, the Group currently has a number of senior management professionals, so the company has sufficient elites to take over the vacancies of directors in the future. As to independent directors, they are required to have work experience in business, legal affairs, finance, accounting or corporate governance according to the law. There is no shortage of such professionals in the country. Therefore, the company still plans to select and appoint independent directors from the academia and industry. In addition, at least one female director is designated. In addition to the knowledge and expertise of the company's future business strategy development direction, the board of directors also has experience and capabilities in accounting and taxation, finance, law, administrative management and production management. The Company shall comply with the qualification review and relevant regulations in the selection process of director candidates to ensure that when there is a vacancy in the number of directors or when there is a plan to increase the number of directors, the suitable director candidates will be effectively identified and elected.

(2) Key management personnel

The company's employees above the deputy manager level are candidates for important management positions, and each of them has conducted a job description and designated an agent. In addition, according to the development strategy, investment plan and resignation of employees, key personnel are rotated, or sent to an overseas subsidiary for cultivation of global management personnel.

9. Internal Control

1) Statement of Internal Control

Ching Feng Home Fashions Co., Ltd.

STATEMENT ON INTERNAL CONTROL

March 13, 2024

Regarding the company's internal control system in 2023, we hereby issue the Statement of Internal Control based on the self-assessment as follows:

1. The company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibility of the company's board of directors and managers. The company has already established this system. Its purpose is to ensure and achieve the goal of the effectiveness and efficiency of operations (including profit, performance, and asset protection, etc.), the reliabi

2. The internal control system has inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable guarantees for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may Change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once a deficiency is identified, the corrective action will be taken immediately.

3. The company judges whether the design and operation of the internal control system are effective based on the items for judging the effectiveness of an internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies. The judgment items adopted in the "Regulations Governing Establishment of Internal Control" are based on the process of management control, with the internal control divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervision. Each constituent element in turn consists of several items. For more details, please refer to the provisions of the "Regulations Governing Establishment of Internal Control".

4. The Company has adopted the judgment items of the above-mentioned internal control system to evaluate the effectiveness of the design and operation of the internal control system.

5. Based on the evaluation results in the preceding paragraph, the company believes that the design and operation of the company’ s internal control (including the supervision and management of subsidiaries) on December 31, 2023 is effective to reasonably ensure that the above-mentioned objectives are achieved, including the effect of operation and the extent to which efficiency goals are achieved, the reliability, timeliness, and transparency of information disclosure, as well as the compliance with norms and relevant laws.

6. This statement will become the main content of the annual report and prospectus, and will be made public, and under penalty of perjury in accordance with Articles 20, 32, 171 and 174 of the Securities and Exchange Act if there is any falsehood, concealment or other illegality.

7. This statement was approved by the Board of Directors on March 13, 2024. Among the 7 directors present, none of them held an objection, and the rest agreed with this statement.

Chariman President

2) Those who entrust an accountant to review the internal control system should disclose theaccountant's review report: Not applicable.

10. In the most recent year and as of the publication date of the annual report, have the company and its personnel been punished according to law, and has the company punished its personnel for violation of internal control system? Are there any major deficiencies and improvements: None

11. Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report:

1) Shareholders' Meeting

<table>
<tr><th>Date</th><th>Type</th><th>Important Resolutions</th></tr>
<tr><td>2023/05/24</td><td>Shareholders' Meeting</td><td>
1. 2022 annual operating report.
2. The Audit Committee reviewed 2022 settlement report
3. Approval of the compensation of employees and Directors for the year of 2022
4. Distribution of Cash Dividends in 2022
The resolution of 2022 surplus distribution by the 2023 shareholders' meeting has been handled accordingly. The cash dividend was distributed on 08/04/2023. According to the shareholders and their holdings recorded in the shareholder list on the date of distribution, a cash dividend of NT$0.65 per share was distributed, and a total of NT$109,605,173 was distributed; the cash dividend from the capital reserve was NT$0.25, and a total of NT$42,155,840 was distributed.
5. Approval of the 2022 annual operation report and financial statement
<table>
<tr><th></th><th>Yes/e-vote</th><th>No/e-vote</th><th>Invalid</th><th>Abstain/ Did not vote</th></tr>
<tr><td>Shares</td><td>125,957,581/8,141,853</td><td>8,912/8,912</td><td>0</td><td>1,096,838/924,375</td></tr>
</table>
6. Approval of 2022 earnings distribution.
<table>
<tr><th></th><th>Yes/e-vote</th><th>No/e-vote</th><th>Invalid</th><th>Abstain/ Did not vote</th></tr>
<tr><td>Shares</td><td>125,994,585/8,178,857</td><td>8,909/8,909</td><td>0</td><td>1,059,837/887,374</td></tr>
</table>
7. To resolve the 2022 capital increase from retained earnings and issuance of new shares.
<table>
<tr><th></th><th>Yes/e-vote</th><th>No/e-vote</th><th>Invalid</th><th>Abstain/ Did not vote</th></tr>
<tr><td>Shares</td><td>125,988,464/8,172,736</td><td>14,067/14,067</td><td>0</td><td>1,060,800/888,337</td></tr>
</table>
8. To revise the Articles of Incorporation.
<table>
<tr><th></th><th>Yes/e-vote</th><th>No/e-vote</th><th>Invalid</th><th>Abstain/ Did not vote</th></tr>
<tr><td>Shares</td><td>125,994,404/8,178,676</td><td>9,102/9,102</td><td>0</td><td>1,059,825/887,362</td></tr>
</table>
9. To revise the Procedures for the Acquisition or Disposal of Assets.
<table>
<tr><th></th><th>Yes/e-vote</th><th>No/e-vote</th><th>Invalid</th><th>Abstain/ Did not vote</th></tr>
<tr><td>Shares</td><td>125,337,761/7,522,033</td><td>666,759/ 666,759</td><td>0</td><td>1,058,811/886,348</td></tr>
</table>
It has been implemented in accordance with the resolutions of the shareholders' meeting and announced on the company's website.
</td></tr>
</table>

2) Major Resolutions of Meetings of the Board of Directors

Date	Type	Major Resolutions
2023/01/18	Board of Directors	1. Approval of 2023 Operating Plan and Budget 2. Approved the appointment, remuneration and independence assessment of accountants for 2023-2025. 3. Approved the amendment to the "Articles of Incorporation". 4. Approved the proposal to amend the "Rules of Procedures for Board Meeings". 5. Approved to provide endorsement and guarantee to overseas subsidiaries: US$2,000,000 for Sun Ocean Vietnam Co., Ltd. and Ching Feng Vietnam Company Limited together. US$1,600,000 for Grandtop Decorative Product (Zhenjing) Co., Ltd. 6. Approved the loan in the amount of US$1,600,000 to Sun Ocean Vietnam Co., Ltd 7. Approved the general principles of the company's Non-Assurance Services Pre-Approval Policy, and list of non-assurance services of the year. 8. Approved to establish a subsidiary in Singapore. 9. Approved the year-end bonus for the president and managers. 10. Approved the revision of the “Self-evaluation or Peer-to-Peer evaluation of Board Directors”. 11. Approved the convening of the company's 2023 general meeting of shareholders. 12. Approval to financial institutions for various financing quotas and quota increase cases.
2023/03/14	Board of Directors	1. Approved distribution of compensation to employees and directors for the year of 2022. 2. Approved business report and financial statements for the year of 2022. 3. Approved the distribution of earnings and profit for the year of 2022. 4. Approved the capital increase from retained earnings and issuance of new stocks 5. Approved the “Assessment of the Effectiveness of Internal Control” and the “Statement of Internal Control” for the year of 2022. 6. Approved the loan among overseas subsidiaries: Ching Feng Vietnam Company Limited provides the loan in the amount of US$300,000 to Sun Ocean Vietnam Co., Ltd. 7. Approved the loan in the amount of US$1,000,000 to overseas subsidiary, Fu Vietnam Company Limited 8. Approved to capital increase in the amount of US$400,000 to Sun Ocean Vietnam Co., Ltd. 9. Approved the revision to he Regulations of the Acquisition and Disposal of Assets. 10. Approved the amendment to the “Articles of Incorporation". 11. Approved the amendment to the "Approval Authority Form". 12. Approved employee share ownership trust. 13. Approved the schedule of greenhouse gas inventory reports. 14. Approval of new proposals on the agenda of the shareholders' meeting. 15. Approval to financial institutions for various financing quotas and quota increase cases

Date	Type	Major Resolutions
2023/05/11	Board of Directors	1. Approval of the company's financial statement for the first quarter of 2023. 2.Application for supplementary public offering and listing of private placement of common shares in 2014 and 2015 3. Appointment of the Company's corporate governance officer. 4. Amendment to the Company's "Standard Operating Procedures for Handling Directors' Requests" 5. Approval of the revision of Rules and Procedures of Board of Directors Meetings 6. Amendment to the Company's "Internal Control System" 7. Lease of land from related parties 8. Dissolution of subsidiaries PARADISE GENERAL TRADING CO.,LTD 9. Extension of the authorization for the disposal of land, plant and affiliated equipment of overseas subsidiary PRAISE HOME INDUSTRY CO., LTD 10. The change of endorsement and guarantee conditions for the subsidiary, Ching Feng Vietnam Company Limited 11. Approval to financial institutions for various financing quotas and quota increase cases
2023/06/20	Board of Directors	Approved to 2022 Cash Dividend Earnings Distribution Report
2023/06/30	Board of Directors	Approved the procedures for leasing land from related parties
2023/08/11	Board of Directors	1. Approval of the company's financial statement for the second quarter of 2023. 2. To provide endorsement and guarantee to overseas subsidiaries: Sun Ocean Vietnam Co., Ltd. and Fu Vietnam Company Limited together: US$2,120,000. 3. Change of accounting supervisor. 4. Approved the general principles of the company's Non-Assurance Services Pre-Approval Policy, and list of non-assurance services of the year. 5. Approved the amendment to the "Regulations Governing Related Party Transactions" 6. Set up the ex-right date for the Company's surplus to capital increase and distribution of stock dividends 7. Approved the change of employee stock ownership trust fund appropriation. 8. Approved distribution of directors for the year of 2022. 9. Approved to financial institutions for various financing quotas and quota increase cases
2023/11/08	Board of Directors	1. Approved to convert overdue accounts receivable of related parties to Loans 2. Approval of the company's financial statement for the second quarter of 2023. 3. It is agreed that the receivables that exceed a certain period of the normal credit period are not of a fund loan nature. 4. Approval of 2023 annual audit plan 5. Revised financing cycle of internal control. 6. Approved the amendment to the "Operating Procedures for Insider Trading Management". 7. Approval of loan to overseas subsidiaries: Sun Ocean Vietnam Co., Ltd., US$1,000,000; 8. Approval of the proposal for the distribution of treasury shares transferred to employees 9. Approved the appointment of the Company's dedicated information security officer.

Date	Type	Major Resolutions
2023/12/13	Temporary Board of Directors	Approval of the amendments to the subscription price of treasury shares transferred to employees
2024/01/19	Board of Directors	1. Approval of 2024 Operating Plan and Budget 2. Approved the independence assessment case of the company's financial report certified accountant 3. Approved of this year's pre-approved list of general principles of non-confident services polic 4. Approval of loan to overseas subsidiaries: Sun Ocean Vietnam Co., Ltd., US$1,000,000; 5. Approved to convert overdue accounts receivable of related parties to loans. 6. Approved the end bonus to the President and managers. 7. Approved amendments to the Measures for Buying Back Shares and Transferring Employees 8. Approved the 10thof full-Reelection of Directors. 9. Approved the release of newly appointed Directors of the Companyfrom non-competition restrictions. 10. Approved the convening of the company's 2023 general meeting of shareholders. 11. Approval to financial institutions for various financing quotas and quota increase cases
03/13/ 2024	Board of Directors	1. Approval of the compensation of employees and Directors for the year of 2023 2. Approval of 2023 annual operation report and financial statements 3. Approved the distribution of earnings and profit for the year of 2023 4. Approved the "Assessment of the Effectiveness of Internal Control" and the "Statement of Internal Contro". 5. Passed the Ministry of Economic Affairs registration seal custody authorization case 6. Approved to financial institutions for various financing quotas and quota increase cases

12. As of the date of publication of the financial report, for resolutions of the Board of Directors, there are members who have different opinions and there are records or written statements: None

13.Summary table of resignation and dismissal of the President, General Manager, Accounting Supervisor, Internal Control Supervisor, Corporate Governance Supervisor, R&D Supervisor, etc.:

Position	Name	Date Appointed	Date Dismissal	Reason for resignation or dismissal
Accounting Supervisor	Chang, Chun-Ming	2022/07/15	2023/08/31	Position adjustment

ITEM 4 - PRINCIPAL ACCOUNTANT FEES AND SERVICES

1. Accountant Fees

Unit: NT$1,000

Accounting Firm	Name of Accountant		Period of Audit	Note
KPMG Taiwan	Chuang, Chun-Wei	Yu, Chi-Lung	2023.01.01 ~ 2023.12.31	

2. Range of Accountant Fees

Unit: NT$1,000

Accounting Firm	Name of Accountant	Audit	Non-Audit	Period of Audit	Note
KPMG Taiwan	Chuang, Chun-Wei Yu, Chi-Lung	6,500	1,951	2023.01.01 ~ 2023.12.31	Note

Note: Non-audit: NT$1,951,000; tax audit NT$510,000; Master file and TP Report: NT$730,000; Expenses paid on behalf of the company: NT$711,000.

3. Non-audit service fees paid to the accountants, the firm to which the accountant belongs, and its subsidiary account for more than a quarter of the audit fees: None

4. Change the accounting firm, and the audit fee paid after the change is less than that of the year before change: None.

5. If the audit fee has decreased by more than 10% compared with the previous year, the amount, proportion and reason for the decrease shall be disclosed: there is no such case.

ITEM 5 – CHANGE OF ACCOUNTANT：Not Applicable.

ITEM 6 - IF THE PRESIDENT, GENERAL MANAGER, O MANAGER IN CHARGE OF FINANCE OR ACCOUNTING OF THE COMPANY THAT HAS WORKED IN THE ACCOUTING FIRM OR ITS AFFILIATED COMPANIES WITHIN THE PAST YEAR, THEN THEIR NAME, TITLE, AND PERIOD WHILE WORKING WITH THE ACCOUNTING FIRM OR ITS AFFILIATED COMPANY MUST BE DISCLOSED: None.

ITEM 7- IN THE MOST RECENT YEAR AND AS OF THE DATE OF PUBLICATION OF THE ANNUAL REPORT, CHANGES IN SHARE TRANSFERS AND PLEDGES OF DIRECTORS, MANAGERS, AND SHAREHOLDERS WHO HOLD MORE THAN 10% OF THE SHARES OF THE COMPANY:

1. Changes in share transfers and pledges of directors, managers, and shareholders who hold more than 10% of the shares of the company:

Position	Name	2023		As of March 30, 2024	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Hsu, Ming-Hsuan	670,554	--	49,000	--
President	Hsu, Chun-Jan	542,364	--	--	--
Director	Wu, Chien-Tung	35	--	--	--
Director	Lee Bang Shing Investment	99,636	3,900,000	--	--
	Chen, Chun-Chung	1,650	--	--	--
Independent Director	Chuang, Yao-Kai	--	--	--	--
Independent Director	Lai, Chun-Yu	--	--	--	--
Independent Director	Lee, Chun-Te	--	--	--	--
Deputy General Manager	Peng, Jung-Chen(Note)	--	--	--	--
Deputy General Manager	Teng, Chun-Lung	--	--	--	--
Deputy General Manager	Juan, Yu-Hua	50,000	--	--	--
Deputy General Manager	Chen, Po-Hung	141,000	--	--	--
Deputy General Manager and Director of R&D	Wang, Tun-Cheng	100,000	--	--	--

Position	Name	2023		As of March 30, 2024	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Deputy General Manager and Financial Accounting Supervisor and Chief Corporate Governance Office	Chang, Chun-Ming	100,000	--	--	--
Assistant Manager	Chang, Chih-Ming	50,000	--	--	--
Accounting Supervisor	Yen, Huei-Ru	--	--	--	--

Note: The Deputy General Manager, Peng, Jung-Chen, retired on January 31, 2023.

2. The relative parties involved in equity transfer or equity pledge.

(1) Share Transfer: None

(2) Share Transfer: None

ITEM 8 - THE RELATIONSHIP AMONG TOP TEN SHAREHOLDERS

Unit: Share/%

No	Name	Shares		Shares held by spouse and minor children		Holding shares in the name of others		Top ten shareholders are related parties designated by SFAS No. 6, or spouses or relatives within 2 generations.		Note
		Shares	%	Shares	%	Shares	%	Name	Relationship	--
1	Hsu, Ming-Husan	8,820,743	5.07	542,368	0.31	3,158,531	1.82	Hsu, Pei-Hsiang Hung, Yi-Ching Hsu, Chun-Jan	Father & Son Mother & Son Brothers	--
2	Hung, Yi-Ching	7,125,072	4.10	6,665,543	3.83	--	--	Hsu, Pei-Hsiang Hsu, Ming-Hsuan Hsu, Chun-Jan	Husband & Wife Mother & Son Mother & Son	--
3	Hsu, Pei-Hsiang	6,665,543	3.83	7,125,072	4.10	--	--	Hung, Yi-Ching Hsu, Ming-Jan Hsu, Chun-Jan	Husband & Wife Father & Son Father & Son	--
4	Hsu, Chun-Jan	6,387,944	3.67	168,242	0.10	3,266,314	1.88	Hsu, Pei-Hsiang Hung, Yi-Ching Hsu, Ming-Husan	Father & Son Mother & Son Brothers	--
5	The Investment Account of Preferred Investment Advisors(HK) Ltd. under the custody of CTBC Bank.	5,937,545	3.42	--	--	--	--	--	--	--

No	Name	Shares		Shares held by spouse and minor children		Holding shares in the name of others		Top ten shareholders are related parties designated by SFAS No. 6, or spouses or relatives within 2 generations.		Note
		Shares	%	Shares	%	Shares	%	Name	Relationship	--
6	Hao Tang Investment Co., Ltd.	5,919,729	3.41	--	--	--	--	Hsu, Chun-Jan	Hsu, Chun-Jan is the person in charge.	--
7	Lee Bang Shing Investment Co.	4,085,102	2.35	--	--	--	--	Hsu,Ming-Hsuan	The spouse is the person in change	--
8	Chen, Shu-fen	4,066,375	2.33	--	--	--	--	--	--	--
9	De Bee Investment Co., Ltd.	3,712,300	2.14	--	--	--	--	--	--	--
10	Chi Cheng Investoment Co.	3,266,314	1.88	--	--	--	--	Hsu, Chun-Jan	The spouse is the person in change	--

ITEM 9- THE SHARES OF THE SAME RE-INVESTMENT BUSINESS OF THE BUSINESS DIRECTLY OR INDIRECTLY CONTROLLED BY THE COMPANY, ITS DIRECTORS AND MANAGERS, AND ITS COMBINED COMPREHENSIVE SHAREHOLDING RATIO:

Unit: Share/NT$

Business Name (Note)	The Company		Directly or Indirectly Controlled by Directors, Managers,		Shares	
	Shares	%	Shares	%	Shares	%
All Strong Industry In.	65	100%			65	100%
Lamae' Global Home Fashion Co., Ltd	35,525	100%			35,525	100%
Sincere Capital Limited	13,084	100%			13,084	100%
Paradise General Trading Co., Ltd	437	100%			437	100%
Praise Home Industry Co., Ltd.	2,000	100%			2,000	100%
Ching Feng Vietnam Company Limited	Note	100%			Note	100%
Fu Yue Window Decoration Co., Ltd.	Note	100%			Note	100%
Fu Vietnam Company Limited.	Note	100%			Note	100%
Zhenjiang Ching Lu Management Consulting Co.	Note	100%			Note	100%
New Nice Home Fashion L.L.C			24,655	100%	24,655	100%
Sun Ocean Investment Ltd.			13,473	100%	13,473	100%
Sun Ocean Vietnam Co., Ltd.			Note	100%	Note	100%
Grandtop Decorative Product (Zhenjing) Co., Ltd.			Note	100%	Note	100%
Fu Yue Window Decoration Technology (Zhenjing)			Note	100%	Note	100%

Note: The invested company is a limited company.

ITEM 10 - "OPERATIONAL PROCEDURES OF INTERNAL MATERIAL INFORMATION"

In the company's internal control system, there are "Procedures for Preventing Insider Trading" and "Operational Procedures of Internal Material Information". Both procedures are announced on the company' s website for full compliance.

PART IV - FUND RAISING AND FUND UTILIZATION PLAN AND IMPLEMENTATION

ITEM 1 - SHARE CAPITAL AND SHARES

1. Source of Share Capital

1) Formation of Share Capital

Unit: Share/NT$

Year/ Month	Issue Price (NT$)	Approved Share Capital		Paid-in Share Capital		Note			
						Source of Share Capital		Property Other Than Cash	Others
		Shares	Amount	Shares	Amount	Cash Capital Others Increase	Turn Surplus into Capital Increase		
66.03	1,000 元	1,000	1,000,000	1,000	1,000,000	1,000,000	----	None	
73.02	1,000 元	6,000	6,000,000	6,000	6,000,000	5,000,000	----	None	
76.10	1,000 元	2,960,000	29,600,000	2,960,000	29,600,000	23,600,000	----	None	
77.11	10 元	13,960,000	139,600,000	13,960,000	139,600,000	110,000,000	----	None	
78.10	10 元	17,000,000	170,000,000	17,000,000	170,000,000	30,400,000	----	None	
78.12	10 元	19,900,000	199,000,000	19,900,000	199,000,000	29,000,000	----	None	
80.09	10 元	22,885,000	228,850,000	22,885,000	228,850,000	----	29,850,000	None	Note 1
81.11	10 元	30,372,525	303,725,250	30,372,525	303,725,250	60,000,000	14,875,250	None	Note 2
82.07	10 元	34,017,228	340,172,280	34,017,228	340,172,280	----	36,447,030	None	Note 3
83.07	10 元	39,119,812	391,198,120	39,119,812	391,198,120	----	51,025,840	None	Note 4
84.01	10 元	44,118,455	441,184,550	44,118,455	441,184,550	49,986,430	----	None	Note 5
85.12	10 元	50,000,000	500,000,000	50,000,000	500,000,000	----	58,815,450	None	Note 6
86.08	10 元	52,500,000	525,000,000	52,500,000	525,000,000	----	25,000,000	None	Note 7
87.07	10 元	56,175,000	561,750,000	56,175,000	561,750,000	----	36,750,000	None	Note 8
88.06	10 元	100,000,000	1,000,000,000	68,049,636	680,496,360	90,000,000	28,746,360	None	Note 9
89.07	10 元	100,000,000	1,000,000,000	75,000,000	750,000,000	----	69,503,640	None	Note 10
90.08	10 元	100,000,000	1,000,000,000	78,750,000	787,500,000	----	37,500,000	None	Note 11
91.09	10 元	100,000,000	1,000,000,000	81,200,000	812,000,000	----	24,500,000	None	Note 12
91.10	10 元	100,000,000	1,000,000,000	99,950,000	999,500,000	187,500,000	----	None	Note 13
92.10	10 元	190,000,000	1,900,000,000	107,488,500	1,074,885,000	----	75,385,000	None	Note 14
93.05	10 元	190,000,000	1,900,000,000	108,823,813	1,088,238,130	----	----	None	Note 15
93.07	10 元	190,000,000	1,900,000,000	118,012,999	1,180,012,990	----	91,774,860	None	Note 16
94.06	10 元	190,000,000	1,900,000,000	139,798,193	1,397,981,930	----	217,968,940	None	Note 17
95.01	10 元	190,000,000	1,900,000,000	143,183,205	1,431,832,050	----	----	None	Note 18
95.07	10 元	190,000,000	1,900,000,000	146,018,109	1,460,181,090	----	28,349,040	None	Note 19
96.07	10 元	190,000,000	1,900,000,000	148,909,711	1,489,097,110	----	28,916,020	None	Note 20
96.10	10 元	190,000,000	1,900,000,000	147,471,711	1,474,717,110	----	----	None	Note 21
96.11	10 元	190,000,000	1,900,000,000	172,471,711	1,724,717,110	250,000,000	----	None	Note 22

Year/ Month	Issue Price (NT$)	Approved Share Capital		Paid-in Share Capital		Note			
		Shares	Amount	Shares	Amount	Source of Share Capital		Property Other Than Cash	Others
						Cash Capital Others Increase	Turn Surplus into Capital Increase		
97.07	10 元	190,000,000	1,900,000,000	179,009,816	1,790,098,160	----	65,381,050	None	Note 23
100.10	10 元	300,000,000	3,000,000,000	119,009,816	1,190,098,160	(600,000,000)	----	None	Note 24
103.01	10 元	300,000,000	3,000,000,000	130,100,725	1,301,007,250	61,000,000	----	None	Note 25
103.12	10 元	300,000,000	3,000,000,000	140,304,807	1,403,048,070	80,000,000	----	None	Note 26
104.12	10 元	300,000,000	3,000,000,000	153,623,342	1,536,233,420	120,000,000	----	None	Note 27
107.07	10 元	300,000,000	3,000,000,000	169,623,342	1,696,233,420	160,000,000	----	None	Note 28
112.10	10 元	300,000,000	3,000,000,000	173,838,926	1,738,389,260	----	42,155,840	None	Note 29

Note 1: Surplus capital increase: NT$29,850,000. Approved by the Official Letter No. (80)Tai-Tsai-Cheng(1)-Tzu-02745 dated September 14, 1991 from the Security Supervisory Committee, Ministry of Finance.

Note 2: Cash capital increase: NT$60,000,000, Surplus capital increase: NT$14,875,250。Approved by the Official Letter No. (81)Tai-Tsai-Cheng(1)-Tzu- dated November 10, 1992 from the Security Supervisory Committee, Ministry of Finance.

Note 3: Surplus capital increase: NT$36,447,030。Approved by the Official Letter No. (82)Tai-Tsai-Cheng(1)-Tzu-01623 dated July 5, 1983 from the Security Supervisory Committee, Ministry of Finance.

Note 4: Surplus capital increase: NT$51,025,840。Approved by the Official Letter No. (83)Tai-Tsai-Cheng(1)-Tzu-31883 dated July 21, 1994 from the Security Supervisory Committee, Ministry of Finance

Note 5: Cash capital increase: NT$49,986,430。Approved by the Official Letter No. (83)Tai-Tsai-Cheng(1)-Tzu-43278 dated October 24, 1994 from the Security Supervisory Committee, Ministry of Finance.

Note 6: Surplus capital increase: NT$58,815,450。Approved by the Official Letter No. (85)Tai-Tsai-Cheng(1)-Tzu-69627 dated December 3, 1996 from the Security Supervisory Committee, Ministry of Finance.

Note 7: Surplus capital increase: NT$25,000,000。Approved by the Official Letter No. (86)Tai-Tsai-Cheng(1)-Tzu-66558 dated August 22, 1997 from the Security Supervisory Committee, Ministry of Finance.

Note 8: Surplus capital increase: NT$36,750,000。Approved by the Official Letter No. (87)Tai-Tsai-Cheng(1)-Tzu-58984 dated July 9, 1998 from the Security and Futures Committee, Ministry of Finance.

Note 9: Cash capital increase: NT$90,000,000, Surplus capital increase: NT$28,746,360。Approved by the Official Letter No. (88)Tai-Tsai-Cheng(1)-Tzu-54902 dated June 23, 1999 from the Security and Futures Committee, Ministry of Finance.

Note 10: Surplus capital increase: NT$69,503,640。Approved by the Official Letter No. (89)Tai-Tsai-Cheng(1)-Tzu-59293 dated July 17, 2000 from the Security and Futures Committee, Ministry of Finance.

Note 11: Surplus capital increase: NT$37,500,000。Approved by the Official Letter No. (90)Tai-Tsai-Cheng(1)-Tzu-160451 dated August 28, 2001 from the Security and Futures Committee, Ministry of Finance.

Note 12: Surplus capital increase: NT$24,500,000。Approved by the Official Letter No. (91)Tai-Tsai-Cheng(1)-Tzu-091015775 date September 25, 2002 from the Security and Futures Committee, Ministry of Finance.

Note 13: Cash capital increase: NT$187,500,000。Approved by the Official Letter No. (91)Tai-Tsai-Cheng(1)-Tzu-0910157905 dated October 28, 2002 from the Security and Futures Committee, Ministry of Finance.

Note 14: Surplus capital increase: NT$75,385,000。Approved by the Official Letter No. (92)Tai-Tsai-Cheng(1)-Tzu-0920147195 dated October 7, 2003 from the Security and Futures Committee, Ministry of Finance.

Note 15: Convertible bonds into ordinary shares: 1,335,313 shares。

Note 16: Surplus capital increase: NT$91,774,860。Approved by the Official Letter No. (92)Tai-Tsai-Cheng(1)-Tzu-0930129792 dated July 6, 2004 from the Security and Futures Committee, Ministry of Finance.

Note 17: Surplus capital increase: NT$217,968,940。Approved by the Official Letter No. Chin-Kuan-Cheng(1)-Tzu- 0940122031 dated June 1, 2005 from Financial Supervisory Committee, Taiwan.

Note 18: Convertible bonds into ordinary shares: 3,385,012 shares.

Note 19: Surplus capital increase: NT$28,349,040。Approved by the Official Letter No. Chin-Kuan-Cheng(1)-Tzu-0950131978 dated July 21, 2006 from Financial Supervisory Committee, Taiwan.

Note 20: Surplus capital increase: NT$28,916,020。Approved by the Official Letter No. Chin-Kuan-Cheng(1)-Tzu-0960035863 dated July 11, 2007 from Financial Supervisory Committee, Taiwan.

Note 21: Cancellation of repurchases of common stock: 1,438,000 shares。Approved by the Official Letter No. Chin-Kuan-Cheng(3)-Tzu-0930146690 from Financial Supervisory Committee, Taiwan.

Note22: Cash Capital Increase, Private Placement of Common Stock: 250,000,000。Approved by the Official Letter No. Chin-Shou-Shang-Tzu-096012 dated November 30, 2007 from the Ministry of Economics.

Note 23: Surplus capital increase: NT$56,381,050 及Number of shares allotted to shareholders of privately placed securities: NT$9,000,000, Total NT$65,381,050. Approved by the Official Letter No. Chin-Kuan-Cheng(1)-Tzu-0970035162 dated

November 4, 2008 from Financial Supervisory Committee, Taiwan.

Note 24: Write-off of common stock for capital reduction: 51,620,571 shares, par value per share: NT$10, Total NT$516,205,710; Number of shares canceled by shareholders of privately placed securities, common stock: 8,379,429 shares, total 60,000,000 shares. The shares were reduced to 119,009,816 shares from 179,009,816 shares. Approved by the Official Letter No. Chin-Kuan-Cheng-Fa-Tzu-1000046842 dated October 6, 2011 from Financial Supervisory Committee, Taiwan.

Note 25: Cash capital increase by private placement: NT$61,000,000, Common stock: 11,090,909 shares, Approved by the Official Letter No. Chin-Shou-Shang-Tzu-10301009350 dated January 16, 2004 from the Ministry of Economics.

Note 26: Cash capital increase by private placement: NT$80,000,000, common stock: 10,204,082 shares, Approved by the Official Letter No. Chin-Shou-Shang-Tzu-10301272770 dated January 28, 2015 from the Ministry of Economics.

Note 27: Cash capital increase by private placement: NT$120,000,000, Common stock: 13,318,535 shares, Approved by the Official Letter No. Chin-Shou-Shang-Tzu-1040128026 dated December 11, 2015 from the Ministry of Economics.

Note 28: Cash capital increase: NT$160,000,000。Approved by the Official Letter No. Chin-Kuan-Fa-Tzu-1070323275 dated July 16, 2008 from Securities and Futures Committee, Ministry of Finance.

Note 29: Surplus capital increase: NT$28,916,020 NT$42,155,840. Chin-Shou-Shang-Tzu-11230188740 dated October 23, 2023 from the Ministry of Economics.

2) Types of Stock:

March 30, 2024 Unit: Share

Type of Stock	Authorized Share Capital			Note
	Shares Outstanding	Unissued shares	Total	
Registered Common Stocks	173,838,926	126,161,074	300,000,000	--

3) Information about shelf registration: None

2. Structure of Shareholders:

March 30, 2024

Structure / No.	Government Agencies	Financial Institutions	Other Corporate Shareholders	Foreign Institutions & Foreigners	Personal	Total
No.	0	0	207	57	33,383	33,647
Shares Held	0	0	35,266,458	11,067,229	127,505,239	173,838,926
%	0.00%	0.00%	20.29%	6.36%	73.35%	100.00%

3. Ownership Dispersion:

1) Common stocks:

Par value: NT$10/share: March 30, 2024

Class	No. of Shareholders	Shares	%
1 to 999	29,077	491,170	0.28%
1,000 to 5,000	2,669	5,429,901	3.12%
5,001 to 10,000	662	4,433,832	2.55%
10,001 to 15,000	321	3,650,093	2.10%
15,001 to 20,000	156	2,685,639	1.55%
20,001 to 30,000	192	4,525,467	2.60%
30,001 to 40,000	135	4,656,162	2.68%
40,001 to 50,000	88	3,962,914	2.28%
50,001 to 100,000	135	9,513,612	5.47%
100,001 to 200,000	96	12,765,786	7.34%
200,001 to 400,000	58	15,735,211	9.05%
400,001 to 600,000	14	7,128,794	4.01%
600,001 to 800,000	7	4,756,377	2.74%
800,001 to 1,000,000	6	5,159,502	2.97%
1,000,001 and more	31	88,944,466	51.17%
Total	33,647	173,838,926	100.00%

2) The Dispersion of special stocks: The company does not issue special shares.

4. List of Main Shareholders

March 30, 2024

Name \ Shares	Shares	%
Hsu, Ming-Hsuan	8,820,743	5.07
Hung, Yi-Ching	7,125,072	4.10
Hsu, Pei-Hsiang	6,665,543	3.83
Hsu, Chun-Jan	6,387,944	3.67
The Investment Account of Preferred Investment Advisors (HK) Ltd. under the custody of CTBC Bank.	5,937,545	3.42
Hao Tang Investment Co., Ltd.	5,919,729	3.41
Lee Bang Shing Investment Co.	4,085,102	2.35
Chen, Shu-fen	4,066,375	2.33
De Bee Investment Co., Ltd.	3,712,300	2.14
Chi Cheng Investoment Co.	3,266,314	1.88

5. Stock Price, Net Worth, Surplus, Dividends and Related Information per Share in the Past Two Years

Unit: Share/NT$

Year			2022	2023
Share Price (Note 1)	Highest		20.50	22.60
	Lowest		16.35	16.90
	Average		17.81	18.68
Net Worth	Before distribution		13.51	12.96
	After distribution(Note 2)		12.55	12.47
Surplus	Weighted Average Number of Shares (1000 shares)		168,623	172,862
	Earnings per share	Before adjustment	1.31	0.60
		After adjustment(Note 3)	1.28	0.60
Dividends	Cash dividends		0.65	0.50
	Issuance of Bonus Shares	Issuance of new shares from earnings	0.25	--
		Issuance of new shares from capital surplus	--	--
	Accumulated Unpaid Dividends (Note4)		--	--
ROI Analysis	P/E Ration (Note5)		13.60	31.13
	Dividend/Price Ratio (Note6)		27.40	37.36
	Cash Dividend Yield (Note7)		3.65%	2.68%

＊ If shares are distributed in connexion with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: It is based on the number of issued shares at the end of the year and the distribution according to the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3: If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4: If the terms and conditions under which the equity securities are issued provide that the stock dividend retained in the year may be accumulated until the year in which there are allocable earnings available, please disclose the retained stock dividend accumulated until the then year.

Note 5: P/E ratio = average closing price per share for the current year/earnings per share.

Note 6: Dividend/Price Ratio = average closing price per share in the current year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the current year.

Note 8: As of the publication date of the annual report, the company does not yet have the 2024 financial report figures that have been audited or reviewed by accountants.

6. Dividend Policy

1) Dividend policy stipulated in the Articles of Incorporation

The company distributes employee compensation based on no less than 2% of the current year's profit and no more than 3% as compensation for directors and supervisors. However, if the company still has accumulated losses, losses shall be covered first.

The compensation of employees referred to in the preceding paragraph may be in stock or cash, and the recipients of the stock or cash payment include employees of affiliated companies who meet certain conditions. The proposal should be resolved by the board of directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present. The resolution will be reported at the shareholders' meeting.

The company's annual profit as mentioned in the first paragraph refers to the current year's profit before tax before deducting the compensation to employees and directors and supervisors. If the company has a surplus in the annual settlement, it should first cover losses of previousyears.

If there is still a surplus, after 10% of the legal reserve, and another sum as special reserve are set aside, together with the unappropriated surplus at the beginning of the period, and the adjusted amount of the unappropriated surplus of the current year, such surplus will be the surplus available for appropriation, but a part of it may be retained depending on the situation of the company, and the Board of Directors shall prepare a proposal for surplus distribution and submit it to the shareholders' meeting for approval.

Ching Feng Home Fashions Co., Ltd. is a traditional manufacturing factory with its life cycle in the "growth period". Taking into consideration of the working capital needs and the protection of shareholders' rights and interests, every year, no less than 10% of the distributable surplus is appropriated to distribute shareholder dividends. However, when the accumulated distributable surplus is lower than 10% of the paid-in share capital, no distribution will be allowed. The company adopts part of cash dividends and part of stock dividends for surplus appropriation. The ratio of cash dividends shall not be lower than 20% of the total dividends to be distributed. The ratio depends on the company's latest debt ratio, quick ratio and cash flow, and shall be proposed by the Board of Directors.

2) Dividend distribution proposed at the shareholders' meeting

Unit: NT$

Sources	
Retained earnings at the beginning of the year	342,923,242
Add: Net profit after tax for the year	104,004,448
Earnings available for distribution	446,927,690
Appropriation	
Less: Legal reserve(10%)	10,400,445
Less: Special reserve	29,296,063
Cumulative distributable earnings by the end of 2023	407,231,182
Distribution items:	
Less: Cash dividends paid to shareholders (NT$0.5/share)	86,669,463
Retained earnings on December 31, 2023	320,561,719

The Company plans to allocate NT$86,669,463 from the distributable earnings. Cash dividends will be paid up to NT$1.00. According to the shareholders and their holdings recorded in the shareholder register on the distribution date, there are a total of 173,838,926 shares. After deducting 500,000 treasury shares, the number of shares outstanding is 173,338,926 shares. NT$0.5 per share will be distributed.

3) If a material change in dividend policy is expected, provide an explanation: No material changes in dividend policy.

7. The Impact of the Proposed Issuance of Bonus Shares This Year on the Company's Operating and Earnings per Share:

It is not applicable because the proposed profit distribution for this year does not include the issuance of bonus shares.

8. Compensation to Employees and Directors

1) Depending on the profit of the year, the company shall allocate no less than 2% for the compensation of employees, and no more than 3% for directors.

2) Estimated compensation for employees and directors for the year:

(1) Basis of estimation: The amount of compensation estimated for employees, directors and supervisors are based on the current net profit up to the current year, and the percentage stipulated in the articles of incorporation and with reference to the percentage paid in the past.

(2) Basis of calculation of the number of shares for distribution of stock compensation: Not applicable.

(3) There is no difference between the actual distribution and the estimated amount.

3) Distribution of compensation approved by the Board of Directors:

(1) Amount of compensation for employees and directors in cash or shares:

A: Cash to employees: NT$2,935,000

B: Stock to Employees: NT$0,000.

C: Amount of compensation for directors: NT$1,468,000

D: There is no difference from the estimated amount.

(2) The amount of compensation to employees distributed by stock and its proportion to the total after-tax net profit and total compensation to employees in the consolidated or individual financial report of the current period: Not applicable.

(3) Earnings per share after the proposed distribution of compensation to employees, director and supervisors: Not applicable

4) The actual distribution of compensation to employees and directors in the previous year:
(1) Cash to employees: NT$5,681,000
(2) Stock to Employees: NT$0,000.
(3) Amount of compensation for directors: NT$2,841,000
(4) There is no difference from the estimated amount.

9. Shares of the Company Purchased Back by the Company

Order	1st time in 2021
Purpose	To transfer of shares to employees.
Period	November 23, 2021 to December 29, 2021
Price range	NT$ 19.96
Type and quantity of shares bought back	Common stocks 1,000,000 Shares
Amount of shares bought back	NT$ 19,958,701
The number of bought back accounts for the scheduled buy back(%)	0.59%
Number of shares that have been canceled and transferred.	500,000 Shares
Cumulative number of shares held in the company	500,000 Shares
Ratio of total issued shares (%)	0.59%

ITEM 2 - CORPORATE BONDS: None

ITEM 3 - SPECIAL SHARES WITH WARRANTS: None

ITEM 4 - SPECIAL SHARES: None

ITEM 5 - OVERSEAS DEPOSITARY RECEIPTS: None

ITEM 6 - EMPLOYEE STOCK OPTION CERTIFICATE: None

ITEM 7 - MERGERS AND ACQUISITIONS OR TRANSFER OF SHARES OF OTHER COMPANIES TO ISSUE NEW SHARES AND MATTERS TO BE DISCLOSED: None

ITEM 8 - EXECUTION OF FUNDS UTILIZATION PLAN

As of the quarter before the date of publication, there are no unfinished matters in the previous issuance or private placement of securities: None.

PART V OPERATIONAL REVIEW

ITEM 1 － BUSINESS OF THE COMPANY

1. Scope

1) Content of business

The company manufactures three home decorative products including blinds, shades and bedding as well as the manufacture and sale of their ancillary spare parts

2) Current products and proportions:

Products	Proportion in 2023
Shades	68.02
Home textiles	30.03
Plastic products	1.95
Total	100.00

3) Use of products

Item	Products		Description
1	Blinds	1. Plastic blinds	Block out light and improve privacy. Blinds can tilt, close fully or open to let in the right amount of light into your room to reveal natural light when wanted. Easy to be incorporated into home decor and interior design.
		2. Aluminum blinds	
		3. Faux wood blinds	
		4. Vertical blinds	
		5. Horizontal blinds	
2	Shades	1. Roman blinds	In addition to those functions of a traditional curtain, they are made of environmentally friendly materials for extra safety and added durability, and offering style and elegance to attractively accent every window in the home.
		2. Honeycomb curtain	
		3. Pleated blinds	
		4. Roller blinds	
3	Home Textiles	1. Shower curtain	They make a practical addition to your home while saturate your space with beautiful tones and texture.
		2. Non-woven fabric	

4) New products under development

(1) Extension of Functions of Blinds (Cordless blinds, electric blinds, convenience blinds)
In response to the focus on children's home safety and regulations for curtains and drapes in North American, the company continues to promote products such as cordless blinds, cordless Roman blinds, and cordless honeycomb blinds, and further extend to develop electric blinds, and convenience blinds.

The products with standard sizes are mainly sold in department stores and hypermarkets. To develop the market for custom made blinds is one of the medium-term goals of the company.

A. Lean production, introduction of business to consumer sales model in America;
B. Introduction of business to consumer sales model in Europe.
C. Construct and operate the American online sales platform;
D. Construct an independent sales network platform in the Americas;
E. Develop commodities of American home textiles brand;
F. Integrate curtain and home furnishing products, build warehousing and distribution logistics in Southeast Asia;
G. Construct a customized sales network in Southeast Asia.

(2) Reduce the cost of materials and increase the functions of curtains

With Automated production to replace labor-intensive personnel costs and saves direct labor costs.

(3) To differentiate products by market, and use it as the axis of having products meet the regulations for safety, being made of safety material and with safety labels.

The Window Covering Manufacturers Association (WCMA) works closely with the Consumer Product Safety Commission. Canada took the lead in banning the sale of some curtains with a pull cord. The company will introduce cordless curtains into the large-scale network for sale. At the same time, the selection of chemicals complies with European and American regulations, and the product coloring process also applies the method of reducing dyeing and finishing to achieve environmental sustainability.

2. Industrial Outlook

Since the Group's main products are curtains and home accessories, its total revenue accounts for nearly 90% of the Group's revenue. With regard to the products manufactured by the company, here is the industrial outlook:

1) Current status and development of the industry

The company specializes in the research and development of home decor products. With its advantages in the design and manufacture of curtains and home accessories, the novel materials and fabrics show their texture in simplicity under the innovative design.

The company's products are sold in overseas markets with main products being curtains and home accessories. Appealing for personalized style, DIY mix and match patterns and multiple choices of curtains, there will be more creative colors from time to time to add a romantic touch to your home. Coupled with the function of reducing solar heat gain while maintaining desired light, ventilation and privacy, mixing and matching from variant colors and texture options will improve the aesthetics of the space as well.

At present, to meet the needs for greater diversity in the curtains and window blinds market, it is necessary to vertically integrate upstream and downstream suppliers from design, accessories, processing, packaging, and distribution channels. Taking advantage of the global market's high evaluation of Taiwan's design and production, we can create a blue ocean of the industry.

(1) Curtains

The business landscape will likely look a lot different after Covid-19. According to the research report released by Global Industry Analysts (GIA) in February, 2023, the global blinds and curtains market will grow from 10.5 billion U.S. dollars in 2023 to reach 12.5 billion U.S. dollars by 2027.

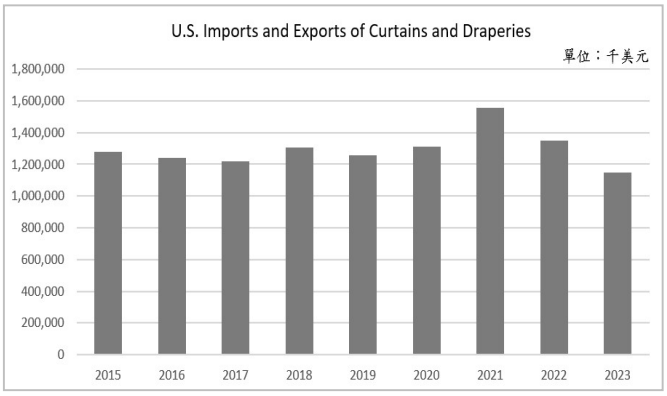
In terms of market size, the U.S. is the largest market for curtains and blinds. According to a research report released by Sundale Research in February 2023, consumers want

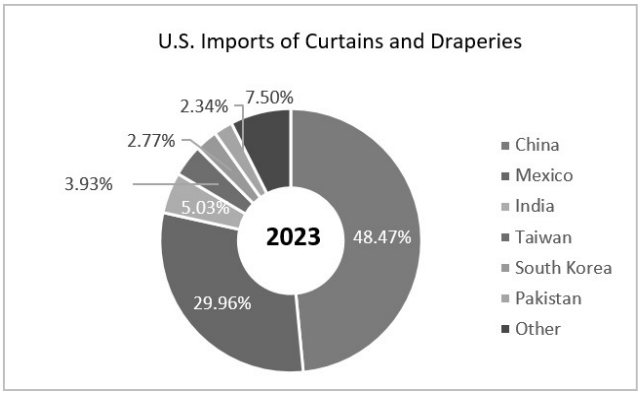
customization, and to stay current and popular, a wider option of styles, materials and prices, as well as easier to install and beautiful mounting brackets. Energy-saving and environmentally friendly curtains are also attracting more customers. In addition to continuous innovation in product design and materials, regulatory requirements for safety and green energy also lead the market demand to expand and the overall market to grow steadily.

The pandemic has changed consumer behavior. Consumers do not need to go into the stores; e-commerce and social media have become important marketing tools. In 2023, about 21.5% of American consumers purchased on e-commerce and social media platforms, and e-commerce is expected to grow threefold until 2027. In addition, GIA pointed out that the United States is still the largest window covering market in the world with the estimated compound annual growth rate to reach 5.5 % from 2023 to 2028. The fastest growing market is China. It is estimated that the compound annual growth rate from 2023 to 2028 will reach 4.1% because of population growth and accelerated urbanization, and the population of the middle class and affluent class continues to increase and so on.

Statistics of the US Department of Commerce show that from the perspective of the import trend of window coverings and blinds in the United States, the data shows that the amount of manufacturers imported has maintained steady growth since 2014. In addition, in the countries of origin, mainly Mexico, Vietnam, mainland China, India, Cambodia and Taiwan, more than half of the finished and semi-finished window coverings and blinds are imported from mainland China and Mexico, which shows that the industry still relies on mainland China and Mexico with lower raw materials and labour costs. Products produced in mainland China and Mexico are still relatively cost-effective. In the face of low-price competition from manufacturers in emerging markets such as mainland China, Mexico, and India, major manufacturers are committed to increasing the proportion of custom-made products and avoiding low-price competition in the ready-made window covering market.

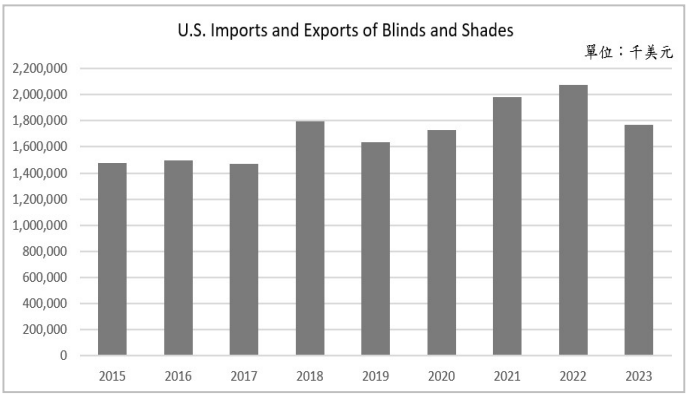
U.S. Imports of Curtains & Interior Blinds

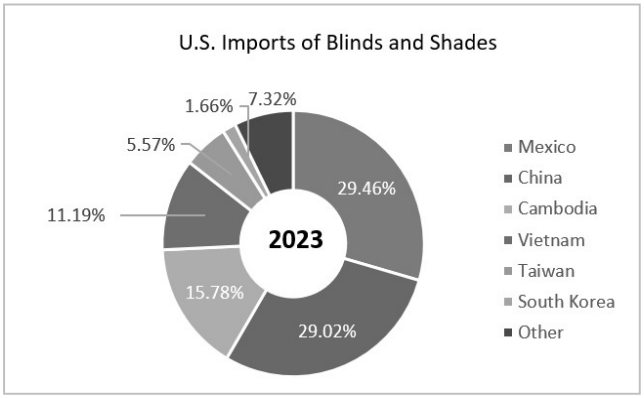




Source of Data: U.S. Department of Commerce; Sundale Research

U.S. Imports of Plastic Blinds, Curtains and Parts





Source of Data: U.S. Department of Commerce; Sundale Research

In terms of industry trends, curtains and blinds are formal in aesthetic and offered in a variety of colors, patterns, and textures to appeal to design to add a sophisticated dimension to windows. Because of the legal requirements of safety, green power and environmental awareness, curtains and blinds made of green and environmentally friendly materials with safety design will become the mainstream and business opportunities. The Window Covering Manufacturers Association (WCMA) have passed a new window covering safety standard that requires window covering products sold in the United States and Canada to be cordless or have inaccessible or short cords, in order to prevent young children from being strangled by curtain cords and suffocating to death. At present, Canada has taken the lead in banning the sale of curtains with a cord. In the United States, large department stores, including Wal-Mart, JC Penney and Pottery Barn, have followed the Consumer Product Safety Commission (CPSC) and stopped selling products including Roman blinds, roll-up blinds and blinds with a cord. The patented cordless honeycomb blinds developed by the company adopt a simple and durable mechanical structure. The blind can withstand up to 5,000 times of tensile tests. It is expected that the sales of curtain products with safety design will have great growth potential in North American.

(2) Home Textiles

Home textiles are closely related to home aesthetic. Therefore, in addition to economy, the market trend is also affected by external factors such as society, culture and humanities. The buying sentiment of home textiles remains sluggish owing to economic downturn. However, the trend of stay-at-home economy has made consumers willing to invest in household products that will be used at home for a long time. The trend has caused the market to grow.

The rise of the stay-at-home economy makes people spend more time at home, and home becomes the center of life. This relatively increases the spending on household items. When the willingness to consume is low, consumers tend to evaluate more cautiously how they shop, what they buy, and how they use the products in their lives. Willingness to consume is not equal to ability to consume. Under the consumption pattern of M-Form Society, value for money also replaces the past promotional pricing strategy and becomes the key to attract and retain customers. Additionally, when the housing market continues to cool, consumers delay home purchases and will be in favor of renovating and remodeling existing ones.

They will buy lower priced home furnishings to change their home's style. Thus affordable and well-designed products will become a trend, which will also drive the growth of home decoration products on e-commerce platforms. This is a business opportunity that the industry is actively exploring in recent years.

2) The relationship between the upper, middle and lower reaches of the industry

- Curtains

Upper Reach		Middle Reach		Lower Reach
Petrochemical Textile Hardware	→	**Window covering manufacturers**	→	**Distributors**

- Home Textiles

Upper Reach		Middle Reach		Lower Reach
Petrochemical Textile Hardware	→	**Home textiles manufacturers**	→	**Distributors**

- Plastic products

Upper Reach	Middle Reach	Lower Reach
Petrochemical ma terials	→ **Manufactures of plastic bags** →	**Distributors**

3) Trends of development competitive analysis

(1) Curtains

Curtains are a part of home decoration. How to combine functionality with aesthetics while taking into account environmental protection and safety requirements will be an important issue in the development of new products in the future, and it will also be a key factor for leading the industry in the market. In the M-Form society, standard-sized products and custom made products are two different consumption patterns. Standard-sized products will be quantity and cost-oriented, while customized products will emphasize diversity, quality and complete services. How to design products that meet these two different needs, and build a complete marketing channel to provide products that meet customers'requirements are the company's business goals.

In recent years, the North American market has been focusing on safety and environmental issues. Ching Feng Home Fashions already has a number of patents for safety curtains, especially the cordless series, which doesn't require external cords to open and close to effectively protect children from accidents of being strangled by curtain cords.

In terms of eco friendly products, the application of curtains in the North American market is different from that in Asia. In North America, curtains are used as home and event decor, and are replaced periodically every year. However, in recent years, environmental concerns have been on the rise. In order to strengthen the environmental protection features and maintain advantages in marketing, major distribution channels hope that curtains can be made of materials that can reduce the environmental load and waste. Adhering to the policy, the company asks suppliers to provide us with environmentally friendly fabric. In addition, for waste reduction, the company develops product styles for replacement of curtains based on module concepts, to give customers new options for the replacement of curtains. It not only achieves the goal of reducing waste, but also makes available easy DIY craft ideas for home decorating.

The safety and high value-added products launched in recent years, such as cordless honeycomb series and magnetic Roman blind series, are the best-selling products of the company. Honeycomb-like cell pockets trap air around the windows, keeping rooms warm in the winter and cool in the summer. It is attractive to consumers who are conscious of energy saving and environmental protection. Perfect for providing privacy and preventing glare, the magnetic Roman blinds can provide the finishing touch in rooms with casual, traditional, or

contemporary decor with feeling of handmade design. Roman blinds can be made out of fabrics, bamboo, linen, paper, etc. Roman curtains are thin and lightweight, with a soft, muted color or a bold hue to achieve a simple and aesthetic look to the window. It is quite attractive to consumers who are focused on finding home designs that align with their values.

About new curtain trends, there is a tendency towards diversified materials, reasonable prices, safety and environmental protection. The company provides a variety of curtain products and exquisite customized services to meet customers' requirements. In line with the promotion of distribution channels, the company is able to occupy a market size and own a unique position in the mind of the target consumers through brand positioning.

(2) Home textiles

Large retailers in the US constantly seek to bringing products with superb value (low price/high quality). In recent years, the rise of the textile industry in mainland China and Southeast Asia has gradually replaced low-priced home decor products from Taiwan. Manufacturers of home decor products in Taiwan are facing serious challenges. The industry should start with designing and adding new features to products, providing customized options, etc. to increase product value. With these value-add investments, there is an opportunity to create new markets across existing strategic polices for home décor products

3. Technology and R&D

1) Level of technology and research and development of the business

Since its establishment, the company has focused on the research and development of curtain products, and invested considerable resources in the development of materials and functionality. At the same time, we spare no effort to improve the manufacturing process in order to assess the ability of a process to meet specifications. The purpose is nothing more than to increase the value of products, so as to reduce manufacturing costs, increase profitability, and enhance product competitiveness.

At present, in response to market regulatory requirements and ESG trends, the Company has completed the research and development of various types of window coverings that meet safety regulations, which have been verified and approved by an international third-party impartial company to avoid more than 700 physical injuries caused by the old operation of exosphate strings every year, and provide more protection for users' life. These innovative designs have been applied for patents in many countries. In order to mitigate climate change, reduce the use of petrochemical raw materials, reduce the depletion of resources on the earth, and reduce greenhouse gas emissions, the Company has long launched cellular phones made of recycled materials. In 2023, the Company launched the world's first environmentally friendly blinds made of recycled PET bottles through special technology. The blinds can reduce carbon emissions by more than 63.4% compared to the current aluminium blinds. The above-mentioned innovative and patented window coverings can not only get rid of the low-profit scroll from the price competition of traditional window coverings on the market, but also enhance the market share of the Company, and continue to promote the revenue and profit to provide a strong and effective driving force.

2) R & D personnel, their education and experience

As of March 31, 2024, the education and average seniority of R&D personnel are as follows:

Unit: Person

Year / Education	2022		2023		March 31, 2024	
	No.	%	No.	%	No.	%
PhD	1	2.63	0	0	0	0
Master	12	31.58	8	20.51	8	21.05
College & University	18	47.37	25	64.10	24	63.16
High School	7	18.42	6	15.38	6	15.79
Total	38	100.00	39	100.00	38	100.00

3) Annual investment in R&D in the last five years

Unit: NT$1,000

Item Year	2019	2020	2021	2022	2023
R & D costs	40,611	44,797	82,993	94,859	74,691
Net operating income	5,665,280	6,022,518	4,966,554	5,287,076	4,547,224
%	0.72	0.74	1.67	1.79	1.64

4) Technologies or products successfully developed in the past five years:

(A) Safety series	Cordless honeycomb curtains Cordless blinds Cordless roller blinds Cordless zebra blinds Cordless Roman blinds
(B)Eco-friendly series:	Blinds Honeycomb blinds Roller blinds Roman blinds Pleated curtain
(C) Electric series	Wire control, wireless remote control, smart home honeycomb curtain Wire control, wireless remote control, smart home blinds Wire control, wireless remote control, smart home roller blinds Wire control, wireless remote control, smart home zebra blinds Wire control, wireless remote control vertical soft sheer curtain
(D)Function series	Simple roller shades Simple roman shades Simple pleated shades Simple cellular shades

In addition to actively investing in technological and product innovation and research and development, our company has established various project teams to continuously improve production process capabilities. These efforts focus on reducing working hours, minimizing defect rates, decreasing energy consumption, avoiding redundant actions, enhancing product stability, implementing immediate responses to process abnormalities, conducting online monitoring, and implementing automation. Currently, the results have been fruitful, with several initiatives already applying for national patents.

5) Intellectual Property Protection

The company's intellectual property strategy is mainly to actively improve the effectiveness of the implementation of intellectual property rights and protect research and development achievements by strengthening internal awareness of intellectual property rights, analyzing the industry situation, establishing an audit system for reward, and cultivating a culture that grows high-potential employees.

(1) To consolidate the company’ s leading position in the research and development by:

- Providing multiple learning channels to encourage employees to innovate and actively submit invention for patent application.
- Regularly sharing the recently approved related patents to spur design thinking of R&D personnel.
- Based on the internal intellectual property management system, strictly examining the applications for inventions submitted by employees to effectively control the quality of patents.
- Regularly reviewing the application of the approved patent and its relevance to products to evaluate if it is necessary to continue to maintain the patent.
- Appointing external patent firms from time to time to conduct patent searches to make more flexible use of intellectual property rights, and at the same time, effectively prevent frivolous patent litigation.

(2) In order to effectively manage business secrets, the topic of protecting business secret has been included in the training courses for new recruits to ensure that employees abide by their confidentiality obligations. The following policies are stipulated in the employee work rules and employment contracts:

- Employees should comply with company policies relating to access, use, and disclosure of confidential information
- Without the permission of the company, employees are not allowed to use or hold business secrets in any way, or disclose to any third party, or use them for their own purposes
- Employees should handover confidential business information to another person who takes over the job when they are transferred due to job rotation, termination of employment contract or at the request of the company, and continue to abide by the confidentiality obligations. No retention of confidential information in any form is permitted.

For information security, the company has developed regulations regarding information security management to protect rights of privacy of employees and customers, and through education and training, to strengthen employees' awareness of protecting the company's confidential information and awareness of compliance with laws and regulations to minimize the risk of a data leak.

(3) Implementation Plan

Reports regarding intellectual property are submitted to the board of directors regularly. The latest report was submitted on March 13, 2024.

The Company continues to promote the management of intellectual property combines operational goals and R&D resources, develops intellectual property strategies, and strives to protect R&D achievements as follows:

- Developed the intellectual property management plan in 2020.
- Built the management of intellectual property in 2021.
- Provided the incentive system of intellectual property in 2021.
- In 2023, in order to strengthen the awareness and understanding of intellectual property protection, patent protection and intellectual property management were included in the education and training courses for R&D personnel. Two intellectual property courses were held with 60 participants. The company also created an online course to provide employees with a flexible way to learn about intellectual property.

(4) List of Intellectual Property

As of the end of December 2023, the patents received by the company are as follo

- The company has received a total of 641 patents worldwide.
- The company filed 14 and 26 patent applications in 2022 and 2023 respectively.

4. Long-term and Short-term Business Plans

1) Short-term business development plan

(1) Continue to develop the series of "cordless" curtains to optimize the product portfolio andincrease the competitive advantage of the products.

(2) Deploy online marketing, and in line with the prevalence of online shopping, actively develop the online shopping market for custom and personalized products to increase themarket share of such products.

(3) Develop and strengthen the cooperative relationship with retailing channels. Retailing channels are not just acting as an agent for sale, the company will assist them to provide more services to customers. In a chain of cost structure, the company will assist in management and control to allow the marketing model to develop smoothly across the market of personalized and custom products, and increase market penetration and revenue of the group.

2) Long-term business development plan

It is the company's long-term business development plan to continuously develop patented products and operate marketing channels in a down-to-earth way to increase the proportion of high value-added products. It is hoped that through the promotion of marketing channels and exquisite customized services, the two-track approach will increase revenue and gross profit to drive the growth of the group.

ITEM 2 － MARKET, PRODUCTION AND SALES

1. Market analysis

1) Market of products

Unit: NT$1,000

Area \ Year		2023	
		Amount	%
Taiwan		121,070	2.66
Export	America	3,792,415	83.40
	Europe	507,193	11.15
	Others	126,546	2.79
Total		4,547,224	100.00

The company's products are mainly sold to the following markets: America, Europe, Asia and domestic sales in Taiwan, and are actively expanding the market in other area.

2) Market share

The company has been involving in the curtain industry for more than forty years. It is also dedicated to the innovative research and development in this field. At the time when curtain safety is hotly debated, cordless curtains are the company's best sellers. In terms of marketing and sales, the Company diversifies and expands sales in North American, and has successfully become one of the suppliers of IKEA, Lowe's and other internationally renowned companies of home furnishing and home goods. The company accounts for a share deserving of attention in window covering market in North America with key competitors being Hunter Douglas, Springs Window Fashions and Nien Made.

3) Competitive niche, advantages and disadvantages of development prospects, and Countermeasures

(1) Complete production technology of PVC curtains

The company has been researching and manufacturing PVC curtains since 1984 and put it into mass production. The company has accumulated extensive experience in PVC materials and processes, including powder, granulation and extrusion, and is continuing to develop other PVC materials.

(2) Successfully developed Faux wood products, and expanded into new markets.

The company has successfully developed and launched environmentally friendly curtains made of polypropylene (PP). In addition, the company has cooperated with the Industrial Technology Research Institute to develop foam wood for Faux wood blinds.

(3) Develop diversified products in small quantity with a complete layout of sales channels.

Product diversification and e-commerce sales have become a new trend. The company has production capacity to diversify, customize and manufacture in small quantities. In addition to long-term cooperation with traditional physical stores such as large retailers, department stores and home furnishings and home goods, we are actively expanding e-commerce platforms such as WayFair lately. This should help promotion and meet the needs of consumers with different characteristics.

4) Favorable and unfavorable factors for development prospects and countermeasures

(1) Favorable factors

A. The company can meet different requirements of customers as it manufacture curtains of a variety of materials.

B. Home decor is also an essential part of life. The long-term demand is stable.

C. Faux wood blinds have high added value and a wide range of applications, indicating a significant potential for growth.

(2) Unfavorable factors and countermeasures

A. Low-price competition from competitors

In virtue of the advantages of lower production costs, Chinese and Indian manufacturers are competing with us for the market of curtains and home decor products. In addition, manufacturers sell products through large chain stores whose competitive advantage lies in its discount prices. It is easy to cause low-price competition with each other.

Countermeasures:

The company will strengthen the development of patented products and increase the proportion of custom products. With high value-added products and brand positioning, and to increase the bargaining power of downstream distributors, the company is capable of handling the competition with low-cost manufacturers from China and India in the red oceans.

B. The sale of the products has been concentrated in North America. It relatively increases the operational risk of the company.

The company's main products are window coverings and home textiles, and a major part of them is sold to the North American. Therefore, the housing market in North America affects the demand for the products. Furthermore, consumer awareness in this market is on the rise with an emphasis on safety. If there is any defect to cause injury, it will give rise to manufacturer or supplier liability and product recall.

Countermeasures:

The threshold for entering the European and American markets is relatively high. Starting from the protection of consumer safety and rights, the company develops patented products that meet the market trend and increases the proportion of personalized and customized products. The demand for personalized and customized products is less susceptible to fluctuations in the economy, thus to reduce the impact on the products of the company. In addition, by assisting existing customers in operating their e-commerce platforms and entering the B2B2C market, we can obtain more consumer data, quickly respond to market trends, open new sales channels, and expand our sales customer base.

5) Expansion plans and new products to be developed

Curtains are a fairly mature industry in the traditional manufacturing industry. In response to changes in business trends and rising awareness of safety and environmental protection in the European and American markets, the company will gradually transform from an OEM factory of well-known manufacturers to vertically integrate customers and suppliers based on the business to consumer(B2C) sales model, and strive to expand the customized market. With the sales model of B2C, the company will effectively use internet resources to provide customized services to increase profit and market share through the one-stop shopping services.

In recent years, Europe and the United States have become more aware of safety and environmental protection, and the US Consumer Product Safety Commission (CPSC) continues to call for the prohibition of curtains with a cord. For this reason, the company has launched a variety of cordless products in the past few years, and gradually expanded the design from the curtain series to the shutter series. In addition, the cordless products of the company's have

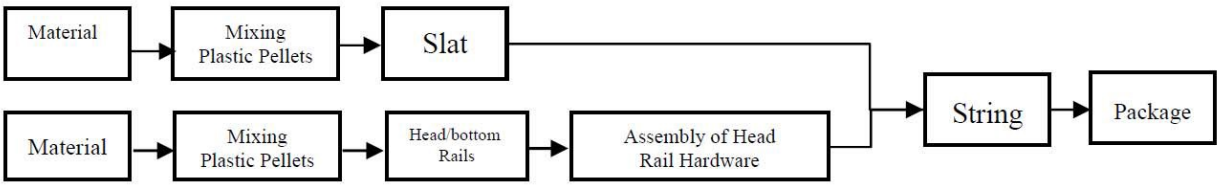
passed tests by a CPSC-accepted laboratory that our products comply with applicable children's product safety rules, and are UL certified to meet stringent chemical emissions requirements for volatile organic compounds (VOCs).

In the future, the company will focus more on the development of products that meet children's safety, apply the cordless design to all products, or innovate and develop more diversified safety curtains, such as cordless Roman blinds using the principle of magnetism, roll-up blinds using gear theory, electric curtains using the principle of electricity, etc.

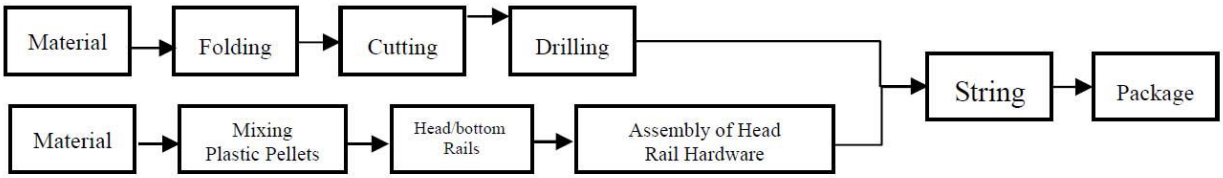
The company will continue to launch new products that better meet market demand through innovation and development.

2. Production Flowchart

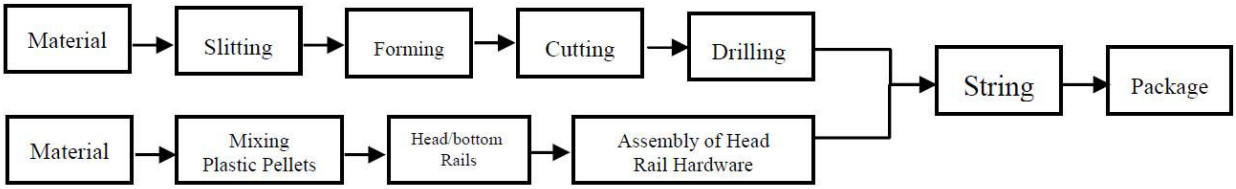
A. Mini Blinds



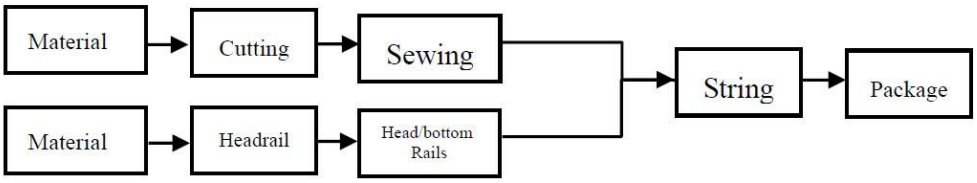
B. PVC Pleated Curtain



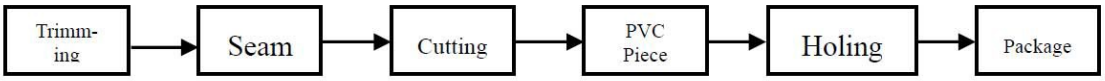
C. PVC Honeycome Curtains



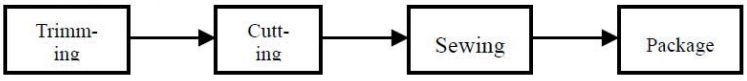
D. Roman Blinds



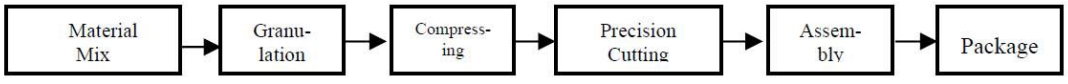
E. Shower Curtain



F. Home Textile



G. Door Shutters



3. Supply of Raw Materials

The main materials of the company are plasticized materials such as plastic powder, plastic granules, stabilizers and calcium carbonate. The suppliers are all well-known domestic manufacturers, and the company has established long-term and stable relations with them. The supply of materials is stable, and there is no concern that the source of supply may be interrupted.

4. For Customers Who Accounted for More Than 10% of the Purchase (sales) Amount in the Past Two Years, the Amount and Proportion, and the Changes Are As Follows:

1) List of main customers

Unit: NT$1,000

	2022				2023			
Item	Name	Amount	Accounted for Annual Net Sales(%)	Relationship	Name	Amount	Accounted for Annual Net Sales(%)	Relationship
1	A	2,088,866	39.51	None	A	1,576,003	34.66	None
2	B	854,337	16.16	None	B	1,328,346	29..21	None
3	C	941,709	17.81	None	C	478,077	10.51	None
4	Others	1,402,164	26.52		Others	1,164,798	25.62	
	Net Sales	5,287,076	100.00		Net Sales	4,547,224	100.00	

2) List of main suppliers

Unit: NT$1,000

	2022				2023			
Item	Name	Amount	Accounted for Annual Net Purchase(%)	Relationship	Name	Amount	Accounted for Annual Net Purchase(%)	Relationship
1	A	1,071,641	32.46	None	A	953,793	40.11	None
2	B	638,534	19.34	None	B	255,529	10.75	None
	Others	1,591,015	48.20		Others	1,168,368	49.14	
	Net Purchase	3,301,190	100.00		Net Purchase	2,377,689	100.00	

5. Production in the Past Two Years

Unit: 1,000pcs, NT$1,000

Year / Production / Products(Dept.)	2022			2023		
	Capacity	Output	Value	Capacity	Output	Value
Curtain(pcs)	20,200	16,585	3,180,066	20,200	12,006	2,101,823
Home Textiles(pcs)	14,300	8,533	1,063,676	14,300	9,234	1,178,677
Plastic products(KG)	65,600	54,130	122,718	65,600	39,722	355,270
Others(Note)	--	--	--	--	3	1,457
Total (Note)	--	--	4,366,460	--	--	3,637,227

Note: Due to different units of measurement, they are not able to be added up.

6. Sales in the Past Two Years

Unit: 1,000pcs, NT$1,000

Year / Sales / Products/ Dept.	2022				2023			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Curtain(pcs)	402	86,389	15,971	3,787,887	1,297	119,640	10,809	2,593,923
Home Textiles(pcs)	7	1,073	8,532	1,275,707	42	20	9,192	1,460,504
Plastic products(KG)	--	--	10,234	136,020	142	1,410	35,885	370,156
Others(Note)	--	--	--	--	--	--	1	1,571
Total (Note)	--	87,462	--	5,199,614	--	121,070	--	4,426,154

Note: Due to different units of measurement, they are not able to be added up.

ITEM 3 - EMPLOYEES

Unit：Person, %

Year		2022		2023		March 31, 2024	
		Head-Quarter	Group	Head-Quarter	Group	Head-Quarter	Group
No. of Employees	Managers	20	42	21	41	22	42
	Indirect employees	223	607	257	589	256	586
	Direct employees	307	1,255	258	1,176	256	1,166
	合　　計	550	1,904	536	1,806	534	1,792
Average age		40.03	36.87	40.08	36.58	39.88	36.58
Average years of service (unit:year)		6.1	6.83	6.84	6.47	6.70	6.70
Education Level	PhD	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Master	4.91%	1.63%	5.04%	1.66%	5.43%	1.79%
	College/ University	36.36%	17.65%	40.67%	18.49%	41.20%	18.97%
	High school	37.27%	21.06%	37.13%	20.60%	36.52%	20.76%
	Below high school	21.45%	59.66%	17.16%	59.25%	16.67%	58.54%

ITEM 4 - SPENDING ON ENVIRONMENTAL PROTECTION

1. The industry to which the company belongs does not require the establishment of pollution control facilities or a permit for pollution emissions or waste, the payment of pollution prevention and control fees and charges, or the establishment of a special environmental protection unit or personnel.
2. Water resources are a natural resource shortage, and issues and management of water resources have gradually become the core of the global sustainable development competition. The Company not only values its own sustainable operations, but also focuses on environmental protection and sustainable development (ESG). In addition to participating in the “Industrial Water Efficiency Improvement Plan” of the Industrial Development Bureau of the Ministry of Economic Affairs, the Company also conducts water inventory, makes appropriate management

and conservation, and establishes a complete water management system. The Company formulates water conservation tasks and implementation plans every year to reduce the dependence on water resources year by year.

3. The Company is committed to mitigating environmental changes and moving towards a low-carbon society, striving to bring carbon emissions reduction to the environment for enterprises, strengthening the market competitiveness of low-carbon products, and achieving a sustainable consumption and production model of a low-carbon economy. The Company has appointed an external unit to provide guidance, with the President as the convener, and set up a project team to obtain the direct and indirect greenhouse gas emissions from the original process, factory manufacturing, and sales. The expected benefits are as follows:

   1) To establish product environmental footprint in the upstream and downstream supply chains.
   2) To strengthen the reputation through the image that shows the company as environmentally friendly.
   3) To build employee knowledge about product environmental footprint
   4) To enter new markets by developing environmentally focused materials, products, and processes.

4. The company handles all certificates, testing, declarations regarding environmental protection in accordance with the law, and there is no record of violation of environmental protection laws and regulations in 2023.

ITEM 5 - LABOUR RELATIONS

1. Employee Benefits, Advanced Education, Training, Retirement Plans, the Agreement Between the Employees and the Company, as Well as the Protection of Employees' Rights and Interests:

Employees are 'resources'. Employees are 'capital'. They must be developed in order to create value. The company has established a good relationship of mutual trust and interdependence with employees through enriching and stabilizing the welfare, education and training. Although the company has not set up a labor union, employees have been able to demonstrate team spirit over the years, cooperate seamlessly with the company's decision-making to create a harmonious atmosphere between the company and employees. The following are some specific measures that the company is committed to a harmonious relationship in the company:

1) Employee welfare:
The Employee Welfare Committee was established, and the welfare currently promoted includes:

(1) Give birthday gifts and money gift.
(2) Lottery at the party.
(3) Subsidize club activities and recreational activities.
(4) Holiday gifts (Labor Day, Dragon Boat Festival and Mid-Autumn Festival).
(5) Health check subsidies and medical consultation.
(6) Condolences for loss of family member.
(7) Living care for employees living in the dormitories or outside the company.
(8) Gift money for marriage and childbirth.
(9) Education and training subsidies.
(10) Group insurance.
(11) Transportation allowance.
(12) Employee Stock Ownership Trust.

2) Education and training
Education and training is one of the basic benefits for our employees. The company encourages all employees to "study while working, and work while learning". Skills and team performance can be improved through education and training, leading to the realization of the company's

goals of "long term, stability, development, technology, and globalization". The company has formulated the "Education and Training for Employees" as follows:

(1) Technology Development Committee
Through the horizontal integration of the technical development committee, employees are assigned to different technical committees according to their job. The Technology Development Committee introduces the latest knowledge and technology, promotes technical exchanges, and arranges complete professional and technical personnel training for employees.

(2) Development of management skills
According to the needs of different management levels, the company customizes comprehensive and effective training for employees of different management levels.

(3) New century cadre training class
The company carries out rookie recruiter program every year to cultivate outstanding and potential young graduates. First, basic general education will be given, and then on-site operation with guidance from professional and technical personnel, to allow them to grasp the idea about the overall development of the group, and understand the production and manufacturing functions and systems.

3) Code of Conduct and Ethics
To allow employees at all levels to understand ethics, rights, obligations and codes of conduct, the Company has formulated relevant measures and regulations as follows:

(1) Approval authority and hierarchical responsibility: In order to improve efficiency, strengthen the management of hierarchical responsibility, and effectively regulate the power of employees at all levels.

(2) The organizational structure of each department and the duties of each position: clearly specify the functions of each department and the duties of each position.

(3) Prepare a handbook to help all employees understand all measures and regulations:
A. Orientation for new employees: Allow new employees to familiarize themselves with the environment and colleagues as soon as possible, assist them to get prepared physically and mentally, to allow them to full play to the productivity, and reduce the turnover rate.
B. Attendance: To establish good work discipline.
C. Rewards and punishments: Rewards or punishments are given based on the contribution to the company.
D. Leave: Follow the rules for taking leaves and requesting for leaves.
E. Performance appraisal: Evaluate performance every year and use it as the basis for adjustment of salary, promotion, bonus, education and training.

4) Protection of safe working environment and employee safety
(1) Formulate labor safety and health work manuals in accordance with the competent authority.

(2) Safety and hygiene personnel:
A. Establish a department to be in charge of the employee safety and hygiene in accordance with the Occupational Safety and Health Act. The Department of General Affairs is in charge of the company's employee safety and hygiene.
B. Automatic safety and health check.

(3) Mechanical safety
A. Set up control measures for machine & equipment hazards.
B. For hazardous machinery (elevators), ask for professional monthly maintenance.
C. According to the regulations of the competent authority, hazardous machinery shall be

inspected by a special inspection agency every year.
D. The contractor shall inform precautions in writing.

(4) Environmental sanitation
A. Carry out environmental measurement every six months in accordance with the regulations of the competent authority.
B. Employees must have a medical examination every year, and the expenses are to be paid by the company.

(5) Fire safety
A. Set up a complete fire protection system in accordance with the provisions of the fire protection law.
B. Conduct a fire drill every six months.

5) Pension plan
In accordance with the Labor Standards Act and the Labor Pension Act, the company allocates 6% of the employee's total salary to the employee's personal account with the Labor Insurance Bureau every month.

6) The company communicates frequently with employees to establish consensus and a more harmonious work environment by considering the subjectivity of employees, their particularities, aspirations, expectations based on humanized management.

2. Code of Conduct and Ethics

To allow employees at all levels to understand ethics, rights, obligations and codes of conduct, the company has formulated relevant measures and regulations as follows:

1) Hierarchical responsibility
(1) Approval authority and hierarchical responsibility: To improve efficiency, strengthen the management of hierarchical responsibility, and effectively regulate the power of employees at all levels.
(2) Articles of Incorporation and the determination of wage: To meet the company's requirement for development, the company formulates the Articles of Incorporation to specify the organizational structure and responsibilities, and establish a comparison table of levels and positions to provide the basis for appointment and promotion.

2) Work rules:
To clearly stipulate the rights and obligations of both the employer and employees, promote teamwork within the organization, and establish a modern management system.

3) Rewards and punishments
To timely reward employees with special contributions or prevent employee’ s unappropriate behavior from causing damage to the company, the company clearly stipulates rewards and punishments in the workplace incentives.

4) Performance appraisal:
The performance appraisal helps to identify the best performers and to compute their compensation package to boost the employee’ s contribution to the company.

5) Attendance policy and leave of absence
The employee attendance policy provides employees with specific policy guidelines regarding attendance and leave of absence.

3. Losses Incurred Due to Labor Disputes in the Past Two Years and up to the Publication Date of the Report:

The company has not had any major labor disputes arising in the group in the past two years and up to the publication date of the report.

ITEM 6 - INFORMATION SECURITY MANAGEMENT

1. Information Security Management System, Information Security Policies, Management Plans, and Resources Invested in Information Security Management

Information security risk management is to provide the company with the security and stability of computer systems, detect and identify any abnormal condition to ensure that the networks are secured from the core to the edge for proper operation. The Company has developed regulations that clearly stipulate the rules on the use of information systems, networks and personal computers, as well as the code of conduct and ethics for employees to follow when using the internet, receiving and sending mails.

1) Information security management system

At present, the Company's information personnel is under the management department and is the execution unit of the information security management, which carries out specific management plans such as information security prevention and crisis management, and implements corresponding security control measures, and continues to improve internal abnormality detection and protection methods to reduce corporate information security risks.
In accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Company has one information security supervisor and one information security personnel, who are responsible for formulating the Company's information security policy, planning information security measures, and implementing related information security operations. The "Information Security Risk Management Status" is regularly reported to the Board of Directors every year.

2) Information security policies

(1). Regulatory compliance: The Company shall comply with the government's regulations and standards on information security and personal data protection when conducting business.
(2). Information security education: Regularly implement information security education and training every year, and promote information security policies and implementation regulations.
(3). Planning resources: Establish an information asset management mechanism, coordinate the allocation and effective application of resources, and solve security problems.
(4). Advanced prevention: Information security factors should be included before the establishment or launch of a new information system or service to prevent the occurrence of security hazards.
(5). Security monitoring: Establish information security monitoring and protection measures, and conduct regular inspections.
(6). Delegation management: Clearly regulate the access rights of information systems, network services, and sensitive information to prevent unauthorised access.
(7). Review and improvement: formulate and implement internal and external audit activities to implement the information security management system, and implement improvement for the deficiencies.
(8). Business Continuity: Formulate a business continuity plan for information security and practise drills to ensure that emergency response can be taken in the event of a contingency.
(9). Information security culture: All personnel are responsible for information security, and should understand and comply with relevant information security regulations, and implement them in their work responsibilities. According to the information security risk appetite identified by the Company's information unit, there is no need to purchase insurance for information security risks.

3) Information Security Controls

(1).Information security management mechanism:

(a) Build an enterprise-level FortiGate firewall for intrusion detection system, malicious

URL filtering and advanced persistent threat attack defense to prevent malicious attacks and illegal intrusions from external networks.

(b) FortiGate IPsec VPN lines are used between each factory, and data transmission is encrypted to prevent illegal capture of data during transmission.

(c) Use Chunghwa Telecom's Hinet enterprise security service to block and monitor suspicious traffic on a daily basis and notify relevant risk reports.

(d) Import Microsoft's centralized directory management service to control user account passwords based on group security rules to improve network security.

(2).System access control:

(a) The use of various application systems within the company requires an application process for information service needs. After approval by the responsible supervisor, an account is created by the information room, and only after each system administrator opens permissions according to the applied functions can it be used. .

(b) The password setting for the account must comply with the prescribed complexity principles before it can be registered and used.

(c) When colleagues go through the resignation procedures, they need to immediately contact the information personnel to terminate the accounts and permissions of each system.

(3). Implement information security training：

(a) Conduct information security education and training and personal data protection law courses every year.

(b) Include information security courses in the education and training of new personnel.

(c)Improve the information security awareness of colleagues and promote the latest information security risk reports from time to time

(4).Virus protection and management:

(a) Servers and colleagues' computer equipment are equipped with endpoint protection software, and virus codes are automatically updated to ensure that they can block the latest viruses.

(b)The email server is equipped with Anti-Spam and Anti-Virus dual protection filtering mechanisms to protect corporate emails from viruses, spam and unknown email content.

(5). Ensure system availability:

(a) Build a hardware virtualization system to improve system availability and fault tolerance.

(b) Establish a backup management system to regularly keep one copy of the daily backup data in the computer room and the other in an off-site location for mutual backup.

(c) Regularly conduct disaster recovery drills to test the availability of restored backup files.

(6).Computer equipment security management:

(a) Information equipment inventory management, replacement and upgrade of high-risk equipment.

(b) The company's core hosts, application servers and network equipment are all set up in dedicated computer rooms. The computer rooms are locked at all times to strictly control personnel entry and exit, and records are kept for review

(c) The information room is equipped with two uninterrupted independent air conditioners and two uninterruptible power supply systems to maintain the server equipment operating at a suitable temperature and ensure the normal operation of the system during a power outage.

4) Resources Invested in Information Security Management

(1) In 2023, we completed the annual information security education training and personal data protection law promotion as planned. A total of two events were held in 2023, with a total of 230 people participating.

(2) Comprehensively update the email server and strengthen the email filtering mechanism to reduce information security risks caused by malicious email attacks.

(3) Carry out vulnerability scanning operations, check the company's information equipment with higher environmental risks, and replace or update them.

(4) Purchase a dedicated wireless sharer for firewalls to control the Internet routing of wireless network devices.

(5) Complete the group operation system permission setting and verification work.

(6) Complete the inventory and inspection of the group's internal information equipment

(7) The company's external website was upgraded to an https encrypted website to improve website security.

(8) Join the TWCERT/CC Alliance to collect the latest information security risks and information security vulnerability correction methods

2. List the losses suffered due to major information security incidents in the last two years up to the date of publication of the annual report, the possible impact and losses, and the response measures. If they cannot be reasonably estimated, please explain why: None

ITEM 7 – IMPORTANT CONTRACTS

The company's supply and sales contracts, technical cooperation agreements, employee contracts, long-term loan contracts and other important contracts that are still valid, existing and expired in the most recent year are as follows:

Nature	Party	Term	Contents	Restriction
Joint credit contract	Ten banks from Taiwan Cooperative Bank, etc.	2021.11.30 ~ 2026.11.29	The line is NT$3,000,000,000 for five years.	The borrower shall maintain the financial ratios as follows: 1. Current ratio: not less than 140%. 2. Debt ratio: not higher than 230%. 3. Interest coverage ratio: not less than 6 times. 4. Net worth: not less than NT$1,800,000,000 The joint credit contract renewed by the Group with the banks in 2023 restricts that the consolidated financial report after 2023 must meet the following conditions: 1. Current ratio: not less than 140%. 2. Debt ratio: not higher than 280%. 3. Interest coverage ratio: not less than 3 times. 4. Net worth: not less than NT$1,800,000,000

PART VI - FINANCIAL OVERVIEW

ITEM 1 - CONCISE FINANCIAL INFORMATION FOR THE PAST FIVE YEARS

1. Balance Sheets

1) Condensed Parent Company Only Balance Sheet

Unit: NT$1,000

Item \ Year		Financial Information for the Past Five Years (Note 1)				
		2019	2020(Note2)	2021	2022	2023
Current Assets		2,765,119	2,638,528	2,534,312	3,303,259	2,723,902
Property, Plant & Equipment		1,297,328	1,490,624	1,499,101	1,512,576	1,451,789
Intangible Assets		1,399	17,112	17,673	15,822	13,928
Other Assets		1,917,099	2,108,170	2,040,204	2,211,062	2,464,263
Total Assets		5,980,945	6,254,434	6,091,290	7,042,719	6,653,882
Current Liabilities	Before Distribution	1,756,027	1,743,250	1,821,096	1,598,054	1,553,636
	After Distribution	1,857,801	1,892,519	1,907,094	1,749,815	1,640,305
Non-current Liabilities		2,247,199	2,371,306	2,246,732	3,165,967	2,846,465
Total Liabilities	Before Distribution	4,003,226	4,114,556	4,067,828	4,764,021	4,400,101
	After Distribution	4,105,000	4,263,825	4,153,826	4,915,728	4,486,770
Equity Attributable to Owners of Parent		1,977,719	2,139,878	2,023,462	2,278,698	2,253,781
Capital		1,696,233	1,696,233	1,696,233	1,696,233	1,738,389
Capital Surplus		56,029	56,029	56,029	13,030	13,030
Retained Earnings	Before Distribution	285,277	545,009	475,177	652,769	605,012
	After Distribution	182,869	395,378	389,179	501,008	518,343
Other Components of Equity		(59,820)	(157,393)	(184,067)	(63,404)	(92,700)
Treasury Shares		--	--	(19,910)	(19,930)	(9,950)
Non-controlling Interest		--	--	--	--	--
Total Equity	Before Distribution	1,977,719	2,139,878	2,023,462	2,278,698	2,253,781
	After Distribution	1,875,311	1,990,609	1,937,464	2,126,937	2,167,112

Note 1：All of the condensed parent company only balance sheets of the above listed years have been audited by independent accountants.

Note 2：The company has changed its inventory valuation policy since 2021, and the data for 2020 are the financial information restated.

2) Condensed Consolidated Balance Sheet

Unit: NT$1,000

Item \ Year		Financial Information for the Past Five Years(Note 1)				
		2019	2020(Note2)	2021	2022	2023
Current Assets		2,926,412	3,239,358	3,130,780	3,989,923	3,460,976
Property, Plant & Equipment		1,779,066	2,086,696	2,065,996	2,321,655	2,320,303
Intangible Assets		165,420	137,876	122,440	116,382	101,563
Other Assets		862,231	739,966	807,174	715,625	769,799
Total Assets		5,733,129	6,203,896	6,126,390	7,143,585	6,652,641
Current Liabilities	Before Distribution	1,371,587	1,555,187	1,748,758	1,612,961	1,491,106
	After Distribution	1,473,361	1,704,456	1,834,756	1,764,722	1,577,775
Non-current Liabilities		2,383,823	2,508,831	2,354,170	3,251,926	2,907,754
Total Liabilities	Before Distribution	3,755,410	4,064,018	4,102,928	4,864,887	4,398,860
	After Distribution	3,857,184	4,213,287	4,188,926	5,016,648	4,485,529
Equity Attributable to Owners of Parent		1,977,719	2,139,878	2,023,462	2,278,698	2,253,781
Capital		1,696,233	1,696,233	1,696,233	1,696,233	1,738,389
Capital Surplus		56,029	56,029	56,029	13,030	13,030
Retained Earnings	Before Distribution	285,277	545,009	475,177	652,769	605,012
	After Distribution	182,869	395,740	389,179	501,008	518,343
Other Components of Equity		(59,820)	(157,393)	(184,067)	(63,404)	(92,700)
Treasure Shares		--	--	(19,910)	(19,930)	(9,950)
Non-controlling Interest		0	0	0	0	0
Total Equity	Before Distribution	1,977,719	2,139,878	2,023,462	2,278,698	2,253,781
	After Distribution	1,875,311	1,990,609	1,937,464	2,126,937	2,167,112

Note 1：All of the condensed parent company only balance sheets of the above listed years have been audited by independent accountants.

Note 2：The company has changed its inventory valuation policy since 2021, and the data for 2020 are the financial information restated.

2. Condensed Income Statement

1) Condensed Parent Company Only Income Statement

Unit: NT$1,000; NT$/Share

Item \ Year	Financial Information for the Past Five Years(Note 1)				
	2019	2020(Note2)	2021	2022	2023
Operating revenue	5,751,405	5,928,187	4,746,748	5,144,622	4,117,074
Gross profit	631,089	774,483	552,452	541,741	473,933
Operating Income	343,450	468,202	261,891	229,268	182,222
Other Income & Expenses	(36,555)	(20,446)	(152,800)	46,265	(43,961)
Income Before Tax	306,895	447,756	109,091	275,533	138,261
Income from Continuing Operations	253,798	363,605	77,927	220,591	104,004
Loss from Discontinuing Operations	--	--	--	--	--
Net Income(Loss)	253,798	363,605	77,927	220,591	104,004
Other Comprehensive Income (loss) (net of income tax)	(16,072)	(99,672)	(25,164)	120,663	(29,296)
Comprehensive Income(loss)	237,726	263,933	52,763	341,254	74,708
Net Income Attributable to Owners of Parent	253,798	363,605	77,927	220,591	104,004
Net Income Attributable to Noncontrolling Interests	--	--	--	--	--
Comprehensive Income Attributable to Owners of Parent	237,726	263,933	52,763	341,254	74,708
Comprehensive Income Attributable to Noncontrolling Interests	--	--	--	--	--
Earning per Share	1.49	2.14	0.46	1.28	0.60

Note 1： All of the condensed parent company only income statements of the above listed years have been audited by independent accountants.

Note 2： The Company has changed its inventory valuation policy since 2021, and the data for 2020 are the financial information restated.

2) Condensed Consolidated Income Statement

Unit: NT$1,000; NT$/Share

Item \ Year	Financial Information for the Past Five Years(Note 1)				
	2019	2020(Note2)	2021	2022	2023
Operating revenue	5,565,280	6,022,518	4,966,554	5,287,076	4,547,224
Gross profit	1,000,041	1,254,748	778,687	920,616	909,997
Operating Income	391,682	598,594	184,003	261,929	243,734
Other Income & Expenses	(76,602)	(119,165)	(60,350)	18,788	(89,425)
Income Before Tax	315,080	479,429	123,653	280,717	154,309
Income from Continuing Operations	253,798	363,605	77,927	220,591	104,004
Loss from Discontinuing Operations	--	--	--	--	--
Net Income(Loss)	253,798	363,605	77,927	220,591	104,004
Other Comprehensive Income (loss) (net of income tax)	(16,072)	(99,672)	(25,164)	120,663	(29,296)
Comprehensive Income(loss)	237,726	263,933	52,763	341,254	74,708
Net Income Attributable to Owners of Parent	253,798	363,605	77,927	220,591	104,004
Net Income Attributable to Noncontrolling Interests	--	--	--	--	--
Comprehensive Income Attributable to Owners of Parent	237,726	263,933	52,763	341,254	74,708
Comprehensive Income Attributable to Noncontrolling Interests	--	--	--	--	--
Earning per Share	1.50	2.14	0.46	1.28	0.60

Note 1： All of the condensed parent company only income statements of the above listed years have been audited by independent accountants.

Note 2： The Company has changed its inventory valuation policy since 2021, and the data for 2020 are the financial information restated.

3. The Name and Opinion of the Independent Accountants Who Attested the Financial Statements of the Company in the Past Five Years:

Year	Accountant	Accounting Firm	Opinion
2019	Lu, Kuan-Wen Hsu, Yu-Feng	KPMG Taiwan	Unqualified opinion
2020	Lu, Kuan-Wen Chuang, Chun-Wei	KPMG Taiwan	Unqualified opinion
2021	Chuang, Chun-Wei Yu, Chi-Lung	KPMG Taiwan	Unqualified opinion
2022	Chuang, Chun-Wei Yu, Chi-Lung	KPMG Taiwan	Unqualified opinion
2023	Chuang, Chun-Wei Yu, Chi-Lung	KPMG Taiwan	Unqualified opinion

ITEM 2 - FINANCIAL ANALYSIS FOR THE PAST FIVE YEARS

1. Financial Analysis of Parent Company Only for the Past Five Years

Item Analyzed \ Year		Financial Analysis for the Past Five Years				
		2019	2020(Note)	2021	2022	2023
Capital structure analysis (%)	Liabilities to assets ratio	66.93	65.79	66.78	67.64	66.13
	Ratio of long-term funds to property, plant and equipment	325.66	302.64	284.85	359.96	351.31
Liquidity analysis (%)	Current ratio	157.46	151.36	139.16	206.71	175.32
	Quick ratio	144.67	123.73	114.80	183.95	154.18
	Interest coverage ratio	8.38	10.55	3.13	5.13	2.55
Operating Perform-ance analysis	Accounts receivable turnover ratio(times)	4.26	4.54	3.85	3.38	2.82
	Average collection period	85.68	80.47	94.79	107.89	129.60
	Inventory turnover ratio (times)	25.91	16.57	10.35	13.43	12.45
	Accounts payable turnover (times)	3.68	3.53	3.69	4.87	3.69
	Days sales of inventory	14.09	22.03	35.27	27.17	29.32
	Turnover of property, machinery, equipment (times)	4.43	3.98	3.17	3.40	2.84
	Total assets turnover (times)	0.96	0.95	0.78	0.73	0.62
Return on invest-ment analysis	Return on total assets(%)	5.50	6.58	1.95	4.20	2.60
	Return on total stockholders' equity (%)	13.45	17.66	3.74	10.25	4.59
	Pre-tax income to paid-in capital(%)	18.09	26.40	6.43	16.24	7.95
	Net income to sales(%)	4.41	6.13	1.64	4.29	2.53
	Earning per share (NT$)	1.50	2.14	0.46	1.28	0.60
Cash flow	Cash flow ratio(%)	26.06	(3.55)	(11.14)	(26.03)	49.28
	Cash flow adequacy ratio(%)	86.20	49.26	29.68	(12.80)	33.78
	Cash reinvestment ratio(%)	9.25	(3.50)	(7.91)	(8.71)	12.19
Leverage	Operating leverage	2.06	1.73	5.06	1.97	3.43
	Financial leverage	1.14	1.11	1.24	1.41	1.96

Explanatory notes for the increase or decrease of financial ratios up to 20% in the past two years:

(1) Decrease in interest coverage ratio: primarily due to the decrease in net income before income tax and interest expenses.

(2) The average number of days to receive cash increases：Mainly due to the decrease in sales revenue

(3) Decrease in payables turnover rate：Mainly due to the decrease in cost of goods sold and the increase in average accounts payable

(4) Return on assets, return on equity, ratio of pre-tax net income to paid-in capital, net profit margin and decrease in earnings per share：Mainly due to the decrease in net profit for the current period

(5) Increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment rati：Mainly due to the decrease in accounts receivable in the current period, resulting in an increase in net cash flow

from operating activities

(6) Increase in operating leverage：Mainly due to the decrease in operating profit in the current period

(7) Increase in financial leverage：Mainly due to the decrease in operating profit and increase in interest expenses in the current period

2. Consolidated Financial Analysis for the Past Five Years

Item Analyzed \ Year		Financial Analysis for the Past Five Years				
		2019	2020(Note)	2021	2022	2023
Capital structure analysis (%)	Liabilities to assets ratio	65.50	65.51	66.97	68.10	66.12
	Ratio of long-term funds to property, plant and equipment	245.16	222.78	211.89	238.22	222.45
Liquidity analysis (%)	Current ratio	213.36	208.29	179.03	247.37	232.11
	Quick ratio	156.91	141.59	120.36	180.15	162.76
	Interest coverage ratio	7.06	9.65	3.15	4.92	2.66
Operating Perform-ance analysis	Accounts receivable turnover ratio(times)	4.65	4.48	3.89	3.58	3.03
	Average collection period	78.49	81.47	93.83	101.95	120.46
	Inventory turnover ratio (times)	6.59	5.90	4.64	4.71	3.90
	Accounts payable turnover (times)	4.50	4.32	4.34	4.95	3.93
	Days sales of inventory	55.30	61.86	78.66	77.49	93.58
	Turnover of property, machinery, equipment (times)	3.18	2.89	2.40	2.28	1.96
	Total assets turnover (times)	0.99	0.97	0.81	0.74	0.68
Return on invest-ment analysis	Return on total assets(%)	5.78	6.83	2.01	4.19	2.59
	Return on total stockholders' equity (%)	13.45	17.66	3.74	10.25	4.59
	Pre-tax income to paid-in capital(%)	18.58	28.26	7.29	16.55	8.88
	Net income to sales(%)	4.48	6.04	1.57	4.17	2.29
	Earning per share (NT$)	1.50	2.14	0.46	1.28	0.60
Cash flow	Cash flow ratio(%)	40.16	8.54	12.77	(25.94)	55.45
	Cash flow adequacy ratio(%)	59.98	45.09	47.04	19.66	53.95
	Cash reinvestment ratio(%)	11.88	0.68	1.71	(8.92)	13.55
Leverage	Operating leverage	3.17	2.62	6.30	3.28	5.90
	Financial leverage	1.15	1.10	1.46	1.38	1.62

Explanatory notes for the increase or decrease of financial ratios up to 20% in the past two years:

(1) Interest coverage ratio decreases：Mainly due to the decrease in net income before income tax and interest expenses.
(2) Decrease in payables turnover rate：Mainly due to the decrease in cost of goods sold and the increase in average accounts payable.
(3) Increase in average sales days：Mainly due to the decrease in cost of goods sold and increase in average inventory.
(4) Return on assets, return on equity, ratio of pre-tax net income to paid-in capital, net profit margin and decrease in earnings per share：Mainly due to the decrease in net profit for the current period.
(5) Increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment rati：Mainly due to the decrease in accounts receivable in the current period, resulting in an increase in net cash flow from operating activities
(6) Increase in operating leverage：Mainly due to the decrease in operating profit in the current period

Note 1: Indicate the year that has not been attested by accountants.

Note 2: At the end of this table, please list the following formulas:

1. Capital structure
   (1) Liabilities to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (net shareholders' equity + long-term liabilities) / net fixed assets.

2. Liquidity analysis
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expenses / interest expenses for the current period.

3. Operating performance
   (1) Accounts receivable turnover (including accounts receivable and notes receivable arising from business operations) = net sales/average accounts receivable of each period (including accounts receivable and notes receivable arising from operations)
   (2) Average collection period = 365/Accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable turnover (including accounts payable and notes payable arising from business operations) = cost of goods sold/Average payables (including accounts payable and notes payable arising from operations) in each period.
   (5) Days sales of inventory = 365/Inventory turnover.
   (6) Turnover of fixed assets = Net sales/Average net fixed assets.
   (7) Total asset turnover = Net sales/Average total assets

4. Profitability
   (1) Return on assets = [After-tax profit(loss) + Interest expense x (1 - tax rate)] / Total average assets.
   (2) Return on shareholders' equity = After-tax profit(loss)/Average net shareholders' equity.
   (3) Profit rate = Profit(loss) after tax / Net sales.
   (4) Earnings per share = (Net profit after tax – Dividends of special stocks) / Weighted average shares outstanding(Note 4)

5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flow from operating activities in the past five years / (Capital expenditure + Increase in inventory + Cash dividends) of the past five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross fixed assets + Long-term investment + Other assets + Working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit (Note 6).
   (2) Financial leverage = Operating profit / (Operating profit - Interest expense).

Note 3: When using the above formula to calculate earnings per share, special attention should be paid to the following:
(1) It is based on the weighted average common shares outstanding, not the shares outstanding at the end of the year.
(2) If there is a cash capital increase or transaction of treasury stocks, the period during which the stocks are in circulation should be taken into consideration when calculating the weighted average shares outstanding.
(3) If there is a capital increase from surplus or paid-in capital, it should be adjusted retrospectively and proportionately based on the capital increase. When calculating the semi-annual earnings or earnings per share of previous years, it is not necessary to take the time when the capital increase is carried out into consideration.
(4) If the preference shares are non-convertible cumulative preferred shares, the dividends for the current year (whether paid or not) shall be deducted from the after-tax net profit, or the after-tax net loss shall be increased. If the preferred stocks are non-cumulative, the dividends should be deducted from the after-tax net profit if there is a net profit after tax. However if it is a loss, no any adjustment is required.
Note 4: When evaluating cash flow analysis, special attention should be paid to the following:
(1) Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
(2) Capital expenditure refers to the annual cash outflow of capital investment.
(3) The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it will be calculated as zero.
(4) Cash dividends include cash dividends of common stocks and preferred stocks.
(5) The gross amount of fixed assets refers to the total amount of fixed assets before deducting accumulated depreciation.
Note 5: Issuers should classify operating costs and operating expenses into fixed and variable according to their nature, and pay attention to the rationality and maintain consistency.

ITEM 3- REVIEW REPORT OF THE AUDIT COMMITTEE ON THE RECENT FINANCIAL REPORT

See page 97 of this annual report.

ITEM 4- THE MOST RECENT CONSOLIDATED FINANCIAL REPORT AUDITED AND ATTESTED BY ACCOUNTANTS.

Please refer to pages 112 to 187 of this annual report

ITEM 5- THE MOST RECENT PARENT COMPANY ONLY FINANCIAL REPORT AUDITED AND ATTESTED BY ACCOUNTANTS.

Please refer to pages 188 to 266 of this annual report

ITEM 6- HAVE THE COMPANY AND ITS SUBSIDIARIES HAD FINANCIAL DIFFICULTIES IN THE MOST RECENT YEAR AND UP TO THE PUBLICATION DATE OF THE ANNUAL REPORT: None.

CHING FENG HOME FASHIONS CO., LTD.

AUDIT COMMITTEE'S REPORT

Date: March 13, 2024

The Board of Directors has prepared the Business Report, Financial Statements for the year of 2023 and proposal for allocation of earnings. The CPA firm of KPMG Taiwan was retained to audit the Financial Statements of the company and has issued an audit report accordingly. The Business Report, Financial Statements, and the proposal of distribution of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of Ching Feng Home Fashions Co., Ltd. In according with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee's Report is hereby submitted.

Sincerely yours,

Chuang, Yao-Kai
Convener of the Audit Committee

PART VII - REVIEW AND ANALYSIS OF INANCIAL SITUATION AND PERFORMANCE AND RISKS

ITEM 1 - FINANCIAL SITUATION

Analyzing comparative financial statements

Unit: NT$1,000

Item \ Year	December31,2023	December31,2022	Increase/ Decrease	Variation Ratio %
Current assets	3,460,976	3,989,923	(528,947)	(13.26)
Non-current assets	3,191,665	3,153,662	38,003	1.21
Total assets	6,652,641	7,143,585	(490,944)	(6.87)
Current liabilities	1,491,106	1,612,961	(121,855)	(7.55)
Non-current liabilities	2,907,754	3,251,926	(344,172)	(10.58)
Total liabilities	4,398,860	4,864,887	(466,027)	(9.58)
Capita	1,738,389	1,696,233	42,156	2.49
Capital surplus	13,030	13,030	0	0
Retained earnings	605,012	652,769	(47,757)	(7.32)
Other components of equity	(92,700)	(63,404)	(29,296)	46.21
Treasury stocks	(9,950)	(19,930)	9,980	(50.08)
Non-controlling interests	0	0	0	0
Total equity	2,253,781	2,278,698	(24,917)	(1.09)

Explanation of the reasons for the increase and decrease in these two periods:

1) The increase or decrease between two periods reaches more than 20% and the amount of the change reaches NT$10 million, the main reasons and impacts are as follows:

   (1) Increase in other components of equity: due to fluctuations in foreign currency exchange rates.

2) Impacts and response plan: None

Note: The above financial information has been audited by accountants.

ITEM 2 - FINANCIAL PERFORMANCE

1. Analysis of Operating Results

Unit: NT$1,000

Item \ Year	2023	2022	Increase/ Decrease	Variation Ratio %
Operating income	4,547,224	5,287,076	(739,853)	(13.99)
Operating costs	3,637,227	4,366,460	(729,233)	(16.70)
Gross profit	909,997	920,616	(10,619)	(1.15)
Operating expenses	666,263	658,687	7,576	1.15
Operating profit (loss)	243,734	261,929	(18,195)	(6.95)
Non-operating income and expenses	(89,425)	18,788	(108,213)	(575.97)
Net profit (loss) before tax	154,309	280,717	(126,408)	(45.03)
Income tax benefit (fee)	50,305	60,126	(9,821)	(16.33)
Profit(loss) after tax from Continuing Operations	104,004	220,591	(116,587)	(52.85)

1) The increase or decrease between two periods reaches more than 20% and the amount of the change reaches NT$10 million, the main reasons and impacts are as follows:

1. Decrease in non-operating income and expenses: mainly due to the increase in interest expenses and the decrease in exchange benefits caused by exchange rate fluctuations.
2. The decrease in pre-tax net profit and after-tax net profit from continuing operations: mainly due to the increase in interest expenses and the decrease in exchange benefits caused by exchange rate fluctuations.

Note: The above financial information has been audited by accountants.

ITEM 3 – CASH FLOW

1. Changes in the Consolidated Statement of Cash Flow for the Year

Opening balance	Net Cash Flow from Operating Activities of the Year	Net Cash Flow from Investment & Financing Activities of the Year	Effects of Changes in Foreign Exchange Rates	Ending Balance
539,333	826,850	(857,803)	(11,141)	497,239

2. Analysis of Changes of cash flow of the year

1) Operating activities: Mainly due to the decrease in accounts receivable in the current period, resulting in net cash inflow from operating activities.

2) Investment and financing activities: Mainly due to the continuous repayment of loans and the acquisition of property, plant and equipment, resulting in cash outflows from investment activities and financing activities.

3. Analysis of Cash Flows in the Coming Year

Opening balance	Net Cash Flow from Operating Activities of the Year	Net Cash Flow from Investment & Financing Activities of the Year	Effects of Changes in Foreign Exchange Rates	Ending Balance	Remedial Measures for cash insufficiency	
					Investment plan	Financial plan
497,239	604,087	(510,945)	(46,446)	543,935	0	0

1) Analysis of cash flow in the coming year:
   (1) Operating activities: The operation of the company in 2024 is expected to be stable and profitable.
   (2) Investment and Financing: It is mainly due to cash dividend distribution, repayment of bank loans and increase of capital expenditure.

2) Remedial measures for cash insufficiency and liquidity analysis: Not applicable.

ITEM 4- THE IMPACT OF MAJOR CAPITAL EXPENDITURES ON THE FINANCE AND BUSINESS OF THE COMPANY

1. Major Capital Expenditures and Sources of Funds:

The main capital expenditure for the year is to pay for the construction of new plant in Vietnam, to upgrade equipment to meet market demand, optimize product quality and improve production efficiency.

Based on the consolidated financial statements of the current period, the total amount paid for property, plant and equipment is NT$142,134,000, accounting for about 3.1% of the net sales. It has no significant impact on the finance of the company.

2. Expected Benefits

Blankets are currently outsourced. Considering the vertical integration of the business and the expansion of production bases outside China, vertical integration is a must in order to strengthen competitiveness. The company should establish its own production line, diversify risk and mitigate the impact of tariff by establishing a supply chain outside China. At present, Fu Vietnam Company Limited is planned to be the production base of blankets in Vietnam. To expand the operation of the business.

ITEM 5- REINVESTMENT POLICY IN THE MOST RECENT YEAR, MAIN REASONS FOR ITS PROFIT OR LOSS, IMPROVEMENT PLAN AND INVESTMENT PLAN FOR THE COMING YEAR

1. Reinvestment: In response to domestic and foreign economic trends and increasing market competition, and in line with the company's long-term development plan, the Company takes the vertical or horizontal integration of the existing business as the main consideration of investment. The Company carefully evaluates investment plans, and increases overseas production bases or expands production capacity based on customer needs. All procedures will be handled in accordance with the company’s internal control system and relevant regulations.

2. Main reasons for profit or loss and improvement plan:

   The investment benefits recognized by the Group's equity method in 2023 were NT$22,654,000, an increase of NT$26,163,000 compared with the investment losses NT$(3,509,000) recognized in 2022, mainly due to the post-epidemic era catalyzing the new lifestyle of consumers, and the Changes in the company's new business model have deepened the digital transformation of physical stores and online e-commerce. In the past three years, the company has actively strengthened the development of e-commerce channel business and has successfully entered well-known online e-commerce companies such as MENARDS, HD supply, and Macy's. The supplier supply chain has increased the number of e-commerce customers to more than 15, driving North American sales and further optimizing the company's business sales structure. In addition, the Group also continues to improve the production process to reduce production costs and reduce working hours through automated production to achieve profit targets.

3. Investment plan for the coming year:
   The company's investment will focus on its core business. In addition to improving the existing production capacity efficiency, it will also invest in additional machinery and equipment depending on business requirements.

ITEM 6 - ANALYSIS, EVALUATION AND MANAGEMENT OF RISK EVENTS

1. Risk factors:
Analysis and evaluation of the following matters in the most recent year and as of the publication date of the annual report:

1) The impact of interest rate, exchange rate, and inflation on the company's profit and loss and future response measures:
(1) Impact of interest rate risk:
The interest expenses of the company and its subsidiaries in 2023 and 2022 were NT$93,060,000 and NT$71,672,000 , of which the interest on lease liabilities increased due to IFRS16 and the amortization amount of government subsidy low-interest loan interest expenses were NT$7,225,000 and NT$8,634,000, the actual interest expenses after deduction were NT$85,835,000 and NT$63,038,000, accounting for 1.89% and 1.19% of the net operating income for the year respectively. The company will pay attention to changes in market interest rates at any time and maintain good relations with banks to obtain more favorable interest rates. It will also adjust the financing limit in a timely manner based on the company's working capital situation and short, medium and long-term interest rate conditions to reduce the impact of interest rate changes on the company and its subsidiaries. Financial impact.

(2) Exchange rate changes

The Company and its subsidiaries are export-oriented with the quotations mainly in the US dollar, while the purchases are mainly from domestic suppliers with the pricing in the US dollar, Taiwan Dollar, Renminbi and Vietnamese Dong. Thus, changes in the exchange rate of the US dollar have a certain impact on the profit and loss of the company and its subsidiaries. Each country's economic conditions are different from each other, while the currency's exchange rate is typically determined by the strength or weakness of the underlying economy, and central banks use monetary policy to achieve its macroeconomic policy objectives in their own country. As a result, it is difficult to clearly predict if and how much the currency is to appreciate or depreciate in a specific country. In response to the risk of currency fluctuation, the Company is always vigilant, pays close attention to monetary and financial developments in the country. When necessary, hedging tools will be used to minimize risk and reduce exposure.

(3) Inflation:

World economic outlook shows global economies are facing high uncertainty. However, curtains and home furnishing products are consumer goods that people consider essential. They are medium to highly correlated with raw material cost, market demand, and inflation or deflation. Therefore there will be a certain degree of impact on the company's sales. The Company and its subsidiaries pay close attention to fluctuations in market prices and maintain good relationships with customers and suppliers. However, it will not have a material adverse effect on the overall operating conditions.

2. Policies for engaging in high-risk, high-leverage investments, lending funds to others, endorsements/guarantees, and derivatives transactions, the reasons why the company is gaining or losing money, and future countermeasures:
The company and its subsidiaries focus on the development of its core business. We do not engage in high-risk, high-leverage investments.

3. Future R&D plans and estimated R&D expenses

1) All R&D projects of the company follow the R&D process. It includes definition, planning, priority setting, execution, validation, application, etc. to ensure that R&D resources are used in key and core technologies and products to improve the success of R&D Rate.

2) New products to be developed:
All kinds of curtains that meet the safety standards of North American, European and other markets; curtains with wire control, remote control, and smart curtain system; environmentally friendly curtains that can replace PVC plastic materials; made-to-measure and semi-custom curtains.

3) The company estimates that annual R&D expenses will be between 1.5% and 2.0% of the revenue.

4. The impact of major domestic and foreign policy and legal changes on the company and countermeasures: None

5. Impact of technological changes (including information security risks) and industrial changes on the company and countermeasures:

1) The company has an information security team responsible for planning, carrying out, auditing, improving information security management, and establishing guidelines for compliance and identifying and addressing potential threats, vulnerabilities and impacts with respect to each asset within the corporate network to prevent data loss and data theft, etc. The company's information security policy is as follows:

A. Compliance with regulations: The company shall comply with government regulations and standards related to information security and personal data protection when performing business.
B. Information security education: Implement information security education and training regularly every year to publicize information security policies and implementation regulations.
C. Plan resources: Establish an information asset management mechanism, coordinate the allocation and effective application of resources, and solve security problems.
D. Precaution in advance: Before new information systems or services are built or launched, information security factors should be included to prevent the occurrence of security-threatening situations.
E. Security monitoring: Establish information security monitoring and protection measures, and conduct regular inspections.
F. Authorization management: clearly regulate the use rights of information systems, network services, and sensitive information to prevent unauthorized access.
G. Review and improve: Develop and implement internal and external audit activities to implement the information security management system and implement improvements for outstanding matters.
H. Business Continuity: Develop an operational continuity plan for information security and conduct actual drills to ensure that emergencies can be responded to when emergencies occur.
I. Information security culture: All personnel are responsible for information security and should understand and abide by relevant information security regulations and implement them in their work responsibilities. According to the information security risk tolerance level identified by the company's information unit, there is no need to insure against information security risks.

2) The company has a set of security procedures and tools that broadly protect information from misuse, unauthorized access, disruption, or destruction as follows:

A.VPN connection management.

B. Daily backup and data snapshot on the server.

C. Account permissions control user login and folders.

D. Join the TWCERT/CC alliance.

E. Build an enterprise-level FortiGate firewall for intrusion detection system, malicious URL filtering and advanced persistent threat attack defense to prevent malicious attacks and illegal intrusions from external networks.

F. Each factory uses FortiGate IPsec VPN lines to operate and uses data encryption to transmit data to prevent illegal capture of data during the transmission process.

G. Use Chunghwa Telecom's Hinet enterprise security service to block and monitor suspicious traffic on a daily basis and provide relevant risk reports.

H. Import Microsoft's centralized directory management service and control user account passwords based on group security rules to improve network security.

6. Impact of changes in corporate image on the crisis management of the company and countermeasures:

The company has dedicated spokespersons and acting spokespersons who are responsible for maintaining the relationship with investors and the general public and building the company's image. In the most recent year and up to the date of publication of the annual report, there are no any changes in the corporate image, so there is no major impact on the company.

7. Expected benefits, possible risks and countermeasures of mergers and acquisitions: None

8. Expected benefits, possible risks and countermeasures of plant expansion: None

9. Risk of Concentration:

Purchases:

The company works with no less than three sources of supply, and maintains a long-term close cooperative relations with suppliers to ensure that the materials will not be not be in short supply.

Sales:

The company may have customer concentration risk, but the company maintains long-term cooperative relationships with existing customers, and on the other hand, the Company is also committed to developing new customers to expand and diversify the market.

10. When directors, supervisors or major shareholders holding more than 10% of the shares of the company transfer or change their shares, the impact, risks and countermeasures: None

11. Impacts, risks and countermeasures of the change of management: None

12. Litigation or non-litigation

1) In the past two years and up to the publication of the annual report, the outcome of the litigation, non-litigation, or administrative disputes involving the company, either finalized or still pending, may have a significant impact on shareholders' equity or stock prices: None

2) In the past two years and up to the publication of the annual report, the outcome of the litigation, non-litigation, or administrative disputes involving directors, supervisors, managers, persons in charge, shareholders holding more than 10% of the shares of the company, and subsidiaries, either finalized or still pending, may have a significant impact on shareholders' equity or stock prices: None

3) In the past two years and up to the publication of the annual report, the occurrence of the event specified in Article 157 of the Securities and Exchange Act involving directors, supervisors, managers, shareholders holding more than 10% of the shares of the company: None

4) In the past two years and up to the publication of the annual report, if there are any directors, supervisors, managers, shareholders holding more than 10% of the shares of the company, having financial difficulties or loss of credit, list its impact on the company: None

13. Handling of important information within the company: None

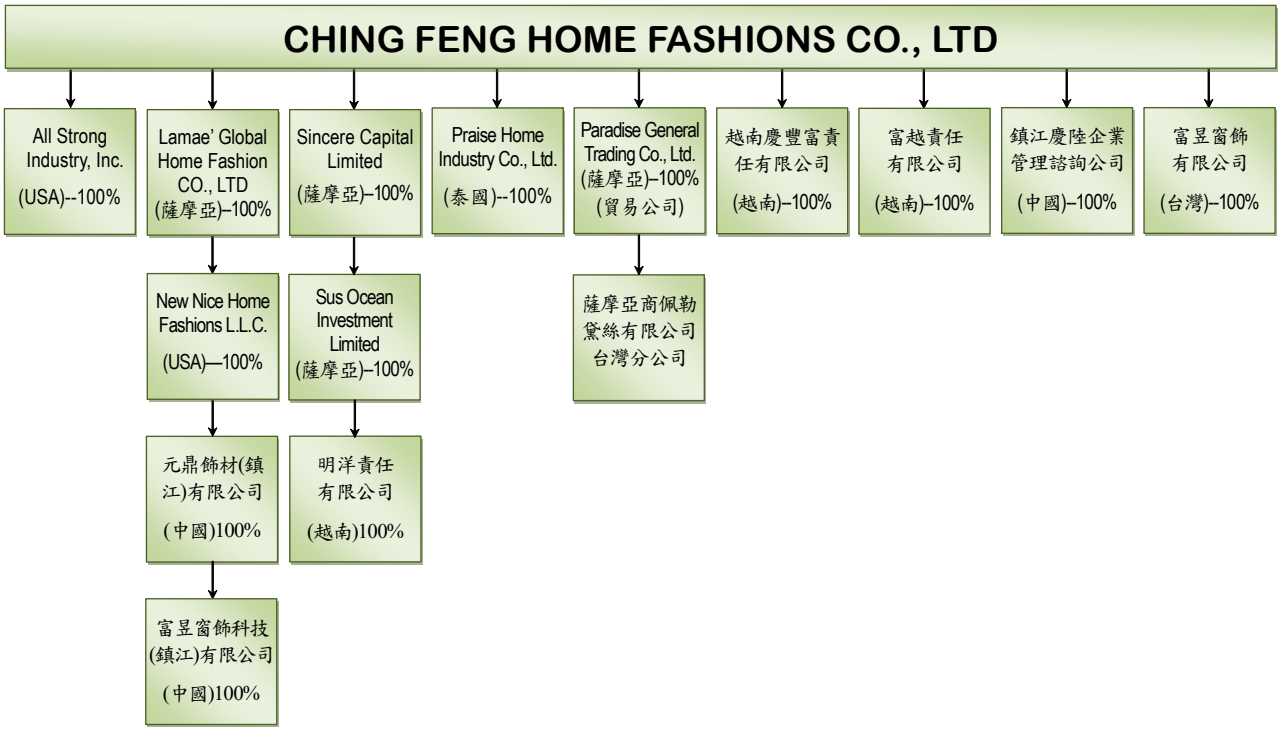
ITEM 7 - OTHER IMPORTANT MATTERS: None

PART VIII - SPECIAL NOTES

ITEM 1 – SUSIDIARIES

1. Consolidated Report of Subsidiaries

1) Organization chart



2) About the subsidiaries

Unit: NT$(US$)1,000/1,000 shares

Investment Company	Invested Companies	Shares			Shares Held By Subsidiaries
		Amount	Shares	%	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry Inc.	202,863	65	100.00	None
	Lamae' Global Home Fashion Co., Ltd.	1,041,715	35,525	100.00	None
	Sincere Capital Limited	398,660	13,084	100.00	None
	Paradise General Trading Co., Ltd.	30,690	437	100.00	None
	Praise Home Industry Co.,Ltd.	217,099	2,000	100.00	None
	Ching Feng Vietnam Company Limited.	590,129	Note (2)	100.00	None
	Fu Yue Window Decoration Co., Ltd.	5,000	Note (2)	100.00	None
	Fu Vietnam Company Limited.	167,384	Note (2)	100.00	None
	Zhenjiang Ching Lu Management Consulting Company	6,038	Note (2)	100.00	None
Lamae' Group Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C	USD 38,487	24,655	100.00	None
Sincere Capital Limited	Sun Ocean Investment LTD.	USD 13,473	13,473	100.00	None
Sun Ocean Investment Ltd.	Sun Ocean Vietnam Co., Ltd.	USD 13,166	Note (2)	100.00	None
New Nice Home Fashion L.L.C	Grandtop Decorative Product (Zhenjing) Co., Ltd.	USD 17,000	Note (2)	100.00	None
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Fu Yue Window Decoration Technology (Zhenjing)	CNY 100	Note (2)	100.00	None

Note 1: The above-mentioned subsidiaries do not hold any shares of the Company

Note 2: The invested company is a limited company.

Unit: NT$1,000

Name	Date of Incorporation	Address	Paid-up Capital	Business Items
All Strong Industry Inc.	1993.9.13	751n Vintage Avenue, Ontario, Co 91761	NT$ 202,863	Wholesale & retail of clothing, jewelry, precious metals, cosmetics, bathroom accessories, building materials, etc.
Lamae' Global Home Fashion Co., Ltd.	2003.8.13	Offshore Chambers, P.O. Box217, Apia, Samoa	NT$ 1,041,715	Reinvestment company
Sincere Capital Limited	2007.9.3	Levolz, Lotemau Contre, Vaea Street, Apia Samoa	NT$ 398,660	Reinvestment company
Paradise General Trading Co., Ltd.	2005.4.6	Levei2, Lotemau Centre, Vaea Street, Apia, Samoa	NT$ 30,690	International trade
Praise Home Industry Co., Ltd.	1999.8.16	88/14-17 M002 T. Nongchak A. Banbung Chonbur; 20170 Thailand	NT$ 217,099	Manufacture of plastic bags & shopping bags
Ching Feng Vietnam Company Limited.	2018.9.26	Đường Số 8B, KCN Quốc Tế Protrade, Xa An Tay, Ben Cat, Tỉnh Bình Dương, Vietnam	NT$ 590,129	Production and processing of plastic and aluminum blinds and Faux wood blinds
Fu Yue Window Decoration Co., Ltd.	2021.4.20	373, Sec. 4, Yenhai Rd., Fuhsing Township, Changhua County, Taiwan	NT$ 5,000	Buying and selling of various blinds and pleated blinds, etc.
Fu Vietnam Company Limited.	2019.9.9	Duong So 8B, KCN Quoc Te Protrade, Xa An Tay, Ben Cat, Tỉnh Bình Dương, Vietnam	NT$ 167,384	Cutting, assembly and packaging of curtains and textiles
Zhenjiang Ching Lu Management Consulting Company	2019.1.10	No. 7, Tonggang Road, New District, Zhenjiang City, Jiangsu Province, China	NT$ 6,038	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.
New Nice Home Fashion LLC	2002.1.11	3500 South Dupont Highway, Dover, Delaware 19901,U.S.A.	NT$ 1,181,859	Investment
Sun Ocean Investment Ltd.	2005.4.20	Portcullis Trustnet Chambers, P.O.Box 1225, Apia Samoa	NT$ 413,729	Investment
Sun Ocean Vietnam Co., Ltd.	2005.4.20	KCN Mai Trung, Xa An Tay, Ben Cat, Tỉnh Binh Duong, Vietnam	NT$ 404,302	Manufacture and Assembly of blinds.
Grandtop Decorative Product (Zhenjing) Co.,Ltd.	1998.6.11	168, Yushan N. Road, Zhenjiang City, Jiangsu Province, China	NT$ 559,241	Processing, production, assembly and sales of blinds.
Fu Yue Window Decoration Technology (Zhenjing)	2021.4.23	168, Yushan N. Road, Zhenjiang City, Jiangsu Province, China	NT$ 434	Trade of blinds and pleated shades

3) It is presumed to be the same shareholder as the controlling and subordinate: there is no such case.

4) Business covered by the Company and subsidiaries:
Blinds and curtains, home decoration products, international trade.

5) Directors, Supervisors and General Manager

Unit: 1,000 shares

Name	Title	Person in Charge	Shares	
			Shares	%
All Strong Industry Inc.	Chairman	Hsu, Ming-Hsuan	65	100%
Lamae' Global Home Fashion Co., Ltd.	Director	Hsu, Ming-Hsuan	35,525	100%
Sincere Capital Limited	Director	Hsu, Ming-Hsuan	13,084	100%
Paradise General Trading Co., Ltd.	Director	Hsu, Ming-Hsuan	437	100%
Praise Home Industry Co., Ltd.	Director and President	Huang, Chiung-Yao	2,000	100%
Ching Feng Vietnam Company Limited.	Director	Hsu, Ming-Hsuan	Note	100%
Fu Yue Window Decoration Co., Ltd.	Chairman	Hsu, Ming-Hsuan	Note	100%
Fu Vietnam Company Limited.	Director	Hsu, Ming-Hsuan	Note	100%
Zhenjiang Ching Lu Management Consulting Company	Chairman	Huang, Hui-Ping	Note	100%
New Nice Home Fashion LLC	Director	Hsu, Ming-Hsuan	24,655	100%
Sun Ocean Investment Ltd.	Director	Hsu, Ming-Hsuan	13,473	100%
Sun Ocean Vietnam Co., Ltd.	Director	Hsu, Ming-Hsuan	Note	100%
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Chairman	Wang, Hsueh-Chen	Note	100%
Fu Yue Window Decoration Technology (Zhenjing)	Chairman	Kuan Yu-Hua	Note	100%

Note: The invested company is a limited company.

6) Operational Overview of Subsidiaries

December 31, 2023 Unit: NT$1,000

Name	Captial	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit	Profit/ Loss	Earnings per share
All Strong Industry Inc.	202,863	1,400,688	1,019,496	358,228	2,243,353	82,244	62,010	0.31
Lamae' Global Home Fashion Co., Ltd.	1,041,715	801,115	0	801,115	0	0	(71,708)	(0.07)
Sincere Capital Limited	398,660	356,563	0	356,563	0	0	7,739	0.02
Paradise General Trading Co., Ltd.	30,690	19,177	3,987	15,190	1,610	(311)	459	0.01
Praise Home Industry Co., Ltd.	217,099	80,119	1,885	78,234	11,544	(18,044)	(35,541)	(0.16)
Ching Feng Vietnam Company Limited.	590,129	742,892	151,700	582,562	596,261	66,000	73,558	Note
Fu Yue Window Decoration Co., Ltd.	5,000	5,340	41	5,299	438	97	55	Note
Fu Vietnam Company Limited.	167,384	200,189	56,078	144,111	0	(13,673)	(13,819)	Note
Zhenjiang Ching Lu Management Consulting Company	6,038	53	0	53	(4)	(4)	(4)	Note
New Nice Home Fashion LLC	1,181,859	370,526	0	801,111	0	0	(41,686)	(0.04)
Sun Ocean Investment Ltd.	413,729	356,562	0	356,562	0	0	7,739	0.02
Sun Ocean Vietnam Co., Ltd.	404,302	497,445	148,245	349,200	575,013	6,251	7,739	Note
Grandtop Decorative Product (Zhenjing) Co., Ltd.	559,241	519,393	148,869	370,524	356,223	(55,309)	(41,685)	Note
Fu Yue Window Decoration Technology (Zhenjing)	434	607	588	19	230	(265)	(265)	Note

Note: The invested company is a limited company.

7) The entities that should be included in the combined financial statements of Ching Feng Home Fashions Co., Ltd. as of and for the year ended December 31, 2023(January 1, 2023 to December 31, 2023) under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with IAS 10 as recognized by Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Thus, Ching Feng Home Fashions Co.,Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

ITEM 2 - IN THE MOST RECENT YEAR AND AS OF THE DATE OF PUBLICATION OF THE ANNUAL REPORT, WHETHER THERE WERE PRIVATELY PLACED SECURITIES: NONE

ITEM 3 - IN THE MOST RECENT YEAR AND AS OF THE PUBLICATION DATE OF THE ANNUAL REPORT, WHETHER THE SUBSIDIARY HAS HELD OR DISPOSED OF THE COMPANY'S STOCK: NONE

ITEM 4 - OTHER EXPLANATIONS: NONE

PART IX

WHETHER THERE IS ANY EVENT THAT HAS A SIGNIFICANT IMPACT ON SHAREHOLDERS' RIGHTS AND INTERESTS OR SHARE PRICES AS STIPULATED IN SUBPARAGRAPH 3, PARAGRAPH 2, ARTICLE 36 OF THE SECURITIES AND EXCHANGE ACT: NONE

Representation Letter

The entities that are required to be included in the combined financial statements of CHING FENG HOME FASHIONS CO., LTD. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHING FENG HOME FASHIONS CO., LTD. and subsidiaries do not prepare a separate set of combined financial statements.

Hereby certified.

CHING FENG HOME FASHIONS CO., LTD.

Hsu, Ming-Hsuan
Chairman

March 13, 2024

Independent Auditors' Report

March 13, 2024

To the Board of Directors of CHING FENG HOME FASHIONS CO., LTD.：

Opinion

We have audited the accompanying consolidated financial statements of Ching Feng Home Fashions Co., Ltd., and its subsidiaries (collectively, the "Ching Feng Home Fashions Group") which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended.

In our opinion, based on our audit results, the above-mentioned consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and present fairly, the financial position of the Company as of December 31, 2023 and 2022, and the financial performance and its cash flows for the years then ended.

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. 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 Ching Feng Home Fashions Group in accordance with the Norm of Professional Ethics for Certified Public Accountant. 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, 2023. 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. Key audit matter for the Ching Feng Home Fashions Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

1. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Note 4 (15) to the consolidated financial report. For the disclosure of revenue, please refer to Note 6 (22).

Explanation of key audit matters:

Operating revenue is an important indicator for investors and management to evaluate the financial and business performance of Ching Feng Home Fashions Group. Whether the amount and timing of income recognition are correct will have a significant impact on financial reports. Thus, the authenticity and rationality of revenue recognition is a matter that accountants must pay close attention to when auditing the consolidated financial reports.

Corresponding audit procedures:

The main audit procedures of on the above key audit matter include:

- Assessed the rationality for revenue recognition (including sales discounts and allowance).
- For new customers who are a related party and have a large transaction volume, and new top ten customers, we checked the similarities and differences between their conditions of transaction and those of general customers, and whether there are any abnormal frequent or major returns, to evaluate the authenticity of income.
- Selected an appropriate sample size of sales invoices and shipping documents, checked and confirmed the receipt of payment, and paid attention to whether the remitter is the same as the purchaser to evaluate the authenticity of the income.
- Based on the delivery conditions, checked the shipping documents before and after the end of the year to assess the correctness of the period of revenue recognition.

Others

Ching Feng Home Fashions Co., Ltd. has prepared parent company only financial reports for the years ended December 31, 2023 and 2022, and we have also issued opinions without reservations for reference.

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 ecurities Issuers, 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 Ching Feng Home Fashions 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 Ching Feng Home Fashions Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Ching Feng Home Fashions 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 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 parent company only financial statements.

As part of an audit in accordance with the auditing standards, 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 Ching Feng Home Fashions 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 Ching Feng Home Fashions Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention of users 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 Ching Feng Home Fashions Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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, 2023 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 dverse 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:

KPMG Taiwan
Taipei, Taiwan

With Approval from the Competent Authorities:

Chin-Kuan-Cheng-Shen-Tzu-1040010193
Tai-Tsai-Cheng-Liu-Tzu-0920122026

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets				
1100	Cash and cash equivalents (Note 6(1))	$ 497,239	7	539,333	8
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	32,561	-	16,471	-
1150	Net notes receivable (Note 6(3))	-	-	600	-
1170	Net accounts receivable (Note 6(3))	1,199,201	18	1,654,973	23
1180	Accounts receivable - net amount of related parties (Notes 6(3) ,7)	-	-	149,890	2
1200	Other receivables (Note 6(4))	376,682	6	291,520	4
1210	Other receivables - related parties (Note 7)	-	-	8,094	-
130X	Inventories (Note 6(5))	904,514	14	959,597	14
1410	Prepayments	129,504	2	124,503	2
1470	Other current assets (Note 6(7))	127,187	2	80,067	1
1476	Other financial assets - current (Note 8)	194,088	3	164,875	2
	Total current assets	3,460,976	52	3,989,923	56
	Non-current assets				
1600	Property, plant and equipment (Notes 6(8) and 8)	2,320,303	35	2,321,655	31
1755	Right-of-use assets (Note 6(9))	541,508	8	580,748	8
1760	Investment property, net (note 6 (10))	31,290	-	-	-
1780	Intangible assets (Note 6(11))	101,563	2	116,382	2
1840	Deferred income tax assets (Note 6(18))	83,059	1	37,330	1
1915	Advance payment for equipment	71,486	1	53,125	1
1900	Other non-current assets (Notes 6(12) and 8)	42,456	1	44,422	1
	Total non-current assets	3,191,665	48	3,153,662	44
	Total Assets	**$ 6,652,641**	**100**	**7,143,585**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities				
2100	Short-term loans (Note 6(13), 8)	$ -	-	327,592	5
2110	Short-term notes and bills payable (Note 6(14))	159,846	2	-	-
2120	Financial liabilities at fair value through profit or loss-current (Note 6(2))	1,379	-	51	-
2150	Notes and Accounts payable	675,961	10	676,067	10
2200	Other payables	254,584	4	243,071	3
2230	Current income tax liabilities (Note 6(18))	105,454	2	120,603	2
2280	Lease liabilities - current (Note 6(16))	24,240	-	23,187	-
2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(15))	264,529	4	219,627	3
2399	Other current liabilities - Others	5,113	-	2,763	-
	Total current liabilities	1,491,106	22	1,612,961	23
	Non-current liabilities：				
2540	Long-term loans (Note 6(15), 8)	2,818,291	42	3,170,816	44
2569	Current tax liabilities-non-current (Note 6(18))	26,484	1	-	-
2570	Deferred income tax liabilities (Note 6(18))	9,688	-	4,755	-
2580	Lease liabilities - non-current (Note 6(16))	51,908	1	74,943	1
2670	Other current liabilities – others	1,383	-	1,412	-
	Total non-current liabilities	2,907,754	44	3,251,926	45
	Total liabilities	4,398,860	66	4,864,887	68
	Equity attributable to owners of parent company (Note 6 (19))：				
3110	Ordinary shares	1,738,389	26	1,696,233	24
3200	Capital surplus	13,030	-	13,030	-
3300	Retained earnings	605,012	9	652,769	9
3400	Other components of equity	(92,700)	(1)	(63,404)	(1)
3500	Treasury shares	(9,950)	-	(19,930)	-
	Total equity attributable to owners of the parent company	2,253,781	34	2,278,698	32
	Total equity	2,253,781	34	2,278,698	32
	Total liabilities and equity	**$ 6,652,641**	**100**	**7,143,585**	**100**

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(22) and 7)**	$ 4,547,224	100	5,287,076	100
5000	**Operating costs (Notes 6(5), (17))**	3,637,227	80	4,366,460	83
	Gross profit	909,997	20	920,616	17
	Operating expenses (Notes 6(17))：				
6100	Selling and marketing expenses	226,830	5	231,413	4
6200	General and administrative expenses	340,214	7	324,418	6
6300	Research and development expenses	74,691	2	94,859	2
6450	Expected credit losses (Note 6(3) and (25))	24,528	1	7,997	-
	Total operating expenses	666,263	15	658,687	12
	Operating income	243,734	5	261,929	5
	Non-operating income and expenses (Notes 6(6), (24) and 7)：				
7100	Interest income	9,666	-	1,689	-
7010	Other income	6,849	-	5,519	-
7020	Other gains and losses	(12,785)	-	83,252	2
7050	Financing costs	(93,060)	(2)	(71,672)	(1)
7060	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	(95)	-	-	-
	Total non-operating income and expenses	(89,425)	(2)	18,788	1
7900	**Net income before tax**	154,309	3	280,717	6
7950	**Less: Income tax expenses (Note 6(18))**	50,305	1	60,126	1
	Net income	104,004	2	220,591	5
8300	**Other comprehensive income(Note6(18) and (19))：**				
8360	**Items that may subsequently be reclassified to profit or loss**				
8361	Exchange difference on translation of foreign operating institutions	(36,620)	(1)	150,829	3
8399	Less: Income tax related to items that may be reclassified subsequently	(7,324)	-	30,166	1
	Total items that may subsequently be reclassified to profit or loss	(29,296)	(1)	120,663	2
8300	**Total other comprehensive income (loss)**	(29,296)	(1)	120,663	2
	Total comprehensive income (loss)	**$ 74,708**	**1**	**341,254**	**7**
	Earnings per share (Note 6(21))				
9750	**Basic earnings per share (Unit: NT$)**	**$ 0.60**		**1.28**	
9850	**Diluted earnings per share (Unit: NT$)**	**$ 0.60**		**1.27**	

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Other equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Treasury Shares	Total Equity
Balance as of January 1, 2022	$ 1,696,233	56,029	64,642	157,393	253,142	(184,067)	(19,910)	2,023,462
Appropriations of earnings：								
Legal reserve	-	-	7,980	-	(7,980)	-	-	-
Special reserve	-	-	-	26,674	(26,674)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(42,999)	-	-	(42,999)
Cash dividends from capital surplus	-	(42,999)	-	-	-	-	-	(42,999)
Reacquire of treasury shares	-	-	-	-	-	-	(20)	(20)
Net income of the period	-	-	-	-	220,591	-	-	220,591
Other comprehensive income (loss) of the period	-	-	-	-	-	120,663	-	120,663
Total comprehensive income (loss) of the period	-	-	-	-	220,591	120,663	-	341,254
Balance as of December 31, 2022	**1,696,233**	**13,030**	**72,622**	**184,067**	**396,080**	**(63,404)**	**(19,930)**	**2,278,698**
Appropriations of earnings：								
Legal reserve	-	-	22,059	-	(22,059)	-	-	-
Special reserve	-	-	-	(120,663)	120,663	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(109,605)	-	-	(109,605)
Stock dividends of ordinary shares	42,156	-	-	-	(42,156)	-	-	-
Transfer of treasury shares	-	-	-	-	-	-	9,980	9,980
Net income of the period	-	-	-	-	104,004	-	-	104,004
Other comprehensive income (loss) of the period	-	-	-	-	-	(29,296)	-	(29,296)
Total comprehensive income (loss) of the period	-	-	-	-	104,004	(29,296)	-	74,708
Balance as of December 31, 2023	**$ 1,738,389**	**13,030**	**94,681**	**63,404**	**446,927**	**(92,700)**	**(9,950)**	**2,253,781**

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	**2022**
Cash flows from operating activities：		
Net income before tax	$ 154,309	280,717
Adjustments：		
Adjustments to reconcile profit (loss)		
Depreciation expense	202,406	183,302
Amortization expense	31,345	20,626
Expected credit losses (gains)	24,528	7,997
Net losses (gains) on financial assets at fair value through profit or loss	351	1,057
Interest expense	93,060	71,672
Interest income	(9,666)	(1,689)
Share of loss (profit) of associates and joint ventures accounted or using equity method	95	-
Loss (gain) on disposal of property, plant and equipment, net	369	475
Loss (gain) on disposal of investments accounted for using equity method	(95)	-
Other adjustments to reconcile profit (loss)	(43)	-
Total adjustments to reconcile profit (loss)	342,350	283,440
Changes in assets related to operating activities：		
Notes receivable	600	(454)
Notes receivable - related parties	-	10
Accounts receivable	454,205	(635,975)
Accounts receivable - related parties	149,890	(21,516)
Other receivables	(90,042)	(126,139)
Other receivables - related parties	-	18
Inventories	55,083	(65,231)
Prepayments	(8,055)	7,178
Other current assets	(105,421)	(63,766)
Total net changes in assets related to operating activities	456,260	(905,875)
Changes in liabilities related to operating activities：		
Notes and Accounts payable	(106)	(18,223)
Notes and Accounts payable - related parties	-	(345)
Other payables	12,006	88,323
Other current liabilities	2,350	(3,574)
Total net changes in liabilities related to operating activities	14,250	66,181
Total net changes in assets and liabilities related to operating activities	470,510	(839,694)
Total adjustment	812,860	(556,254)

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	**2022**
Cash inflow (outflow) from operations	$ 967,169	(275,537)
Interest charged	9,666	1,689
Interest paid	(89,453)	(63,754)
Income taxes paid	(60,532)	(60,601)
Net cash flows from operating activities	826,850	(398,203)
Cash flows from investing activities：		
Acquisition of financial assets at fair value through profit or loss	(17,404)	(8,197)
Disposal of financial assets at fair value through profit or loss	6,198	57,855
Financial liabilities at fair value through profit or loss	(3,907)	-
Acquisition of investment accounted for using equity method	(2,400)	-
Disposal of investment accounted for using equity method	2,400	-
Acquisition of property, plant and equipment	(142,134)	(303,147)
Disposal of property, plant and equipment price	3,834	1,577
Other receivables	(12,021)	-
Other receivables - related parties	-	(16,188)
Acquisition of intangible assets	(1,200)	(1,330)
Acquisition of use-of-right assets	(3,395)	-
Acquisition of investment properties	(31,304)	-
Other financial assets – Current	(29,213)	169,314
Other non-current assets	(35)	5,425
Advance payment for equipment	(19,313)	28,790
Net cash flows used in investing activities	(249,894)	(65,901)
Cash flows from financing activities：		
Short-term loans	391,028	1,186,709
Repayment of short-term loans	(718,620)	(1,264,502)
Increase in short-term notes and bills payable	219,846	-
Decrease in short-term notes and bills payable	(60,000)	-
Long-term loans	-	2,363,157
Repayment of long-term loans	(311,819)	(1,591,926)
Payments of lease liabilities	(28,690)	(26,233)
Other non-current liabilities	(29)	465
Cash dividends paid	(109,605)	(85,998)
Treasury shares sold to employees	9,980	-
Cost of reacquiring treasury shares	-	(20)
Net cash flows from financing activities	(607,909)	581,652
Effects of exchange rate changes	(11,141)	46,594
Net increase (decrease) in cash and cash equivalents	(42,094)	164,142
Cash and equivalent cash, beginning balance	539,333	375,191
Cash and equivalent cash, ending balance	**$ 497,239**	**539,333**

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Company history

Ching Feng Home Fashions Co., Ltd. (hereinafter referred to as the "Company") was established on March 9, 1977 with the approval of the Ministry of Economic Affairs. The registered address is at 373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan. The main business items of the company and its subsidiaries are the manufacturing, processing of various blinds, pleated curtains, and their accessories for export and domestic sales. The company's stock has been officially listed and traded on the Taiwan Stock Exchange since August 18, 1989.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the "Group") for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 13, 2024.

(3) New standards, amendments and interpretations adopted

(a)The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023：

–Amendments to IAS 1 "Disclosure of Accounting Policies"

–Amendments to IAS 8 "Definition of Accounting Estimates"

–Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the (following) new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023：

–Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b)The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

–Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

–Amendments to IAS 1 "Non-current Liabilities with Covenants"

–Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

–Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c)The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

–Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

–IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"

–Amendments to IAS21"Lack of Exchangeability"

(4) Summary of material accounting policies

The significant material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

1. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

(i) Financial instruments at fair value through profit or loss are measured at fair value;

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

1. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has

the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

2. List of subsidiaries in the consolidated financial statements

Subsidiaries Included in Consolidated Financial Reports:

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**Dec. 31, 2023**	**Dec. 31, 2022**	**Note**
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Buy & sell of blinds, pleated curtains	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Lamae' Global Home Fashion Co., Ltd.	Investment	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Investment	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	International trade	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Plastic bags, etc.	100.00%	100.00%	

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			Dec. 31, 2023	Dec. 31, 2022	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Production and processing of plastic and alu. Blinds, Faux wood shutters	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Cutting, assembly and packaging of curtains and textiles	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Manufacture and sale of blinds, pleated blinds.	100.00%	100.00%	
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	Investment (Investment in China)	100.00%	100.00%	
Sincere Capital Limited	Sun Ocean Investment Limited	Investment	100.00%	100.00%	
New Nice Home Fashion L.L.C.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	Manufacture, process, and assembly of blinds.	100.00%	100.00%	
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Manufacture and assembly of blinds	100.00%	100.00%	
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Fu Yue Window Decoration Technology (Zhenjing)	Buy & sell of blinds, pleated curtains	100.00%	100.00%	

3.Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

1.Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(i) an investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

2.Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate.

Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;

3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

–it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

–its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ii) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(iii) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables and notes receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

–other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group monitors credit risk based on customer attributes, credit ratings and payment behavior, and when the delay of payment exceeds the time specified by the credit risk monitoring of the Group, then it is regarded as an increase in default risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

–significant financial difficulty of the borrower or issuer；

–a breach of contract such as a default or overdue exceeding credit risk monitoring indicators；

–the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；

–it is probable that the borrower will enter bankruptcy or other financial reorganization；or

–the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(iv) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

(i) Classification of debt or equity

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

(ii) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(iii) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

(iv) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(v) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(vi) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

1.Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2.Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3.Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(i) Buildings and Structures：5~55 years；

(ii) Machinery Equipment：3~20 years；

(iii) Transportation Equipment：5~25 years；

(iv) Office Equipment：1~20 years；

(v) Other Equipment：2~37 years。

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1.As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on

which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

–payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

–there is a change in future lease payments arising from the change in an index or rate; or

–there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

–there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

–there is a change of its assessment on whether it will exercise a extension or termination option; or

–there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

2.As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(m) Intangible assets

1.Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including technical know-how, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

(i) Technical Know-how：15 years；

(ii) Computer Software：3~10 years；

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Recognition of Revenue

1.Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when control of the product is transferred. The transfer of control means that the product has been delivered to the customer, the customer can fully determine the sales channel and price of the product, and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specific location, its obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the contract, the acceptance terms have expired, or the Group has objective evidence that all acceptance conditions have been met.

The Group provides quantity discounts to customers, and the revenue is recognized based on the net amount of the contract price minus the estimated quantity discount. The amount of the quantity discount is estimated based on the expected value from the accumulated experience in the past, and only within the scope where there is a high probability that there will be no significant reversal. As of the reporting date, the amount expected to be paid to customers for quantity discounts is recognized as a refund liability.

The Group provides a standard warranty for the goods sold, so there is refund obligation for defective items. However, due to the characteristics of products, the warranty cost is not significant to the Group.

The Group recognizes accounts receivable when the goods are delivered, because the Group has the unconditional right to receive the consideration at that point in time.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Government grants

For government grants related to assets, when the Group reasonably believe that it can meet the conditions set by the government for grants and will receive the grants, then the carrying amount of the asset is deducted from the fair value, and the deferred income is recognized as a depreciation expense on a systematic basis within the useful life of the asset.

(q) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met. The amount ultimately recognized is based on the number of awards that meet the service conditions and non-market vesting conditions on the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   (i) the same taxable entity; or
   (ii) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a

gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire's net assets in the event of liquidation. Other components of non controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average

number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainty, such as COVID-19 and inflation. Those events do not have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts

This consolidated financial report does not contain accounting policies that involve significant judgments and information that has a significant impact on the recognized amount.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Valuation of inventory

The amount of inventory is based on cost and net realizable value, whichever is lower. The company evaluates the inventory on the reporting date which has been damaged naturally and inevitably as a result of normal wear or aging, become obsolete or has no more market value, and writes down the inventory cost to the net realizable value. This valuation is mainly based on the estimated demand for products during a specific period in the future, so there may be major changes due to rapid changes in the industry. Please refer to Note 6(5) for inventory valuation.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 1,009	2,628
Check and demand deposit	208,615	183,891
Time deposits	3,281	113,540
Foreign currency deposit	284,334	239,274
Total	**$ 497,239**	**539,333**

Please refer to Note 6(25) for the exchange rate risk and sensitivity analysis of the Group's financial assets and liabilities.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss：		
Fund	$ 22,568	16,471
Foreign bonds	8,311	-
Stocks listed on domestic markets	1,682	-
Total	**$ 32,561**	**16,471**
Financial liabilities at fair value through profit or loss：		
Forward exchange contracts	**$ -**	**51**
Foreign Exchange Swap	**1,379**	-
Total	**$ 1,379**	**51**

Derivative financial instrument transactions are used to avoid risks of exchange rate and interest rate arising from business, financing and investment activities. As of December 31, 2023 and 2022, the Group did not adopt hedge accounting, and financial assets measured at fair value through profit and loss and derivatives of financial liabilities held for trading are as follows:

	December 31, 2023		
	Amount(in thousands)	Currency	Maturity dates
Foreign exchange swap sold	US$ 3,000	USD to NTD	113.1.2~113.2.26
	December 31, 2022		
	Amount(in thousands)	**Currency**	**Maturity dates**
Forward exchange sold	US$ 1,000	USD to NTD	112.1.16

Please refer to Note 6 (24) for the amount recognized in profit or loss based on remeasurement at fair value.

None of the financial assets measured at fair value through profit or loss on December 31, 2023 and 2022 were used as guarantees for long-term and short-term loans and financing.

(c) Notes Receivable, Notes Receivable from Related Parties, Accounts Receivable and Accounts Receivable from Related Parties

	December 31, 2023	December 31, 2022
Notes receivable - measured at amortized cost	**$ -**	**600**
Accounts receivable - measured at amortized cost	$ 1,201,288	1,655,493
Accounts receivable - related parties	-	149,890
Less: Allowance for losses	(2,087)	(520)
	$ 1,199,201	**1,804,863**

A simplified approach is adopted to estimate the expected credit losses of all bills and accounts receivables that are lifetime expected credit losses. For this purpose, these notes receivable and accounts receivable are grouped based on the common credit risk characteristics of the customer's ability to make all payments due in accordance with the terms of the contract, and forward-looking data, including overall economic and related information of the industry.

Regarding notes receivable, notes receivable from related parties, accounts receivable and accounts receivable from related parties, the loss allowance is as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,131,747	-	-
Less than 90 days past due	67,862	0.6%	408
91 to 180 days past due	8	100%	8
181 to 270 days past due	-	-	-
More than 270 days past due	1,671	100%	1,671
	$ 1,201,288		**2,087**

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,547,218	-	-
Less than 90 days past due	258,423	0.07%	178
91 to 180 days past due	237	100%	237
181 to 270 days past due	-	-	-
More than 270 days past due	105	100%	05
	$ 1,805,983		**520**

The movements in the allowance for accounts receivable and notes receivable were as follows:

	For the years ended December 31,	
	2023	2022
Balance at January 1	$ 520	3,325
Impairment losses recognized(reversed)	1,590	(97)
Amount written off	-	(2,756)
Foreign exchange gains(losses)	(23)	48
Balance at December 31	**$ 2,087**	**520**

The Group signed non-recourse receivable sales with financial institutions. According to the contract, the Group does not need to bear the credit risk of non-payment due to non-commercial disputes caused by the account receivable debtor within the sales quota. The Group has transferred substantially all the risks and rewards of ownership of the above-mentioned accounts receivable, so it meets the conditions for derecognizing of financial assets. After the creditor's right of accounts receivable is derecognized, the creditor's rights to financial institutions are recognized in other receivables. The sold receivables not yet due on the reporting date are as follows:

	December 31, 2023					
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	**$ 341,260**	USD15,000,000	-	**341,260**	5.28%~6.43%	-

	December 31, 2022					
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	**$ 219,172**	USD15,000,000	-	**219,172**	0.89%~5.15%	-

On December 31, 2023 and 2022, the Group's notes and accounts receivable were not used as guarantees for long-term, short-term loans and financing.

(d) Other Receivables

	December 31, 2023	December 31, 2022
Tax refund receivable	$ 20,429	68,729
Unused amount of sold receivables	341,260	219,172
Other Receivables - Osaley (OSL)	28,209	(Note)
Less: Allowance for losses	(21,109)	(Note)
Others	7,893	3,619
	$ 376,682	**291,520**

Other receivables - OSL are overdue accounts receivable arising from the sale of goods and are considered as a form of fund financing in the financial statements. Please refer to Note 6 (25) for the movements in the allowance.

(Note) The Group assessed that since the chairman of OSL disposed of all of his OSL shares and dismissed him as chairman in 2023, he has not been a related party since August 2023.

Regarding other receivables - OSL, the loss allowance is as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ -	-%	-
Less than 90 days past due	-	-%	-
91 to 180 days past due	192	50%	96
181 to 270 days past due	28,017	75%	21,013
More than 270 days past due	-	-%	-
	$ 28,209		**21,109**

As of December 31, 2023 and 2022, the Group's other receivables were not used as guarantees for long-term, short-term loans and financing.

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 223,443	172,789
Supplies	154,861	168,826
Work-in process, semi-finished goods	120,100	134,162
Finished goods	406,110	483,820
	$ 904,514	**959,597**

The details of the cost of sales were as follows:

	For the years ended December 31,	
	2023	**2022**
Inventory that has been sold	$ 3,642,129	4,376,629
Reversal of write-downs	(4,902)	(10,169)
Total	**$ 3,637,227**	**4,366,460**

As of December 31, 2023 and 2022, the Group's inventory was not used as guarantees for long-term, short-term loans and financing.

(f) Investments using the equity method

1. Associates

The Group's financial information for investments using the equity method that are individually insignificant was as follows:

	December 31, 2023
Carrying amount of individually insignificant associates' equity	**$ -**

	2023
Attributable to the Group:	
Loss from continuing operations	**$ (95)**

As of December 31, 2022, the Group did not adopt the investments accounted for using equity method.

2. The Group acquired 48% of the equity of nextTB International CO., LTD. for $2,400,000 in January 2023, and therefore obtained significant influence over nextTB International CO., LTD., and evaluated it using Equity method; In December of the same year, the Group sold its entire equity and lost its significant influence on it. The disposal price was NT $2,400,000, and its disposal benefit was $95,000, which was recognized under other gains and losses.

3. Guarantee

As of December 31, 2023 and 2022, the Group's Investments using the equity method was not used as guarantees for long-term, short-term loans and financing.

(g) Other current assets

	December 31, 2023	December 31, 2022
Temporary debits	$ 32,115	25,497
Payment on behalf of others	3,840	54,138
Payment on behalf of others - Osaley(OSL)	94,583	(Note)
Less: Allowance for losses	(9,923)	(Note)
Others	6,572	432
	$ 127,187	**80,067**

The above Payment on behalf of others - OSL is the advance payment made by the Group on its behalf. Please refer to Note 6 (25) for the changes in allowance for losses.

(Note) The Group assessed that since the chairman of OSL disposed of all of his OSL shares and dismissed him as chairman in 2023, he has not been a related party since August 2023.

Regarding payment on behalf of others - OSL, the loss allowance is as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 38,529	-%	-
Less than 90 days past due	36,207	-%	-
91 to 180 days past due	19,847	50%	9,923
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	$ 94,583		**9,923**

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and Structures	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost:								
Balance at Jan. 1, 2023	$ 459,076	1,190,545	1,051,818	15,706	7,818	289,460	216,605	3,231,028
Additions	-	1,562	70,739	3,320	2,585	41,211	22,717	142,134
Disposals	-	(37,325)	(41,840)	(2,593)	(3,417)	(20,362)	-	(105,537)
Reclassification	8,211	-	185,142	-	-	-	(153,850)	39,503
Impact of exchange rate changes	256	(6,302)	(17,539)	(195)	(130)	(1,525)	(2,353)	(27,788)
Balance at Dec.31, 2023	**$ 467,543**	**1,148,480**	**1,248,320**	**16,238**	**6,856**	**308,784**	**83,119**	**3,279,340**
Balance at Jan. 1, 2022	$ 457,836	1,153,835	986,541	15,006	7,493	257,692	23,317	2,901,720
Additions	-	18,696	89,531	619	294	49,237	144,770	303,147
Disposals	-	(1,134)	(70,864)	(495)	(500)	(19,892)	-	(92,885)
Reclassification	-	(894)	7,738	-	-	(579)	41,193	47,458
Impact of exchange rate changes	1,240	20,042	38,872	576	531	3,002	7,325	71,588
Balance at Dec.31, 2022	**$ 459,076**	**1,190,545**	**1,051,818**	**15,706**	**7,818**	**289,460**	**216,605**	**3,231,028**
Accumulated depreciation and Impairment losses:								
Balance at Jan. 1, 2023	$ -	288,424	536,561	9,161	5,177	70,050	-	909,373
Additions	-	35,707	87,079	1,060	837	32,840	-	157,523
Disposals	-	(37,325)	(38,681)	(1,810)	(3,417)	(20,101)	-	(101,334)
Reclassification	-	-	(43)	-	-	-	-	(43)
Impact of exchange rate changes	-	(663)	(5,205)	(40)	(25)	(549)	-	(6,482)
Balance at Dec.31, 2023	**$ -**	**286,143**	**579,711**	**8,371**	**2,572**	**82,240**	**-**	**959,037**
Balance at Jan. 1, 2022	$ -	263,024	505,064	8,114	4,382	55,140	-	835,724
Additions	-	34,943	69,259	1,220	737	34,093	-	140,252
Disposals	-	(1,134)	(68,829)	(495)	(500)	(19,876)	-	(90,834)
Reclassification	-	(24)	-	-	-	24	-	-
Impact of exchange rate changes	-	(8,385)	31,067	322	558	669	-	24,231
Balance at Dec.31, 2022	**$ -**	**288,424**	**536,561**	**9,161**	**5,177**	**70,050**	**-**	**909,373**
Carrying value								
Balance at Dec.31, 2023	**$ 467,543**	**862,337**	**668,609**	**7,867**	**4,284**	**226,544**	**83,119**	**2,320,303**
Balance at Jan. 1, 2022	**$ 457,836**	**890,811**	**481,477**	**6,892**	**3,111**	**202,552**	**23,317**	**2,065,996**
Balance at Dec.31, 2022	**$ 459,076**	**902,121**	**515,257**	**6,545**	**2,641**	**219,410**	**216,605**	**2,321,655**

Please refer to Note 6 (24) for details on gains and losses of disposal.

Please refer to Note 8 for details of the guarantees for long-term and short-term loans and financing as of December 31, 2023 and 2022.

(i) Right-of-use assets

The Group leases many assets including land, buildings, machinery and transportation equipment, etc. Information about leases for which the Group is a lessee is presented below:

	Land	Buildings	Machinery Equipment	Transportation Equipment	Total
Cost:					
Balance at January 1, 2023	$ 560,866	141,298	20,895	3,669	726,728
Additions	3,761	936	6,364	-	11,061
Disposal/Write-off	(591)	(6,255)	(11,662)	-	(18,508)
Impact of exchange rate changes	(4,070)	(877)	(311)	-	(5,258)
Balance at December.31, 2023	**$ 559,966**	**135,102**	**15,286**	**3,669**	**714,023**
Balance at January 1, 2022	$ 510,541	125,482	12,222	14,539	662,784
Additions	1,394	10,948	570	3,243	16,155
Disposal/Write-off	(1,347)	(3,579)	(1,783)	(5,373)	(12,082)
Reclassification	-	-	9,129	(9,129)	-
Impact of exchange rate changes	50,278	8,447	757	389	59,871
Balance at December.31, 2022	**$ 560,866**	**141,298**	**20,895**	**3,669**	**726,728**
Accumulated depreciation:					
Balance at January 1, 2023	$ 69,689	61,054	14,200	1,037	145,980
Depreciation for the year	18,718	19,305	5,623	1,223	44,869
Disposal/Write-off	(591)	(5,126)	(11,569)	-	(17,286)
Impact of exchange rate changes	(557)	(321)	(170)	-	(1,048)
Balance at December.31, 2023	**$ 87,259**	**74,912**	**8,084**	**2,260**	**172,515**
Balance at January 1, 2022	$ 47,791	40,023	4,598	9,076	101,488
Depreciation for the year	18,101	17,432	3,584	3,933	43,050
Disposal/Write-off	(1,140)	(511)	(1,176)	(5,373)	(8,200)
Reclassification	-	-	6,823	(6,823)	-
Impact of exchange rate changes	4,937	4,110	371	224	9,642
Balance at December.31, 2022	**$ 69,689**	**61,054**	**14,200**	**1,037**	**145,980**
Carrying amount:					
Balance at December.31, 2023	**$ 472,707**	**60,190**	**7,202**	**1,409**	**541,508**
Balance at January 1, 2022	**$ 462,750**	**85,459**	**7,624**	**5,463**	**561,296**
Balance at December.31, 2022	**$ 491,177**	**80,244**	**6,695**	**2,632**	**580,748**

(j) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases. For all investment property leases, the rental income is fixed under the contracts.

The cost, depreciation, and impairment of the investment property of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Total
Cost:			
Balance at January 1, 2023	$ -	-	-
Purchases	28,375	2,929	31,304
Balance at December 31, 2023	**$ 28,375**	**2,929**	**31,304**
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ -	-	-
Depreciation for the year	-	14	14
Balance at December 31, 2023	**$ -**	**14**	**14**
Carrying amount:			
Balance at December 31, 2023	**$ 28,375**	**2,915**	**31,290**
Fair value:			
Balance at December 31, 2023			**$ 33,850**

The Group's investment properties are measured using the cost model. The fair value of the investment properties is determined based on the transaction price of similar properties in the near term announced by the website of Real Estate Price Inquiry Service, Ministry of the Interior.

As of December 31, 2023 and 2022, the Group's investment properties were not used as guarantees for long-term, short-term loans and financing.

The Group has no investment property as of December 31, 2022.

(k) Intangible assets

	Goodwill	Technical Know-how	Computer Software	Total
Cost:				
Balance at January 1, 2023	$ 136,327	174,729	22,331	333,387
Additions	-	-	1,200	1,200
Disposals	-	-	(720)	(720)
Reclassification	-	-	2,960	2,960
Impact of exchange rate changes	(46)	(973)	(92)	(1,111)
Balance at December 31, 2023	**$ 136,281**	**173,756**	**25,679**	**335,716**

	Goodwill	Technical Know-how	Computer Software	Total
Balance at January 1, 2022	$ 127,990	156,606	22,992	307,588
Additions	-	-	1,330	1,330
Disposals	-	-	(1,129)	(1,129)
Impact of exchange rate changes	8,337	18,123	(862)	25,598
Balance at December 31, 2022	**$ 136,327**	**174,729**	**22,331**	**333,387**
Accumulated amortization and impairment losses:				
Balance at January 1, 2023	$ 67,257	143,239	6,509	217,005
Amortization for the year	-	15,977	3,095	19,072
Disposals	-	-	(720)	(720)
Impact of exchange rate changes	(8)	(1,196)	-	(1,204)
Balance at December 31, 2023	**$ 67,249**	**158,020**	**8,884**	**234,153**
Balance at January 1, 2022	$ 65,771	114,057	5,320	185,148
Amortization for the year	-	15,297	3,181	18,478
Disposals	-	-	(1,129)	(1,129)
Impact of exchange rate changes	1,486	13,885	(863)	14,508
Balance at December 31, 2022	**$ 67,257**	**143,239**	**6,509**	**217,005**
Carrying amounts:				
Balance at December 31, 2023	**$ 69,032**	**15,736**	**16,795**	**101,563**
Balance at January 1, 2022	**$ 62,219**	**42,549**	**17,672**	**122,440**
Balance at December 31, 2022	**$ 69,070**	**31,490**	**15,822**	**116,382**

1. Amortization

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

	For the years ended December 31,	
	2023	2022
Operating expenses	**$ 19,072**	**18,478**

2. Impairment test of goodwill for the purpose of impairment testing, the overall carrying amount of goodwill has been allocated to the individual cash-generating units as follows:

	December 31, 2023	December 31, 2022
LAMAE' GLOBAL HOME FASHION CO., LTD.	**$ 69,032**	**69,070**

The recoverable amounts of cash-generating units of Lamae' Global Home Fashion Co., Ltd. based on fair value less disposal costs on December 31, 2023 and 2022 are 570,094 thousand (USD18,565 thousand) and 564,633 thousand (USD18,377 thousand) respectively. Both are higher than its carrying amount, there is no need to recognize impairment loss. The fair value minus disposal cost is estimated by an independent evaluation agency using the value multiplier of comparable companies, and at the same time, taking the control premium and liquidity discount into consideration. Fair value measurements are classified as Level 3 using significant unobservable inputs.

(l) Other non-current assets

The details of other non-current assets of the Group are as follows:

	December 31, 2023	December 31, 2022
Refundable deposits	$ 7,340	6,452
Other financial assets - non-current	-	19,724
Others	35,116	18,246
	$ 42,456	**44,422**

As of December 31, 2023, the Group's other non-current assets were not used as guarantees for long-term, short-term loans and financing.

As of December 31, 2022, part of other non-current assets of the Group has been used as guarantees for long-term and short-term loans and financing. Please refer to Note 8.

(m) Short-term loans

The details of short-term loans of the Group are as follows:

	December 31, 2023	December 31, 2022
Letter of Credit	$ -	37,592
Unsecured bank loans	-	100,000
Secured bank loans	-	190,000
Total	**$ -**	**327,592**
Unused short-term credit lines	**$ 1,255,664**	**989,658**
Range of interest rates	**-**	**1.94%~2.59%**

1. Borrowing and repayment of short-term loans

The newly increased amounts from January 1 to December 31, 2023 and 2022 were 391,028 thousand and 1,186,709 thousand respectively, and the repaid amounts are 718,620 thousand and 1,264,502 thousand respectively.

The range of short-term interest rates in each region of the merged company is as follows:

	December 31, 2022
Taiwan	1.94%~2.59%

Note：As of December 31, 2022, the Group did not apply for short-term loan financing outside Taiwan.

As of December 31, 2022, the maturity dates of short-term loans of the Group are December, 2023. As of December 31, 2023, the Group did not apply for short-term loan financing.

2. Collateral for bank loans

Please refer to Note 8 for the details of the collateral for bank loans.

(n) Short-term notes and bills payable

The details of short-term notes and bills payable of the Group are as follows:

	December 31, 2023		
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	China Bills Finance Corporation	2.238%	$ 59,959
	O-Bank	1.438%~1.478%	99,887
Total			**$ 159,846**

As of December 31, 2022, the Group did not adopt short-term notes and bills payable.

Please refer to Note 6 (24) for details on interest expense.

(o) Long-term Loans

The details of long-term loans of the Group are as follows:

	December 31, 2023		
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.8%~6.99%	2027.10	$ 2,512,599
Secured bank loans	0.925%~2.125%	2035.7	570,221
			3,082,820
Less: current portion			(264,529)
Total			**$ 2,818,291**
Unused long-term credit lines			**$ 697,383**

	December 31, 2022		
	Range of interest rates	**Expiration Date**	**Amount**
Unsecured bank loans	1.55%~5.65%	2027.10	$ 2,703,755
Secured bank loans	0.68%~3.33%	2035.7	686,688
			3,390,443
Less: current portion			(219,627)
Total			**$ 3,170,816**
Unused long-term credit lines			**$ 640,000**

1. Borrowing and repayment of long-term loans

   From January 1 to December 31, 2023, there are no new long-term loans; from January 1 to December 31, 2022, the new long-term was 2,363,157 thousand, the interest rate was 2.48%~5.65%, and the maturity date is October 2027; the repayment amounts from January 1 to December 31, 2023 and 2022 were 311,819 thousand and 1,591,926 thousand respectively.

2. Collateral for bank loans

   Please refer to Note 8 for the details of the collateral for bank loans.

3. Special agreement on the joint credit contract

   On November 30, 2021, the Group signed a joint loan credit contract with Taiwan Cooperative Bank, Entie Commercial Bank, Taiwan Business Bank, Hua Nan Bank, First Commercial Bank, The Shanghai Commercial & Savings Bank, Cathay United Bank, Taichung Bank and Shin Kong Bank.

   The joint credit contract renewed by the Group with the banks in 2021 restricts that the consolidated financial report after 2021 must meet the following conditions:

   A. Current ratio: not less than 140%.

   B. Debt ratio: not higher than 230%.

   C. Interest coverage ratio: not less than 6 times.

   D. Net worth: not less than NT$1,800,000 thousand.

   The joint credit contract renewed by the Group with the banks in 2023 restricts that the consolidated financial report after 2023 must meet the following conditions:

   A. Current ratio: not less than 140%.

   B. Debt ratio: not higher than 280%.

   C. Interest coverage ratio: not less than 3 times.

   D. Net worth: not less than NT$1,800,000 thousand.

   The above-mentioned financial ratios and conditions shall be calculated based on the annual consolidated financial report audited and certified by an accountant recognized

by the banks.

In accordance with the joint credit contract, the Group took the consolidated financial reports of 2023 and 2022 as the calculation basis, and none of them violated the restrictions.

(p) Lease liabilities

The carrying amounts of the Group 's lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Current	$ 24,240	23,187
Non-current	$ 51,908	74,943

For the maturity analysis, please refer to Note 6 (25) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	$ 3,125	3,720
Expenses relating to short-term leases	$ 814	593
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 1,691	1,711

The amounts recognized in the statement of cash flows by the Group were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	$ 34,320	32,257

1. Leasing of land, houses and buildings

The Group leases land, houses and buildings as offices and warehouses. The lease is usually one to fifty years. Some leases include the option to extend term for additional periods.

2. Other lease

The lease the Group's leased machinery and transportation equipment is one to five years, and some lease contracts stipulate that the Group has the option to purchase the leased assets when the lease expires. In some contracts, the residual value of the leased assets will be guaranteed by the Group when the lease expires.

In addition, the Group leases computer equipment for a period of one to three years. These leases are short-term and/or low-value assets. The Group chooses to apply for the recognition of exemption and does not recognize the as right-of-use assets and lease liabilities.

(q) Employee benefits

1. Defined contribution plans

The Group allocates 6.00% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to 11,103 thousand and 10,396 thousand for the years ended December 31, 2023 and 2022, respectively.

Overseas subsidiaries will contribute pension benefits for employees to pension management organization in accordance with the local regulations. The recognized pension expenses for the years ended December 31, 2023 and 2022 were 18,574 thousand and 16,007 thousand respectively.

(r) Income taxes

1. Income tax

The components of income tax in the years 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Current tax expense		
Current period	$ 77,307	52,488
Adjustment for prior periods	6,704	12,053
	84,011	64,541
Deferred tax expense		
Origination and reversal of temporary differences	(33,706)	(4,415)
Income tax expense	**$ 50,305**	**60,126**

The adjustment of the income tax of the period from January 1 to December 31, 2023 and 2022 refers to the amount of additional tax payable for years of 2021 and 2018, 2019 and 2020 determined by the taxation agency in the period.

The amounts of income tax recognized in other comprehensive income for the three months and nine months ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2023**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	**$ 7,324**	**(30,166)**

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	For the years ended December 31,	
	2023	**2023**
Net income before tax	$ 154,309	280,717
Income tax using the Company's domestic tax rate	30,862	56,143
Effect of tax rates in foreign jurisdiction	20,943	14,392
Non-deductible expenses	5,148	1,014
Change in unrecognized temporary differences	4,993	(18,851)
Tax incentives	(18,834)	(5,549)
Recognition of previously unrecognized tax losses	(558)	12,977
Additional tax on undistributed earnings	7,751	-
	$ 50,305	**60,126**

2. Deferred tax assets and liabilities

(i) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 37,532**	**25,131**
Unrecognized deferred tax liabilities	**$ -**	**6,778**

(ii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Share of loss of subsidiaries, associates accounted for using equity method	$ 126,740	118,888
Impairment of asset	10,456	10,456
Tax loss	2,764	-
Total	**$ 139,960**	**129,344**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(iii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Liabilities:

	Others
Balance at January 1, 2023	$ 4,755
Recognized in profit or loss	5,044
Foreign currency translation differences for foreign operations	(111)
Balance at December 31, 2023	**$ 9,688**
Balance at January 1, 2022	$ 8,128
Recognized in profit or loss	(3,373)
Balance at December 31, 2022	**$ 4,755**

Deferred Tax Assets:

	Write-down of inventories	Allowance for sales return	Exchange Differences on Translation of Foreign Operations	Others	Total
Balance at January 1, 2023	$ 4,382	8,483	15,851	8,614	37,330
Recognized in profit or loss	2,415	10,005	-	26,330	38,750
Recognized in other comprehensive income	-	-	7,324	-	7,324
Foreign currency translation differences for foreign operations	(8)	(155)	-	(182)	(345)
Balance at December 31, 2023	**$ 6,789**	**18,333**	**23,175**	**34,762**	**83,059**
Balance at January 1, 2022	$ 5,629	7,641	46,017	5,927	65,214
Recognized in profit or loss	(1,536)	-	-	2,578	1,042
Recognized in other comprehensive income	-	-	(30,166)	-	(30,166)
Foreign currency translation differences for foreign operations	289	842	-	109	1,240
Balance at December 31, 2022	**$ 4,382**	**8,483**	**15,851**	**8,614**	**37,330**

3. The company's income tax return has been approved by the tax collection agency until 2021

(s) Capital and other equity

1. Capital - Ordinary shares

As of December 31, 2023 and 2022, the total value of authorized ordinary shares was amounted to 3,000,000 thousand with par value of $10 per share. The issued shares are 1,738,389 thousand and 1,696,233 thousand respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	Ordinary Shares	
(in thousands of shares)	**2023**	**2022**
Balance on January 1	169,623	169,623
Stock dividends	4,216	-
Balance on December 31	**173,839**	**169,623**

A resolution was passed during the general meeting of shareholders held on May 24, 2023 for the increase capital by 42,156 thousand from retained earnings, issuing 4,216 thousand shares of ordinary shares with a par value of $10 per share. The Board of Directors further resolved that the capital increase would be effective as of September 16, 2023. All aforementioned ordinary shares have completed the statutory registration procedures.

2. Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	**$ 13,030**	**13,030**

The company's Board of Directors passed a resolution on March 18, 2022 and reported to the shareholders' meeting on June 27, 2022 to distribute cash dividends from capital reserves at $0.255 per share for a total of 42,999 thousand.

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total ordinary shares outstanding.

3. Retained earnings

According to Articles of Incorporation, if the company has a surplus in the annual settlement, it should first cover losses of previous years. If there is still a surplus, after 10% of the legal reserve, and another sum as special reserve are set aside, together with the unappropriated surplus at the beginning of the period, and the adjusted amount of the unappropriated surplus of the current year, such surplus will be the surplus available for appropriation, but a part of it may be retained depending on the situation of the company, and the Board of Directors shall prepare a proposal for surplus distribution and submit it to the shareholders' meeting for approval. The distribution of dividends and bonuses or all or part of the legal reserve in the form of cash requires the attendance of more than two-thirds of the directors, and the approval of more than half of the directors' present, and reports to the shareholders meeting.

Ching Feng Home Fashions Co., Ltd. is a traditional manufacturing factory with its life cycle in the "growth period". Taking into consideration of the working capital needs and the protection of shareholders' rights and interests, every year, no less than 10% of the distributable surplus is appropriated to distribute shareholder dividends. However, when the accumulated distributable surplus is lower than 10% of the paid-in share capital, no distribution will be allowed. The company adopts part of cash dividends and part of stock dividends for surplus appropriation. The ratio of cash dividends shall not be lower than 20% of the total dividends to be distributed. The ratio depends on the company's latest debt ratio, quick ratio and cash flow, and shall be proposed by the Board of Directors.

(i) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(ii) Special reserve

In accordance with the regulations of the Financial Supervisory Commission, when the company distributes distributable earnings, for the difference between the net deduction of other shareholders' equity recorded in the current year and the balance of the special surplus reserve mentioned in the previous paragraph, the special reserve should be set aside from the net profit of the current period plus items other than the net profit from the current period, and the undistributed surplus in the previous periods, for the reduction of other shareholders' equity in the current year. For the reduction of other shareholders' equity accumulated in the previous periods, the special reserve should be set aside from the undistributed surplus in the previous period, and shall not be

distributed. Afterwards, if the reduced amount of other shareholders' equity is reversed, then the reversed portion may be distributed.

(iii) Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on March 14, 2023 and March 18, 2022, as well as the shareholders' meeting on May 24, 2023 and June 27, 2022, respectively.

The details were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to shareholders of ordinary shares:				
Cash	$ 0.650	109,605	0.255	42,999
Shares	0.250	42,156		-
Total		**$ 151,761**		**42,999**

The board of directors of the company proposed the distribution of dividends for the year of 2023 on March 13, 2024. The amount of dividends to be distributed to owners is as follows:

	2023	
	Amount per share	Total amount
Dividends distributed to shareholders of ordinary shares:		
Cash	$ 0.500	86,669
Total		**$ 86,669**

4. Treasury shares

In accordance with Article 167-1 of the Company Act, the company repurchased its own shares for the purpose of transferring them to employees, resulting in the following changes in the share capital:

	In thousands of shares	Amount
Balance at January 1, 2023	1,000	$ 19,930
Transfer	(500)	(9,980)
Balance at December 31, 2023	**500**	**$ 9,950**
Balance at January 1, 2022	999	$ 19,910
Repurchase	1	20
Balance at December 31, 2022	**1,000**	**$ 19,930**

The treasury shares held by the company are not entitled to shareholder rights until they are transferred in accordance with the provisions of the Company Act.

5. Other equities (net amount after tax)

	Exchange Differences on Translation of Foreign Operations
Balance at January 1, 2023	$ (63,404)
Exchange differences on foreign operations	(29,296)
Balance at December 31, 2023	**$ (92,700)**
Balance at January 1, 2022	$ (184,067)
Exchange differences on foreign operations	120,663
Balance at December 31, 2022	**$ (63,404)**

(t) Share-based payment

On November 8, 2023, the Board of Directors of the Company approved the transfer of treasury shares to employees by Resolution. The details are as follows:

Type of agreement	Grant date	Quantity granted (in thousands)	Vesting conditions
Treasury shares transferred to employees	2023.11.08	500	Immediately vested

1. Measurement parameters of fair value on grant date

Type of agreement	Grant date	Exercise price	Exercise price	Fair value per unit
Treasury shares transferred to employees	2023.11.08	17.05	19.96	$ 0 (Note)

Note：The stock price on the grant date is lower than the exercise price, so the fair value per unit is 0.

2. Information on transfer of treasury shares

	2023	
	Weighted average exercise price (NT $)	Number of options
Outstanding as of January 1	$ -	-
Granted during the period	19.96	500
Executed during the period	19.96	(500)
Outstanding as of December 31	-	-
Executable as of December 31	-	-

The Company did not transfer any treasury shares in 2022.

3. Employee remuneration expenses

	For the years ended December 31, 2023
Expenses incurred due to transfer of treasury shares to employees	$ -

The Company had no Share-based payments transaction in 2022.

(u) Earnings per share

1. Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company amounting to 104,004 thousand and 220,591 thousand, and the weighted average number of ordinary shares outstanding of 172,862 thousand and 172,839 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company

	2023	2022
Profit of the Company for the year	**$ 104,004**	**220,591**

(ii) Weighted-average number of ordinary shares (in thousands)

	2023	2022
Issued ordinary shares at 1 January	169,623	169,623
Effect of treasury shares	(977)	(1,000)
Effect of stocks dividends	4,216	4,216
Weighted average number of ordinary shares at December 31	**172,862**	**172,839**
Basic earnings per share	**$ 0.60**	**1.28**

2. Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company amounting to 104,004 thousand and 220,591 thousand, and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 173,057 thousand and 173,190 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company (diluted)

	2023	2022
Profit of the Company for the year(basic)	**$ 104,004**	**220,591**
Profit of the Company for the year(diluted)	**$ 104,004**	**220,591**

(ii) Weighted-average number of ordinary shares (in thousands) (diluted)

	2023	2022
Weighted average number of ordinary shares (basic) at December 31	172,862	172,839
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	195	351
Weighted average number of ordinary shares (diluted) at December 31	**173,057**	**173,190**
Diluted earnings per share	**$ 0.60**	**1.27**

(v) Revenue from contracts with customers

1. Details of revenue

	For the years ended December 31,	
	2023	2022
Primary geographical markets:		
United States	$ 3,792,415	3,877,017
Europe	507,193	1,085,282
Taiwan	121,070	87,462
Other	126,546	237,315
	$ 4,547,224	**5,287,076**

2. Contract balances

	December 31, 2023	December 31, 2022
Notes Receivable and Accounts	$ 1,201,288	1,805,983
Less: Allowance for losses	(2,087)	(520)
Total	**$ 1,199,201**	**1,805,463**

The contracts with customers are all short-term ones, and the sales targets are mainly branded manufacturers or large wholesale companies. Please refer to Note 6 (3) for the disclosure of accounts receivable and its impairment.

(w) Employee compensation and directors' and supervisors' remuneration

According to the Articles of Incorporation, the Company distributes employee remuneration based on no less than 2% of the current year's profit and no more than 3% as remuneration for directors and supervisors. However, if the company still has accumulated losses, losses shall be covered first. The recipients of the stock or cash payment include employees of affiliated companies who meet certain conditions.

The remunerations to employees recognized for the years ended December 31, 2023 and 2022 were 2,935 thousand and 5,681 thousand respectively. The remunerations to directors and supervisors recognized for the years ended December 31, 2023 and 2022 were 1,468 thousand and 2,841 thousand respectively. It is calculated by multiplying the net profit before tax before deducting the compensation of employees and directors by the distribution ratio stipulated in the company's Articles of Incorporation, and present it as operating costs or operating expenses for the period. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(x) Non-operating income and expenses

1. Interest income

The details of the Group's interest income are as follows:

	For the years ended December 31,	
	2023	**2022**
Interest income from deposits in banks	**$ 9,666**	**1,689**

2. Other income

The details of the Group 's other income are as follows:

	For the years ended December 31,	
	2023	**2022**
Rental income	$ 1,298	1,110
Other income	5,551	4,409
Total	**$ 6,849**	**5,519**

3. Other gains and losses

The details of the Group's other gains and losses are as follows:

	For the years ended December 31,	
	2023	**2022**
Losses of disposal of property, plant and equipment losses	$ (369)	(475)
Foreign exchange gains	6,826	79,233
Net gains on financial assets (liabilities) at fair value through profit or loss	(351)	(1,057)
Other gains and losses	(18,891)	5,551
Total	**$ (12,785)**	**83,252**

4. Finance cost

The details of the Group's finance cost are as follows:

	For the years ended December 31,	
	2023	**2022**
Interest expense	$ 85,835	63,742
Add: Interest of below-market interest rate loan	4,100	4,914
Interest of Lease liabilities	3,125	3,720
Less: interest capitalization	-	(704)
Total	**$ 93,060**	**71,672**

(y) Financial instruments

1. Credit risk

(i) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(ii) Concentration of credit risk

In order to reduce the credit risk of accounts receivable, the Group continuously evaluates the financial status of customers, and regularly evaluates the possibility of recovering accounts receivable and has allowance for impairment losses. The impairment losses are always within the expectations of the management.

As of December 31, 2023 and 2022, 94% and 91% of the Group's accounts receivable balance came from several major customers, which made the Group have significant concentration of credit risk.

(iii) Credit risk of accounts receivable

For credit risk exposure of notes receivable and accounts receivable, please refer to Note 6 (3). Other financial assets at amortized cost includes cash, other receivables, payment on behalf of others and other financial assets. For relevant information, please refer to Note 6(1), (4), (7).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

The loss allowances of other receivables and payment on behalf of others were determined as follows:

	2023	2022
Balance at January 1	$ 8,094	-
Impairment loss recognized	22,938	8,094
Balance at December 31	**$ 31,032**	**8,094**

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 12 months	Over 1 years
December 31, 2023					
Non derivative financial liabilities					
Bank loans	$ 3,082,820	3,240,496	174,009	169,898	2,896,589
Short-term notes and bills payable	159,846	160,000	160,000	-	-
Notes payable, accounts payable and other payables	930,545	930,545	930,545	-	-
Lease liabilities	76,148	101,418	15,680	13,285	72,453
Derivative financial liabilities					
Foreign Exchange Swap：					
Flow Out	1,379	1,379	1,379	-	-
	$ 4,250,738	**4,433,838**	**1,281,613**	**183,183**	**2,969,042**
December 31, 2022					
Non derivative financial liabilities					
Bank loans	$ 3,718,035	4,070,445	472,135	151,407	3,446,903
Notes payable, accounts payable and other payables	919,138	919,138	919,138	-	-
Lease liabilities	98,130	124,206	11,739	14,496	97,971
Derivative financial liabilities					
Forward exchange contracts：					
Flow Out	51	51	51	-	-
	$ 4,735,354	**5,113,840**	**1,403,063**	**165,903**	**3,544,874**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Market risk

(i) Currency risk

The Group's significant exposure to foreign currency risk were as follows:

(in thousands)

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 34,271	30.708	1,052,394	22,378	30.725	687,841
Financial liabilities						
Monetary items						
USD	15,763	30.708	484,050	12,948	30.725	397,827

(ii) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings; and accounts and other payables that are denominated in foreign currency.

On December 31, 2023 and 2022, when the NT dollar depreciates or appreciates by 1% against the US dollar, and all other factors remain unchanged, the net profit before tax from January 1 to December 31, 2023 and 2022 will increase or decrease by 5,683 thousand and 2,900 thousand respectively, the analysis of the two periods was conducted using the same basis.

(iii) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 6,826 thousand and 6,826 thousand, respectively.

4. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate is increased or decreased by 0.25% with all other variables remaining unchanged, the Group's net profit for the period from January 1 to December 31, 2023 and 2022 will be decreased or increased by 6,378 thousand and 7,535 thousand respectively.

The main reason is the floating interest rates on loans, time deposits and demand deposits.

5. Information on fair value

(i) Types and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Fund	$ 22,568	22,568	-	-	22,568
Foreign bonds	8,311	8,311	-	-	8,311
Stocks listed on domestic markets	1,682	1,682	-	-	1,682
Sub-total	**32,561**	**32,561**	**-**	**-**	**32,561**
Financial assets measured at amortized cost					
Cash and cash equivalents	497,239	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,575,883	-	-	-	-
Payment on behalf of others (part of other current assets)	88,500	-	-	-	-
Other financial assets - current	194,088	-	-	-	-
Sub-total	**2,355,710**	**-**	**-**	**-**	**-**
Total	**$ 2,388,271**	**32,561**	**-**	**-**	**32,561**
Financial liabilities at fair value through profit or loss					
Foreign Exchange Swap	$ 1,379	1,379	-	-	1,379
Sub-total	**1,379**	**1,379**	**-**	**-**	**1,379**
Financial liabilities measured at amortized cost					
Bank loans	$ 3,082,820	-	-	-	-
Short-term notes and bills payable	159,846	-	-	-	-
Notes payable, accounts payable and other payables	930,545	-	-	-	-
Lease liabilities	76,148	-	-	-	-
Sub-total	**4,249,359**	**-**	**-**	**-**	**-**
Total	**$ 4,250,738**	**1,379**	**-**	**-**	**1,379**

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 1	Total
Financial assets at fair value through profit or loss					
Fund	$ 16,471	16,471	-	-	16,471
Financial assets measured at amortized cost					
Cash and cash equivalents	539,333	-	-	-	-
Notes receivable, accounts receivable and other receivable	2,105,077	-	-	-	-
Payment on behalf of others (part of other current assets)	54,138	-	-	-	-
Other financial assets - current	164,875	-	-	-	-
Sub-total	**2,863,423**	**-**	**-**	**-**	**-**
Total	**$ 2,879,894**	**16,471**	**-**	**-**	**16,471**
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	$ 51	51	-	-	51
Financial liabilities measured at amortized cost					
Bank loans	3,718,035	-	-	-	-
Short-term notes and bills payable	919,138	-	-	-	-
Notes payable, accounts payable and other payables	98,130	-	-	-	-
Sub-total	**4,735,303**	**-**	**-**	**-**	**-**
Total	**$ 4,735,354**	**51**	**-**	**-**	**51**

(ii) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B. Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(iii) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

The fair value of derivative instruments is calculated based on the public quotation. When public quotations cannot be obtained, evaluation methods are used for estimation, and the estimates and assumptions used will be based on the quotation information of financial institutions.

(iv) Transfers between Level 1 and Level 2

There were no transfers of levels in the nine months ended December 31, 2023 and 2022.

(z) Financial risk management

1. Overview

The Group have exposures to the following risks from its financial instruments:

(i)credit risk

(ii)liquidity risk

(iii)market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to

reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(i) Accounts receivable and other receivable

The Group established a credit policy to maintain the quality of accounts receivable and other receivables.

The risk assessment of individual customers involves considering factors such as their financial condition, internal credit ratings within the Group, historical transaction records, and current economic conditions, all of which may affect their ability to make payments. The Group also employs certain credit enhancement tools, such as advance payments, at appropriate times to mitigate the credit risk associated with specific customers.

(ii) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(iii) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2023 and 2022, no other guarantees were outstanding.

4. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it maintains sufficient cash to support expected operating expenses for a period of sixty days, including fulfilling financial obligations, while excluding potential impacts that cannot be reasonably anticipated under extreme circumstances, such as natural disasters. For the Group's unused credit line information, please refer to Note 6(13), (15).

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Group is exposed to exchange rate risk arising from sales, purchases, and borrowings denominated in currencies other than the functional currency. The primary currencies in which the Group conducts sales, purchases, and borrowing transactions are the NTD and the USD.

The Group holds receivables denominated in currencies other than the functional currency, and the exchange gains and losses arising from currency fluctuations offset each other with the exchange gains and losses from short-term borrowings denominated in foreign currencies. This mitigates the risk exposure to exchange rate fluctuations for the Group.

Interest on borrowings is denominated in the currency of the borrowing principal. Typically, the currency of borrowings aligns with the currency of the cash flows generated by the Group's operations, primarily the NTD and the USD.

For other monetary assets and liabilities denominated in currencies other than the functional currency, temporary imbalances may occur in the short term. The Group manages this by buying or selling foreign currencies at spot rates to ensure that the net exposure remains at an acceptable level.

(ii) Interest rate risk

The Group does not have significant debt with floating interest rates, thus fluctuations in market interest rates do not have a significant impact on future cash flows.

(iii) Other market price risk

The Group has not entered into long-term purchase contracts, except to support anticipated consumption and sales requirements.

(aa) Capital management

The board of directors' policy is to maintain a sound capital base to uphold confidence among investors, creditors, and the market, as well as to support the future development of operations. Capital includes the company's share capital, capital surplus, retained earnings, and non-controlling interests. The board monitors the return on capital employed and also manages the level of ordinary share dividends.

The Group monitors its capital structure through regular reviews of the debt-to-equity ratio, allowing management to determine the optimal capital for the Group. By optimizing the balance between liabilities and equity while maintaining a sound capital base, shareholder returns are enhanced. The capital of the Group is represented by the "Total Equity" as listed in the balance sheet, which is equal to total assets minus total liabilities.

The Group's liabilities-to-assets ratio at the end of the reporting period as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,398,860	4,864,887
Total assets	6,652,641	7,143,585
Liabilities-to-assets	66.12%	68.10%

(bb) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Changes in lease payments	Foreign exchange movement	Changes in Deferred Government grants	December 31, 2023
Long-term loans	$ 3,390,443	(311,819)	-	96	4,100	3,082,820
Short-term loans	327,592	(327,592)	-	-	-	-
Lease liabilities	98,130	(28,690)	7,460	(752)	-	76,148
Total liabilities from financing activities	**$ 3,816,165**	**(668,101)**	**7,460**	**(656)**	**4,100**	**3,158,968**

	January 1, 2022	Cash flows	Non-cash changes: Changes in lease payments	Non-cash changes: Foreign exchange movement	Non-cash changes: Changes in Deferred Government grants	December 31, 2022
Long-term loans	$ 2,609,907	771,231	-	4,391	4,914	3,390,443
Short-term loans	404,575	(77,793)	-	810	-	327,592
Lease liabilities	109,228	(26,233)	16,155	(1,020)	-	98,130
Total liabilities from financing activities	**$ 3,123,710**	**667,205**	**16,155**	**4,181**	**4,914**	**3,816,165**

(7) Related-party transactions

(a) Names and relationship with the Company

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
OSALEY HOME FASHIONS CO., LTD. (OSL)(Note)	The chairman of the OSL is in close relationship with the chairman of the Company
Hsu, Ming-Hsuan	Key management personnel of the Group
Hsu, Chun-Jan	Key management personnel of the Group
Hong, Yi-Jing	In close relationship with the chairman of the Company
Directors, general manager and deputy general managers	

(Note) The Group assessed that since the chairman of OSL disposed of all of his OSL shares and dismissed him as chairman in 2023, he has not been a related party since August 2023.

(b) Significant transactions with related parties

1. Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31, 2023	2022
Other related parties	**$ 452**	**178,236**

The sales conditions for sales to related parties are not significantly different from the general sales prices. Its payment term is not significantly different from that of general dealers.

2. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable -OSL	Other related parties	**(Note)**	**$ 149,890**
Other receivable -OSL	Other related parties	(Note)	$ 16,188
Less: Allowance for loss		(Note)	(8,094)
			$ 8,094

(Note) The Group assessed that since the chairman of OSL disposed of all of his OSL shares and dismissed him as chairman in 2023, he has not been a related party since August 2023.

The collection conditions of the above-mentioned accounts receivable are not significantly different from those of non-related parties. Please refer to Note 6(3) and (25) for relevant impairment assessment methods.

The above-mentioned “Other receivables-OSL” is the overdue receivables of goods sold, which are regarded as financing funds and transferred to other receivables.

3. Leases

The Group leased land, factories, offices and parking spaces from key personnel of the management team in January 2017. Interest expenses for the years ended December 31, 2023 and 2022 are 16 thousand and 14 thousand respectively.

As of December 31, 2023, and 2022, the balance of lease liabilities is 882 thousand and 1,226 thousand respectively.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$ 28,670	39,152
Post-employment benefits	629	976
	$ 29,299	**40,128**

(8) Assets pledged as security

The carrying values of assets pledged as security were as follows:

Assets pledged as security	Liabilities secured by pledge	December 31, 2023	December 31, 2022
Fixed certificates of deposits and restricted deposits (listed as other financial assets-current)	Long-term and short-term loans and credit lines	$ 194,088	164,875
Property, plant and equipment	〃	1,184,261	1,304,661
Fixed certificates of deposits (listed as other non-current assets)	〃	-	19,724
		$ 1,378,349	**1,489,260**

(9) Significant Commitments and Contingencies

(a)Unrecognized contractual commitments

The contracts signed for the purchase of property, plant and equipment, but have not been yet fully recognized are as follows:

	December 31, 2023	December 31, 2022
Contract price	**$ 190,204**	**374,713**
Unpaid amount	**$ 58,962**	**116,225**

(b) Others

1. As of December 31, 2023 and 2022, the Group issued guaranteed notes for the security of long-term and short-term loan secure of 3,953,455 thousand and 3,529,121 thousand respectively.
2. As of December 31, 2023 and 2022, the unused balances of letters of credit were 0 thousand and 13,789 thousand respectively.

(10) Losses due to major disasters: none.

(11) Subsequent events: none.

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	445,183	235,128	680,311	457,136	253,051	710,187
Labor and health insurance (Note)	31,107	22,164	53,271	23,389	19,110	42,499
Pension	6,305	23,372	29,677	6,380	20,023	26,403
Remuneration of directors	-	2,580	2,580	-	5,393	5,393
Others	19,395	10,130	29,525	19,738	9,399	29,137
Depreciation	143,974	58,432	202,406	132,900	50,402	183,302
Amortization	3,696	27,649	31,345	-	20,626	20,626

(Note) Including local medical, unemployment, work-related injury and maternity insurance of subsidiaries in China.

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicality factors.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

1.Loans to other parties:

(In Thousands of New Taiwan Dollar)

No. (Note1)	Lender	Borrower	Account	Related Party	Highest Amount in the Period	Ending Balance	Actual Amount	Interest	Nature (Note2)	Translation between both parties	Reasons for the short-term financing	Allowance for bad debt	Collateral		Limit for Each Borrower (Note3)	Total Limit of Loan (Note3)
													Title	Value		
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Other Receivables – Related Party	Yes	92,124	30,708	23,645	-	2	-	Working capital turnover	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Other Receivables – Related Party	Yes	122,832	30,708	9,212	-	2	-	To build plant and purchase equipment	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	110,549	30,708	-	-	2	-	Working capital turnover	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	OSALEY HOME FASHIONS CO., LTD.	Other Receivables	No	55,655	55,655	28,209		1	178,236	Working capital turnover	21,109	-	-	178,236	901,512
1	Ching Feng Vietnam Company Limited	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	9,212	9,212	-	-	2	-	Working capital turnover	-	-	-	236,477	236,477

Note 1: The method of filling in the serial number is as follows:

(1) Fill in 0 for the parent company.

(2) The subsidiary is numbered sequentially starting from 1.

Note 2: Nature of the loan:

- If there are business connections between both parties, fill in 1.
- If there are reasons for the short-term financing, fill in 2.

Note 3: The total amount lent by the Company and its subsidiaries to those with business connections shall not exceed 40% of the net value of the Company's latest financial report. For each borrower, the amount shall not exceed the amount of business transactions in the previous year when both parties entered the contract of loan. The total amount of funds lent to those who have the needs for short-term financing shall be limited to 15% of the net value of the lender's most recent financial report. The total amount of funds lent to each single borrower shall be limited to 10% of the net value of the lender's most recent financial report. To foreign subsidiaries which the Company holds 100% direct and indirect control, the total amount of funds lent is limited to 40% of the net value of the most recent financial report of the Company.

Note 4: The above transactions expect for OSALEY HOME FASHIONS CO., LTD. have been written off when preparing the consolidated financial report.

2.Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollar)

No. (Note1)	Company that Gives Endorsement and Guarantee	Guaranteed Company (Note2)		Limit to a Single Enterprise (Note3)	Highest Amount of the Period	Ending Balance	Actual Amount	Endorsement & Guarantee with Securities	Ratio of Accumulated Endorsement & Guarantee to the Net Value of The Latest Financial Statement	Limit of Endorsement and Guarantee	Parent company to the subsidiary	Subsidiary to the Parent Company	For Mainland China
		Name	Relationship (Note2)										
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	3	1,126,891	67,158	-	-	-	- %	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co./Ching Feng Vietnam Company	3	1,126,891	126,517	30,708	-	-	1.36%	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	3	1,126,891	61,416	61,416	3,071	-	2.73%	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	3	1,126,891	248,735	-	-	-	- %	2,253,781	Y	N	Y

Note 1: The method of filling in the serial number is as follows:

(1) Fill in 0 for the parent company.

(2) The subsidiary is numbered sequentially starting from 1.

Note 2: There are 7 types of relationship between the endorser and the endorsed guarantor, just mark the type:

(1) There are business connections between both parties.

(2) The endorser holds more than 50% direct and indirect control of the endorsed guarantor.

(3) The endorsed guarantor holds more than 50% direct and indirect control of the endorser.

(4) The endorser holds more than 90% direct and indirect control of the endorsed guarantor, and vice versa.

(5) The contract in a project requires companies in the same industry or co-contractors to guarantee each other according to the contract.

(6) A company that is endorsed and guaranteed by all shareholders in accordance with their shareholding ratio due to a joint venture.

(7) Joint and several guarantees for performance guarantees of pre-sale housing contracts in accordance with the Consumer Protection Act.

Note 3: The limit of the endorsement and guarantee is calculated as follows:

(1) According to the operating procedures of endorsement and guarantee, the total amount is limited to the net worth of the Company.

(2) The limit of the Company's endorsement guarantee for a single enterprise is limited to 50% of the Company's latest net worth.

3. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollar)

Company	Type and name of securities	Relationship	Account	Ending				Remarks
				Shares	Par Value	%	Fair Value	
Ching Feng Home Fashions Co., Ltd.	Capital Moderate Allocation Fund	None	Financial assets at fair value through profit or loss	4,632	1,669	- %	1,669	
Ching Feng Home Fashions Co., Ltd.	Alliance Bernstein American Income Profolio	None	Financial assets at fair value through profit or loss	5,205	4,877	- %	4,877	
Ching Feng Home Fashions Co., Ltd.	Franklin Gulf Wealthy Bond Fund	None	Financial assets at fair value through profit or loss	4,592	2,359	- %	2,359	
Ching Feng Home Fashions Co., Ltd.	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund	None	Financial assets at fair value through profit or loss	10,900	3,028	- %	3,028	
Ching Feng Home Fashions Co., Ltd.	Nomura Multi-Asset Diversified Income Investment Fund	None	Financial assets at fair value through profit or loss	15,854	5,907	- %	5,907	
Ching Feng Home Fashions Co., Ltd.	Mega Global Metaverse Tech Fund	None	Financial assets at fair value through profit or loss	200,000	2,148	- %	2,148	
Ching Feng Home Fashions Co., Ltd.	Yuanta Japan Leaders Equity Fund	None	Financial assets at fair value through profit or loss	257,998	2,580	- %	2,580	
Ching Feng Home Fashions Co., Ltd.	Altrich Group USD investment corporate bond	None	Financial assets at fair value through profit or loss	100	3,099	- %	3,099	
Ching Feng Home Fashions Co., Ltd.	JPMorgan Chase Bank USD Corporate Bonds	None	Financial assets at fair value through profit or loss	100	2,931	- %	2,931	
Ching Feng Home Fashions Co., Ltd.	Exxon Mobil Corp. Bonds	None	Financial assets at fair value through profit or loss	80	2,281	- %	2,281	
Ching Feng Home Fashions Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Common Stock	None	Financial assets at fair value through profit or loss	190,000	1,682	- %	1,682	

Note: It is converted into New Taiwan Dollars at the exchange rate on the closing date of the financial report.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Company	Related party	Nature of relationship	Transaction details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Remark
			Item	Amount	Percentage of the purchases (sales) (%)	Payment term	Unit Price	Payment terms (Note2)	Ending balance	Percentage of total receivables (payables)	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	Sale	(1,854,335)	(45.04)%	T/T 195 DAY	Sell at agreed price	-	881,234	82.87%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Sub-Subsidiary	Purchase	577,859	15.86%	T/T 180 DAY	Sell at agreed price	-	(105,365)	(11.94)%	
Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	Sub-Subsidiary	Purchase	269,811	7.41%	T/T 180 DAY	Sell at agreed price	-	(159,126)	(18.04)%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Subsidiary	Purchase	600,227	16.48%	T/T 180 DAY	Sell at agreed price		(151,748)	(17.20)%	
All Strong Industry (USA) Inc.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchase	1,854,335	100.00%	T/T 195 DAY	Sell at agreed price	-	(881,234)	(100.00)%	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(577,859)	(100.00)%	T/T 180 DAY	Sell at agreed price	-	105,365	100.00%	
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(269,811)	(75.30)%	T/T 180 DAY	Sell at agreed price	-	159,126	95.68%	
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(600,227)	(100.00)%	T/T 180 DAY	Sell at agreed price	-	151,748	100.00%	

Note 1: The above transactions have been written off when preparing the consolidated financial report.

Note 2: The transaction conditions are not different from other transaction.

8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollar)

Company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue Amount		Amount received in subsequent period (Note1)	Loss allowance
					Amount	Action taken		
Ching Feng Home Fashions Co., Ltd	All Strong Industry (USA) Inc.	Subsidiary	881,234	161%	-		124,022	-

Note 1: It refers to the amount recovered as of January 26, 2024.

9. Trading in derivative instruments: Please refer to notes 6(2).

10. Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollar)

No.	Company	Counter-party	Relation-ship	Intercompany transactions, 2023			
				Account	Amount	Terms	Percentage of total consolidated net sales or assets
0	Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	1	Sales	1,854,335	The price is at the normal or negotiated price.	40.78%
			1	Accounts receivable	881,234	The terms of payment are based on the agreement or the general terms of payment	13.25%
0	Ching Feng Home Fashions Co., Ltd	Ching Feng Vietnam Company Limited	1	Sales	3,368	The price is at the normal or negotiated price.	0.07%
			1	Accounts receivable	799	The terms of payment are based on the agreement or the general terms of payment	0.01%
			1	Other receivable	89,135	The terms of payment are based on the agreement or the general terms of payment	1.34%
			1	Purchase	600,227	The price is at the normal or negotiated price.	13.20%
			1	Accounts payable	151,748	The terms of payment are based on the agreement or the general terms of payment	2.28%
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	2	Sales	44,727	The price is at the normal or negotiated price.	0.98%
			2	Accounts receivable	14,701	The terms of payment are based on the agreement or the general terms of payment	0.22%
			2	Other receivable	8,144	The terms of payment are based on the agreement or the general terms of payment	0.12%
			2	Purchase	269,811	The price is at the normal or negotiated price.	5.93%
			2	Accounts payable	159,126	The terms of payment are based on the agreement or the general terms of payment	2.39%
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	2	Sales	19,141	The price is at the normal or negotiated price.	0.42%
			2	Accounts receivable	11,951	The terms of payment are based on the agreement or the general terms of payment	0.18%
			2	Other receivable	62,016	The terms of payment are based on the agreement or the general terms of payment	0.93%
			2	Purchase	577,859	The price is at the normal or negotiated price.	12.71%
			2	Accounts payable	105,365	The terms of payment are based on the agreement or the general terms of payment	1.58%

Note 1: The method of filling in the serial number is as follows:

(1) Fill in 0 for the parent company.

(2) The subsidiary is numbered sequentially starting from 1.

Note 2: The type of relationship is marked as follows:

(1) Parent company to subsidiary company.

(2) Parent company to sub-subsidiary company.

Note3: For the business relationship and major transactions between the parent company and the subsidiaries, only information about sales and accounts receivable is disclosed. Purchases and accounts payable of the counterparty are not described in detail.

(b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar/shares)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of December 31, 2023			Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 2)	Note
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Carrying value (Note 1)			
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	USA	Buy & sell of blinds, pleated curtains	202,863	202,863	65	100.00%	358,228	62,010	62,010	Subsidiary
Ching Feng Home Fashions Co., Ltd.	Lamae' Global Home Fashion Co., Ltd.	Samoa	Investment	1,041,715	1,041,715	35,525	100.00%	801,115	(71,708)	(71,708)	〃
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Samoa	Investment	398,660	339,122	13,084	100.00%	356,563	7,739	7,739	〃
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	Samoa	International trade	30,690	30,690	437	100.00%	15,190	459	459	〃
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Thailand	Manufacture of plastic bags & shopping bags	217,099	217,099	2,000	100.00%	78,234	(35,541)	(35,541)	〃
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Vietnam	Production and processing of plastic and alu. Blinds, Faux wood shutters	590,129	531,458	Note 3	100.00%	582,562	73,558	73,558	〃
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Taiwan	Cutting, assembly and packaging of curtains and textiles	5,000	5,000	Note 3	100.00%	5,299	55	55	〃
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Buy & sell of blinds, pleated curtains	167,384	61,307	Note 3	100.00%	144,111	(13,819)	(13,819)	〃
Ching Feng Home Fashions Co., Ltd.	NextTB International Co., Ltd.	Taiwan	Wholesale of daily necessities wholesale	-	-	-	- %	-	(198)	(95)	Affiliated company
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	USA	Investment	1,181,859 (USD38,487thousand)	1,182,513 (USD38,487thousand)	24,655	100.00%	801,111	(41,686)	(71,708)	Sub-Subsidiary
Sincere Capital Limited	Sun Ocean Investment Limited	Samoa	Investment	413,729 (USD13,473thousand)	352,508 (USD11,473thousand)	13,473	100.00%	356,562	7,739	7,739	〃
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	404,302 (USD13,166thousand)	343,075 (USD11,166thousand)	Note 3	100.00%	349,200	7,739	7,739	〃

Note 1: It is converted into NT dollars based on the exchange rate of the day when the report ends.
Note 2: Converted to New Taiwan dollars using the average exchange rate during the financial reporting period.
Note 3: The invested company is a limited company.
Note 4: The above transactions have been written off when preparing the consolidated financial report.

(c) Information on investment in mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollar)

Investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023(Note 2)	Investment		Accumulated outflow of investment from Taiwan as of December 31, 2023(Note 2)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (loss) recognized by the Company (Note 3)	Carrying value as of December 31, 2023 (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Processing, production, assembly and sales of blinds.	559,241 (USD 17,000 thousand)	(2)	559,241 (USD 17,000 thousand)	-	-	559,241 (USD 17,000 thousand)	(41,685)	100.00%	100.00%	(41,685) (USD (1,337) thousand)	370,524 (USD 12,066 thousand)	-
Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	6,038 (USD 200 thousand)	(1)	6,038 (USD 200 thousand)	-	-	6,038 (USD 200 thousand)	(4)	100.00%	100.00%	(4)	53	-
Fu Yue Window Decoration Technology (Zhenjing)	Manufacture, process, and assembly of blinds.	434 (RMB 100 thousand)	(2)	434 (RMB 100 thousand)	-	-	434 (RMB 100 thousand)	(265)	100.00%	100.00%	(265)	19	-

2.Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA (Note 2、4、6、7)	Upper Limit on Investment
1,002,739 (USD 32,654 thousand)	1,005,841 (USD 32,755 thousand)	(Note 6)

Note 1: Investment methods are divided into the following three types:

(1) Directly go to China to engage in the investment.

(2) Re-invest in China through a foreign subsidiary (New Nice Home Fashion LLC).

(3) Investing with the invested company's own funds.

Note 2: The amount includes the investment in Xiamen Hao Tang Daily Necessities Co., Ltd. and Hua Meng Home Decoration Industry Co., Ltd., which was approved by the Investment Review Committee of the Ministry of Economic Affairs from 1992 to 1996, totaling US$14,442. The two companies have been canceled and disposed, and the Investment Review Committee of the Ministry of Economic Affairs has approved the cancellation of the investment amount for Hua Meng Home Decoration Industry Co., Ltd.

Note 3: The average exchange rate during the financial reporting period was used to convert into NT dollars.

Note 4: It is converted into NT dollars based on the exchange rate on the date when the financial report ends.

Note 5: The above transactions have been written off when the consolidated financial report is prepared.

Note 6: According to the "Principles for the Review of Investment or Technical Cooperation in China" amended on 8.29.2008, since the Company has obtained a certificate indicating the compliance with the range of business issued by the Industrial Development Bureau, Ministry of Economic Affair, there is no need to calculate the investment limit.

Note 7: In March 2012, Mr. Hsu, Pei-Hsiang, the former Chairman of the Company, was approved by the resolution of the Board of Directors to use the equity of Grandtop to pay the overdue accounts receivable of USD$25,454 thousand. The fund was not remitted from Taiwan.

3.Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

Shareholding Shareholder’s Name	Shares	Percentage
Hsu, Ming-Hsuan	8,771,743	5.04%

(14) Segment information

(a) General information

The Group is mainly engaged in various blinds, pleated curtains and other curtain products, operating as a single product and segment.

(b) Information about reportable segments and their measurement and reconciliations

Consolidated financial statements should report the profit or loss of operating segments, including depreciation, income tax expense, non-operating gains or losses, and other significant non-cash items.

The accounting policies of operating segments of the Group are summarized in accordance with the significant accounting policies described in Note 4. The profit or loss of operating segments of the Group is measured by net income for the period and serves as the basis for performance evaluation.

	For the years ended December 31,	
	2023	**2022**
Revenue		
Revenue from external customers	$ 4,547,224	5,287,076
Interest income	9,666	1,689
Total revenue	**$ 4,556,890**	**5,288,765**
Financing costs	**$ 93,060**	**71,672**
Depreciation and amortization	**$ 233,751**	**203,928**
Reportable segment profit or loss	**$ 104,004**	**220,591**
Reportable segment assets	**$ 6,652,641**	**7,143,585**
Reportable segment liabilities	**$ 4,398,860**	**4,864,887**

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	For the years ended December 31, 2023	2022
Revenue from external customers:		
United States	$ 3,792,415	3,877,017
Europe	507,193	1,085,282
Taiwan	121,070	87,462
Other countries	126,546	237,315
Total	**$ 4,547,224**	**5,287,076**

Geographical information	December 31, 2023	December 31, 2022
Non-current assets:		
Taiwan	$ 1,583,961	1,584,315
United States	18,072	30,429
Other countries	1,506,573	1,501,588
Total	**$ 3,108,606**	**3,116,332**

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments and deferred tax assets.

(d) Major customers

Customer information	For the years ended December 31, 2023	2022
A customer	$ 1,576,003	2,057,319
B customer	1,328,346	904,622
C customer	478,077	941,709
	$ 3,382,426	**3,903,650**

Independent Auditors' Report

March 13, 2024

To the Board of Directors of CHING FENG HOME FASHIONS CO., LTD.：

Opinion

We have audited the accompanying parent company only financial statements of Ching Feng Home Fashions Co., Ltd. (collectively, the "Company") which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended.

In our opinion, based on our audit results, the above-mentioned the parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and present fairly, the financial position of the Company as of December 31, 2023 and 2022, and the financial performance and its cash flows for the years then ended.

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Company in accordance with the Norm of Professional Ethics for Certified Public Accountant. 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

1. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Note 4 (15) to the parent company only financial report. For the disclosure of revenue, please refer to Note 6 (21).

Explanation of key audit matters:

Operating revenue is an important indicator for investors and management to evaluate the financial and business performance of the Company. Whether the amount and timing of income recognition are correct will have a significant impact on financial reports. Thus, the authenticity and rationality of revenue recognition is a matter that accountants must pay close attention to when auditing the parent company only financial reports.

Corresponding audit procedures:

The main audit procedures of on the above key audit matter include:

- Assessed the rationality for revenue recognition (including sales discounts and allowance).
- For new customers who are a related party and have a large transaction volume, and new top ten customers, we checked the similarities and differences between their conditions of transaction and those of general customers, and whether there are any abnormal frequent or major returns, to evaluate the authenticity of income.
- Selected an appropriate sample size of sales invoices and shipping documents, checked and confirmed the receipt of payment, and paid attention to whether the remitter is the same as the purchaser to evaluate the authenticity of the income.
- Based on the delivery conditions, checked the shipping documents before and after the end of the year to assess the correctness of the period of revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by ecurities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention of users in our auditors' report to the related disclosures in the parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements for the year ended December 31, 2023 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 dverse 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:

KPMG Taiwan
Taipei, Taiwan

With Approval from the Competent Authorities:

Chin-Kuan-Cheng-Shen-Tzu-1040010193
Tai-Tsai-Cheng-Liu-Tzu-0920122026

Ching Feng Home Fashions Co., Ltd.

Parent Company Only Balance Sheet

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets				
1100	Cash and cash equivalents (Note 6(1))	$ 382,634	6	422,805	6
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	32,561	-	16,471	-
1150	Net notes receivable (Note 6(3))	-	-	600	-
1170	Net accounts receivable (Note 6(3))	154,682	2	172,836	2
1180	Accounts receivable - net amount of related parties (Notes 6(3) ,7)	908,691	14	1,686,891	25
1200	Other receivables (Note 6(4))	357,342	5	226,457	3
1210	Other receivables - related parties (Note 7)	197,000	3	207,847	3
130X	Inventories (Note 6(5))	278,313	4	307,074	4
1410	Prepayments (Note 6(7))	50,169	1	56,640	1
1470	Other current assets (Note 6(8))	169,047	3	79,069	1
1476	Other financial assets - current (Note 8)	193,463	3	126,569	2
	Total current assets	2,723,902	41	3,303,259	47
	Non-current assets				
1551	Investment accounted for using equity method (Note 6(6))	2,341,355	35	2,130,794	31
1600	Property, plant and equipment (Notes 6(9) and 8)	1,451,789	23	1,512,576	22
1755	Right-of-use assets (Note 6(10))	11,751	-	18,045	-
1760	Investment property, net (note 6 (11))	31,290	-	-	-
1780	Intangible assets	13,928	-	15,822	-
1840	Deferred income tax assets (Note 6(17))	44,421	1	24,351	-
1915	Advance payment for equipment	14,603	-	13,910	-
1900	Other non-current assets	20,843	-	23,962	-
	Total non-current assets	3,929,980	59	3,739,460	53
	Total Assets	**$ 6,653,882**	**100**	**7,042,719**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities				
2100	Short-term loans (Note 6(12))	$ -	-	327,592	5
2110	Short-term notes and bills payable (Note 6(13))	159,846	3	-	-
2120	Financial liabilities at fair value through profit or loss-current (Note 6(2))	1,379	-	51	-
2150	Notes and Accounts payable	465,983	7	471,447	7
2180	Notes and Accounts payable- net amount of related parties (Notes 7)	416,239	6	385,731	5
2200	Other payables	150,463	2	80,437	1
2220	Other payables- net amount of related parties (Notes 7)	71	-	3,665	-
2230	Current income tax liabilities (Note 6(17))	82,781	1	113,584	2
2280	Lease liabilities - current (Note 6(15))	7,491	-	8,547	-
2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(14))	264,529	4	204,385	3
2300	Other current liabilities - Others	4,854	-	2,615	-
	Total current liabilities	1,553,636	23	1,598,054	23
	Non-current liabilities：				
2540	Long-term loans (Note 6(14))	2,815,199	43	3,151,335	45
2569	Current tax liabilities-non-current (Note 6(17))	26,484	-	-	-
2570	Deferred income tax liabilities (Note 6(17))	-	-	4,755	-
2580	Lease liabilities - non-current (Note 6(15))	4,602	-	9,877	-
2645	Other current liabilities – others	180	-	-	-
	Total non-current liabilities	2,846,465	43	3,165,967	45
	Total liabilities	4,400,101	66	4,764,021	68
	Equity (Note 6 (18))：				
3110	Ordinary shares	1,738,389	26	1,696,233	24
3200	Capital surplus	13,030	-	13,030	-
3300	Retained earnings	605,012	9	652,769	9
3400	Other components of equity	(92,700)	(1)	(63,404)	(1)
3500	Treasury shares	(9,950)	-	(19,930)	-
	Total equity attributable to owners of the parent company	2,253,781	34	2,278,698	32
	Total equity	2,253,781	34	2,278,698	32
	Total liabilities and equity	**$ 6,653,882**	**100**	**7,042,719**	**100**

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(21) and 7)**	$ 4,117,074	100	5,144,622	100
5000	**Operating costs (Notes 6(5), (16) and 7)**	3,643,141	88	4,602,881	89
	Gross profit	473,933	12	541,741	11
5910	Unrealized profit or loss on sales	(22,963)	(1)	(27,827)	(1)
5920	Realized profit or loss on sales	27,828	1	21,451	-
	Gross profit, net	478,798	12	535,365	10
	Operating expenses (Notes 6(16) and 7)：				
6100	Selling and marketing expenses	67,599	2	87,082	2
6200	General and administrative expenses	153,086	4	145,972	3
6300	Research and development expenses	52,953	1	65,046	1
6450	Expected credit losses (Note 6(3) and (24))	22,938	1	7,997	-
	Total operating expenses	296,576	8	306,097	6
	Operating income	182,222	4	229,268	4
	Non-operating income and expenses (Notes 6(23) and 7)：				
7100	Interest income	9,289	-	1,479	-
7110	Other income	1,298	-	1,110	-
7020	Other gains and losses	12,030	-	113,913	2
7050	Financing costs	(89,232)	(2)	(66,728)	(1)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	22,654	1	(3,509)	-
	Total non-operating income and expenses	(43,961)	(1)	46,265	1
	Net income before tax	138,261	3	275,533	5
7951	**Less: Income tax expenses (Note 6(17))**	34,257	-	54,942	1
	Net income	104,004	3	220,591	4
8300	**Other comprehensive income：**				
8360	**Items that may subsequently be reclassified to profit or loss**				
8361	Exchange difference on translation of foreign operating institutions	(36,620)	(1)	150,829	3
8399	Less: Income tax related to items that may be reclassified subsequently (Note 6(17))	(7,324)	-	30,166	1
	Total items that may subsequently be reclassified to profit or loss	(29,296)	(1)	120,663	2
8300	**Total other comprehensive income (loss)**	(29,296)	(1)	120,663	2
	Total comprehensive income (loss)	**$ 74,708**	**2**	**341,254**	**6**
	Earnings per share (Note 6(20))				
9750	**Basic earnings per share (Unit: NT$)**	**$**	**0.60**		**1.28**
9850	**Diluted earnings per share (Unit: NT$)**	**$**	**0.60**		**1.27**

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Other equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Treasury Shares	Total Equity
Balance as of January 1, 2022	$ 1,696,233	56,029	64,642	157,393	253,142	(184,067)	(19,910)	2,023,462
Appropriations of earnings：								
Legal reserve	-	-	7,980	-	(7,980)	-	-	-
Special reserve	-	-	-	26,674	(26,674)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(42,999)	-	-	(42,999)
Cash dividends from capital surplus	-	(42,999)	-	-	-	-	-	(42,999)
Reacquire of treasury shares	-	-	-	-	-	-	(20)	(20)
Net income of the period	-	-	-	-	220,591	-	-	220,591
Other comprehensive income (loss) of the period	-	-	-	-	-	120,663	-	120,663
Total comprehensive income (loss) of the period	-	-	-	-	220,591	120,663	-	341,254
Balance as of December 31, 2022	1,696,233	13,030	72,622	184,067	396,080	(63,404)	(19,930)	2,278,698
Appropriations of earnings：								
Legal reserve	-	-	22,059	-	(22,059)	-	-	-
Special reserve	-	-	-	(120,663)	120,663	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(109,605)	-	-	(109,605)
Stock dividends of ordinary shares	42,156	-	-	-	(42,156)	-	-	-
Transfer of treasury shares	-	-	-	-	-	-	9,980	9,980
Net income of the period	-	-	-	-	104,004	-	-	104,004
Other comprehensive income (loss) of the period	-	-	-	-	-	(29,296)	-	(29,296)
Total comprehensive income (loss) of the period	-	-	-	-	104,004	(29,296)	-	74,708
Balance as of December 31, 2023	**$ 1,738,389**	**13,030**	**94,681**	**63,404**	**446,927**	**(92,700)**	**(9,950)**	**2,253,781**

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	**2022**
Cash flows from operating activities：		
Net income before tax	$ 138,261	275,533
Adjustments：		
Adjustments to reconcile profit (loss)		
Depreciation expense	92,540	95,396
Amortization expense	3,094	3,181
Expected credit losses (gains)	22,938	7,997
Net losses (gains) on financial assets at fair value through profit or loss	351	1,200
Interest expense	89,232	66,728
Interest income	(9,289)	(1,479)
Share of loss (profit) of associates and joint ventures accounted or using equity method	(22,654)	3,509
Loss (gain) on disposal of property, plant and equipment, net	666	-
Loss (gain) on disposal of investments accounted for using equity method	(95)	-
Unrealized loss to sales	(146)	6,376
Profit from lease modification	(24)	(16)
Other adjustments to reconcile profit (loss)	-	4,405
Total adjustments to reconcile profit (loss)	176,613	187,297
Changes in assets and liabilities related to operating activities：		
Changes in assets related to operating activities：		
Notes receivable	600	(454)
Notes receivable - related parties	-	10
Accounts receivable	18,154	145,992
Accounts receivable - related parties	778,200	(824,697)
Other receivables	(123,785)	(81,151)
Other receivables - related parties	(115,456)	31,967
Inventories	28,761	71,185
Prepayments	2,371	8,740
Other current assets	(99,901)	(76,985)
Total net changes in assets related to operating activities	488,944	(725,393)
Changes in liabilities related to operating activities：		
Notes and Accounts payable	(5,464)	29,156
Notes and Accounts payable - related parties	30,508	15,078
Other payables	70,527	13,705
Other payables - related parties	(3,594)	(65,108)
Other current liabilities	2,239	(3,367)
Total net changes in liabilities related to operating activities	94,216	(10,536)
Total net changes in assets and liabilities related to operating activities	583,160	(735,929)

Ching Feng Home Fashions Co., Ltd.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	**2022**
Total adjustment	759,773	(548,632)
Cash inflow (outflow) from operations	898,034	(273,099)
Interest charged	9,289	1,479
Interest paid	(85,633)	(62,530)
Income taxes paid	(56,077)	(61,663)
Net cash flows from operating activities	765,613	(395,813)
Cash flows from investing activities：		
Acquisition of financial assets at fair value through profit or loss	(17,404)	(8,196)
Acquisition of financial assets at fair value through profit or loss	6,198	16,959
Financial liabilities at fair value through profit or loss	(3,907)	-
Acquisition of investment accounted for using equity method	(108,477)	(14,765)
Disposal of investment accounted for using equity method	2,400	-
Proceeds from capital reduction of investments accounted for using equity method	-	65,428
Acquisition of property, plant and equipment	(15,780)	(49,585)
Disposal of property, plant and equipment price	1,192	1,320
Other receivables	(12,021)	-
Other receivables - related parties	-	(258,324)
Acquisition of intangible assets	(1,200)	(1,330)
Acquisition of investment properties	(31,304)	-
Other financial assets – Current	(66,894)	179,340
Other non-current assets	(992)	(115)
Advance payment for equipment	(693)	8,307
Net cash flows used in investing activities	(248,882)	(60,961)
Cash flows from financing activities：		
Short-term loans	372,321	1,186,709
Repayment of short-term loans	(699,913)	(1,264,502)
Increase in short-term notes and bills payable	219,846	-
Decrease in short-term notes and bills payable	(60,000)	-
Long-term loans	-	2,360,000
Repayment of long-term loans	(280,092)	(1,576,218)
Payments of lease liabilities	(9,619)	(9,473)
Other non-current liabilities	180	-
Cash dividends paid	(109,605)	(85,998)
Cost of reacquiring treasury shares	-	(20)
Treasury shares sold to employees	9,980	-
Net cash flows from financing activities	(556,902)	610,498
Effects of exchange rate changes	-	810
Net increase (decrease) in cash and cash equivalents	(40,171)	154,534
Cash and equivalent cash, beginning balance	422,805	268,271
Cash and equivalent cash, ending balance	**$ 382,634**	**422,805**

Please refer to notes to the parent company only financial report.

Ching Feng Home Fashions Co., Ltd.
Notes to the Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Company history

Ching Feng Home Fashions Co., Ltd. (hereinafter referred to as the "Company") was established on March 9, 1977 with the approval of the Ministry of Economic Affairs. The registered address is at 373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan. The main business items of the company are the manufacturing, processing of various blinds, pleated curtains, and their accessories for export and domestic sales. The company's stock has been officially listed and traded on the Taiwan Stock Exchange since August 18, 1989.

(2) Approval date and procedures of the parent company only financial statements

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 13, 2024.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2023：

–Amendments to IAS 1 "Disclosure of Accounting Policies"

–Amendments to IAS 8 "Definition of Accounting Estimates"

–Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the (following) new amendment, which do not have a significant impact on its parent company only financial statements, from May 23, 2023：

–Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent company only financial statements:

–Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

–Amendments to IAS 1 "Non-current Liabilities with Covenants"

–Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

–Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

–Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

–IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"

–Amendments to IAS21"Lack of Exchangeability"

(4) Summary of material accounting policies

The significant material accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

1. Basis of measurement

Except for the financial instruments at fair value through profit or loss are measured at fair value, the parent company only financial statements have been prepared on a historical cost basis.

2. Functional and presentation currency

The functional currency of parent company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are

measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(i) an investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate.

Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

2. It is held primarily for the purpose of trading;

3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

–it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

–its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ii) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(iii) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables and notes receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

–other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company monitors credit risk based on customer attributes, credit ratings and payment behavior, and when the delay of payment exceeds the time specified by the credit risk monitoring of the Company, then it is regarded as an increase in default risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

–significant financial difficulty of the borrower or issuer；

–a breach of contract such as a default or overdue exceeding credit risk monitoring indicators；

–the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；

–it is probable that the borrower will enter bankruptcy or other financial reorganization；or

–the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(iv) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains

substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

(i) Classification of debt or equity

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

(ii) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(iii) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

(iv) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(v) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(vi) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the

extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investments accounted for using equity method

In preparing the parent company only financial statements, the Company evaluates its investments in subsidiaries under the equity method. Under the equity method, the current period profit or loss and other comprehensive income in the parent company only financial statements are attributed to the parent company's owners in the same proportion as in the consolidated financial statements, and the equity of the parent company's owners in the parent company only financial statements is consistent with that attributed to the parent company's owners in the consolidated financial statements. Changes in ownership interests of subsidiaries that do not result in loss of control are treated as transactions with owners.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(i) Buildings and Structures：5~55 years；

(ii) Machinery Equipment：3~15 years；

(iii) Transportation Equipment：5~25 years；

(iv) Office Equipment：2~20 years；

(v) Other Equipment：2~20 years。

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
–payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

–there is a change in future lease payments arising from the change in an index or rate; or
–there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
–there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
–there is a change of its assessment on whether it will exercise a extension or termination option; or
–there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Company will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

2. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(m) Intangible assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including technical know-how, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

(i) Computer Software：5~10 years；

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Recognition of Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the product is transferred. The transfer of control means that the product has been delivered to the customer, the customer can fully determine the sales channel and price of the product, and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery occurs when

the product is shipped to a specific location, its obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the contract, the acceptance terms have expired, or the Company has objective evidence that all acceptance conditions have been met.

The Company provides quantity discounts to customers, and the revenue is recognized based on the net amount of the contract price minus the estimated quantity discount. The amount of the quantity discount is estimated based on the expected value from the accumulated experience in the past, and only within the scope where there is a high probability that there will be no significant reversal. As of the reporting date, the amount expected to be paid to customers for quantity discounts is recognized as a refund liability.

The Company provides a standard warranty for the goods sold, so there is refund obligation for defective items. However, due to the characteristics of products, the warranty cost is not significant to the Company.

The Company recognizes accounts receivable when the goods are delivered, because the Company has the unconditional right to receive the consideration at that point in time.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Government grants

For government grants related to assets, when the Company reasonably believe that it can meet the conditions set by the government for grants and will receive the grants, then the carrying amount of the asset is deducted from the fair value, and the deferred income is recognized as a depreciation expense on a systematic basis within the useful life of the asset.

(q) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met. The amount ultimately recognized is based on the number of awards that meet the service conditions and non-market vesting conditions on the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   (i) the same taxable entity; or
   (ii) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(u) Operating segments

Since the Company has already disclosed segment information in the consolidated financial statements, segment information is not disclosed in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these parent company only financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company is likely to be facing economic uncertainty, such as COVID-19 and inflation. Those events do not have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts

This parent company only financial report does not contain accounting policies that involve significant judgments and information that has a significant impact on the recognized amount.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Valuation of inventory

The amount of inventory is based on cost and net realizable value, whichever is lower. The company evaluates the inventory on the reporting date which has been damaged naturally and inevitably as a result of normal wear or aging, become obsolete or has no more market value, and writes down the inventory cost to the net realizable value. This valuation is mainly based on the estimated demand for products during a specific period in the future, so there may be major changes due to rapid changes in the industry. Please refer to Note 6(5) for inventory valuation.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 202	378
Check and demand deposit	153,579	148,677
Time deposits	225,572	160,210
Foreign currency deposit	3,281	113,540
Total	**$ 382,634**	**422,805**

Please refer to Note 6(24) for the exchange rate risk and sensitivity analysis of the Company's financial assets and liabilities.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss：		
Fund	$ 22,568	16,471
Foreign bonds	8,311	-
Stocks listed on domestic markets	1,682	-
Total	**$ 32,561**	**16,471**
Financial liabilities at fair value through profit or loss：		
Forward exchange contracts	$ -	51
Foreign Exchange Swap	1,379	-
Total	**$ 1,379**	**51**

Derivative financial instrument transactions are used to avoid risks of exchange rate and interest rate arising from business, financing and investment activities. As of December 31, 2023 and 2022, the Company did not adopt hedge accounting, and financial assets measured at fair value through profit and loss and derivatives of financial liabilities held for trading are as follows:

	December 31, 2023		
	Amount(in thousands)	Currency	Maturity dates
Foreign exchange swap sold	US$ 3,000	USD to NTD	113.1.2~113.2.26
	December 31, 2022		
	Amount(in thousands)	Currency	Maturity dates
Forward exchange sold	US$ 1,000	USD to NTD	112.1.16

Please refer to Note 6 (23) for the amount recognized in profit or loss based on remeasurement at fair value.

None of the financial assets measured at fair value through profit or loss on December 31, 2023 and 2022 were used as guarantees for long-term and short-term loans and financing.

(c) Notes Receivable, Notes Receivable from Related Parties, Accounts Receivable and Accounts Receivable from Related Parties

	December 31, 2023	December 31, 2022
Notes receivable - measured at amortized cost	**$ -**	**600**
Accounts receivable - measured at amortized cost	$ 154,682	172,836
Accounts receivable - related parties	908,691	1,686,891
Less: Allowance for losses	-	-
	$ 1,063,373	**1,859,727**

A simplified approach is adopted to estimate the expected credit losses of all bills and accounts receivables that are lifetime expected credit losses. For this purpose, these notes receivable and accounts receivable are grouped based on the common credit risk characteristics of the customer's ability to make all payments due in accordance with the terms of the contract, and forward-looking data, including overall economic and related information of the industry.

Regarding notes receivable, notes receivable from related parties, accounts receivable and accounts receivable from related parties, the loss allowance is as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,045,880	-%	-
Less than 90 days past due	17,493	-%	-
91 to 180 days past due	-	-%	-
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	$ 1,063,373		**-**

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,786,988	-%	-
Less than 90 days past due	73,339	-%	-
91 to 180 days past due	-	-%	-
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	$ 1,860,327		**-**

The movements in the allowance for accounts receivable and notes receivable were as follows:

	For the years ended December 31,	
	2023	2022
Balance at January 1	$ -	2,853
Impairment losses recognized(reversed)	-	(97)
Amount written off	-	(2,756)
Balance at December 31	**$ -**	**-**

The Company signed non-recourse receivable sales with financial institutions. According to the contract, the Company does not need to bear the credit risk of non-payment due to non-commercial disputes caused by the account receivable debtor within the sales quota. The Company has transferred substantially all the risks and rewards of ownership of the above-mentioned accounts receivable, so it meets the conditions for derecognizing of financial assets. After the creditor's right of accounts receivable is derecognized, the creditor's rights to financial institutions are recognized in other receivables. The sold receivables not yet due on the reporting date are as follows:

December 31, 2023						
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	$ 341,260	USD15,000,000	-	341,260	5.28%~6.43%	-

December 31, 2022						
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	$ 219,172	USD15,000,000	-	219,172	0.89%~5.15%	-

On December 31, 2023 and 2022, the Company's notes and accounts receivable were not used as guarantees for long-term, short-term loans and financing.

(d) Other Receivables

	December 31, 2023	December 31, 2022
Tax refund receivable	$ 5,411	3,698
Unused amount of sold receivables	341,260	219,172
Other Receivables - Osaley (OSL)	28,209	(Note)
Less: Allowance for losses	(21,109)	(Note)
Others	3,571	3,587
	$ 357,342	**226,457**

Other receivables - OSL are overdue accounts receivable arising from the sale of goods and are considered as a form of fund financing in the financial statements. Please refer to Note 6 (24) for the movements in the allowance.

(Note) The Company assessed that since the chairman of OSL disposed of all of his OSL shares and dismissed him as chairman in 2023, he has not been a related party since August 2023.

Regarding other receivables - OSL, the loss allowance is as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ -	-%	-
Less than 90 days past due	-	-%	-
91 to 180 days past due	192	50%	96
181 to 270 days past due	28,017	75%	21,013
More than 270 days past due	-	-%	-
	$ 28,209		**21,109**

As of December 31, 2023 and 2022, the Company's other receivables were not used as guarantees for long-term, short-term loans and financing.

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 56,453	44,149
Supplies	60,986	69,633
Work-in process, semi-finished goods	69,399	96,540
Inventory-Merchandise	21,663	2,966
Finished goods	69,812	93,786
	$ 278,313	**307,074**

The details of the cost of sales were as follows:

	For the years ended December 31,	
	2023	2022
Inventory that has been sold	$ 3,648,043	4,595,541
Write-down of inventories (Reversal of write-downs)	(4,902)	7,340
Total	**$ 3,643,141**	**4,602,881**

As of December 31, 2023 and 2022, the Company's inventory was not used as guarantees for long-term, short-term loans and financing.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
subsidiaries	$ 2,341,355	2,130,794

1. Subsidiaries

Please refer to the consolidated financial report for the year of 2023.

2. Associates

The Company's financial information for investments using the equity method that are individually insignificant was as follows:

	December 31, 2023
Carrying amount of individually insignificant associates' equity	$ -

	2023
Attributable to the Company:	
Loss from continuing operations	$ (95)

As of December 31, 2022, the Company did not adopt the investments accounted for using equity method.

3. The Company acquired 48% of the equity of nextTB International CO., LTD. for $2,400,000 in January 2023, and therefore obtained significant influence over nextTB International CO., LTD., and evaluated it using Equity method; In December of the same year, the Company sold its entire equity and lost its significant influence on it. The disposal price was NT $2,400,000, and its disposal benefit was $95,000, which was recognized under other gains and losses.

4. Guarantee

As of December 31, 2023 and 2022, the Company's Investments using the equity method was not used as guarantees for long-term, short-term loans and financing.

(g) Prepayments

	December 31, 2023	December 31, 2022
Prepayments	$ 11,665	32,492
Prepaid fees	17,208	20,427
Other prepayments	21,296	3,721
	$ 50,169	56,640

(h) Other current assets

	December 31, 2023	December 31, 2022
Temporary debits	$ 32,061	24,972
Payment on behalf of others	52,226	54,097
Payment on behalf of others - Osaley(OSL)	94,583	(Note)
Less: Allowance for losses	(9,923)	(Note)
Others	100	-
	$ 169,047	**79,069**

The above Payment on behalf of others - OSL is the advance payment made by the Company on its behalf. Please refer to Note 6 (24) for the changes in allowance for losses.

(Note) The Company assessed that since the chairman of OSL disposed of all of his OSL shares and dismissed him as chairman in 2023, he has not been a related party since August 2023.

Regarding payment on behalf of others - OSL, the loss allowance is as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 38,529	-%	-
Less than 90 days past due	36,207	-%	-
91 to 180 days past due	19,847	50%	9,923
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	$ 94,583		**9,923**

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and Structures	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost:								
Balance at Jan. 1, 2023	$ 440,672	890,302	302,007	4,000	-	245,632	21,495	1,904,108
Additions	-	1,444	7,559	105	618	6,054	-	15,780
Disposals	-	(37,286)	(22,356)	(2,188)	-	(15,064)	-	(76,894)
Reclassification	8,211	-	-	-	-	-	-	8,211
Balance at Dec.31, 2023	**$ 448,883**	**854,460**	**287,210**	**1,917**	**618**	**236,622**	**21,495**	**1,851,205**
Balance at Jan. 1, 2022	$ 440,672	872,368	281,635	3,965	-	222,066	22,140	1,842,846
Additions	-	18,696	42,086	530	-	34,833	1,928	98,073
Disposals	-	(762)	(27,029)	(495)	-	(11,638)	-	(39,924)
Reclassification	-	-	5,315	-	-	371	(2,573)	3,113
Balance at Dec.31, 2022	**$ 440,672**	**890,302**	**302,007**	**4,000**	**-**	**245,632**	**21,495**	**1,904,108**

	Land	Buildings and Structures	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Accumulated depreciation and Impairment losses:								
Balance at Jan. 1, 2023	$ -	209,310	128,303	2,704	-	51,215	-	391,532
Additions	-	25,248	33,607	203	37	23,825	-	82,920
Disposals	-	(37,286)	(21,506)	(1,438)	-	(14,806)	-	(75,036)
Balance at Dec.31, 2023	**$ -**	**197,272**	**140,404**	**1,469**	**37**	**60,234**	**-**	**399,416**
Balance at Jan. 1, 2022	$ -	185,571	120,024	3,000	-	35,150	-	343,745
Additions	-	24,501	33,509	199	-	27,687	-	85,896
Disposals	-	(762)	(25,230)	(495)	-	(11,622)	-	(38,109)
Balance at Dec.31, 2022	**$ -**	**209,310**	**128,303**	**2,704**	**-**	**51,215**	**-**	**391,532**
Carrying value								
Balance at Dec.31, 2023	**$ 448,883**	**657,188**	**146,806**	**448**	**581**	**176,388**	**21,495**	**1,451,789**
Balance at Jan. 1, 2022	**$ 440,672**	**686,797**	**161,611**	**965**	**-**	**186,916**	**22,140**	**1,499,101**
Balance at Dec.31, 2022	**$ 440,672**	**680,992**	**173,704**	**1,296**	**-**	**194,417**	**21,495**	**1,512,576**

Please refer to Note 6 (23) for details on gains and losses of disposal.

Please refer to Note 8 for details of the guarantees for long-term and short-term loans and financing as of December 31, 2023 and 2022.

(j) Right-of-use assets

The Company leases many assets including land, buildings, machinery and transportation equipment, etc. Information about leases for which the Company is a lessee is presented below:

	Land	Buildings	Machinery Equipment	Transportation Equipment	Total
Cost:					
Balance at January 1, 2023	$ 13,090	13,620	3,551	3,669	33,930
Additions	366	474	3,602	-	4,442
Disposal/Write-off	(591)	(3,840)	(3,213)	-	(7,644)
Balance at December.31, 2023	**$ 12,865**	**10,254**	**3,940**	**3,669**	**30,728**
Balance at January 1, 2022	$ 13,043	6,913	4,764	6,693	31,413
Additions	1,394	10,286	570	2,348	14,598
Disposal/Write-off	(1,347)	(3,579)	(1,783)	(5,372)	(12,081)
Balance at December.31, 2022	**$ 13,090**	**13,620**	**3,551**	**3,669**	**33,930**

	Land	Buildings	Machinery Equipment	Transportation Equipment	Total
Accumulated depreciation:					
Balance at January 1, 2023	$ 6,318	5,530	3,000	1,037	15,885
Depreciation for the year	1,865	4,592	1,926	1,223	9,606
Disposal/Write-off	(591)	(2,710)	(3,213)	-	(6,514)
Balance at December.31, 2023	**$ 7,592**	**7,412**	**1,713**	**2,260**	**18,977**
Balance at January 1, 2022	$ 5,384	2,516	2,158	4,527	14,585
Depreciation for the year	2,074	3,525	2,018	1,883	9,500
Disposal/Write-off	(1,140)	(511)	(1,176)	(5,373)	(8,200)
Balance at December.31, 2022	**$ 6,318**	**5,530**	**3,000**	**1,037**	**15,885**
Carrying amount:					
Balance at December.31, 2023	**$ 5,273**	**2,842**	**2,227**	**1,409**	**11,751**
Balance at January 1, 2022	**$ 7,659**	**4,397**	**2,606**	**2,166**	**16,828**
Balance at December.31, 2022	**$ 6,772**	**8,090**	**551**	**2,632**	**18,045**

(k) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases. For all investment property leases, the rental income is fixed under the contracts.

The cost, depreciation, and impairment of the investment property of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Total
Cost:			
Balance at January 1, 2023	$ -	-	-
Purchases	28,375	2,929	31,304
Balance at December 31, 2023	**$ 28,375**	**2,929**	**31,304**
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ -	-	-
Depreciation for the year	-	14	14
Balance at December 31, 2023	**$ -**	**14**	**14**
Carrying amount:			
Balance at December 31, 2023	**$ 28,375**	**2,915**	**31,290**
Fair value:			
Balance at December 31, 2023			**$ 33,850**

The Company's investment properties are measured using the cost model. The fair value of the investment properties is determined based on the transaction price of similar properties in the near term announced by the website of Real Estate Price Inquiry Service, Ministry of the Interior.

As of December 31, 2023 and 2022, the Company's investment properties were not used as guarantees for long-term, short-term loans and financing.

The Company has no investment property as of December 31, 2022.

(l) Short-term loans

The details of short-term loans of the Company are as follows:

	December 31, 2023	December 31, 2022
Letter of Credit	$ -	37,592
Unsecured bank loans	-	100,000
Secured bank loans	-	190,000
Total	**$ -**	**327,592**
Unused short-term credit lines	**$ 1,163,540**	**897,483**
Range of interest rates	**-**	**1.94%~2.59%**

Please refer to Note 8 for the details of the collateral for bank loans.

(m) Short-term notes and bills payable

The details of short-term notes and bills payable of the Company are as follows:

	December 31, 2023		
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	China Bills Finance Corporation	2.238%	$ 59,959
	O-Bank	1.438%~1.478%	99,887
Total			**$ 159,846**

As of December 31, 2022, the Company did not adopt short-term notes and bills payable.

Please refer to Note 6 (23) for details on interest expense.

(n) Long-term Loans

The details of long-term loans of the Company are as follows:

	December 31, 2023		
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.8%~2.7474%	116.01	$ 2,509,507
Secured bank loans	0.925%~2.125%	124.07	570,221
			3,079,728
Less: current portion			(264,529)
Total			**$ 2,815,199**
Unused long-term credit lines			**$ 640,000**

	December 31, 2022		
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.55%~2.62%	116.01	$ 2,700,656
Secured bank loans	0.68%~1.76%	124.07	655,064
			3,355,720
Less: current portion			(204,385)
Total			**$ 3,151,335**
Unused long-term credit lines			**$ 640,000**

1. Borrowing and repayment of long-term loans

   From January 1 to December 31, 2023, there are no new long-term loans; from January 1 to December 31, 2022, the new long-term was 2,360,000 thousand, the interest rate was 2.48%~2.62%, and the maturity date is January 2027; the repayment amounts from January 1 to December 31, 2023 and 2022 were 280,092 thousand and 1,576,218 thousand respectively.

2. Collateral for bank loans

   Please refer to Note 8 for the details of the collateral for bank loans.

3. Special agreement on the joint credit contract

   On November 30, 2021, the Company signed a joint loan credit contract with Taiwan Cooperative Bank, Entie Commercial Bank, Taiwan Business Bank, Hua Nan Bank, First Commercial Bank, The Shanghai Commercial & Savings Bank, Cathay United Bank, Taichung Bank and Shin Kong Bank.

   The joint credit contract renewed by the Company with the banks in 2021 restricts that the consolidated financial report after 2021 must meet the following conditions:

   A. Current ratio: not less than 140%.
   B. Debt ratio: not higher than 230%.
   C. Interest coverage ratio: not less than 6 times.
   D. Net worth: not less than NT$1,800,000 thousand.

   The joint credit contract renewed by the Company with the banks in 2023 restricts that the consolidated financial report after 2023 must meet the following conditions:

   A. Current ratio: not less than 140%.
   B. Debt ratio: not higher than 280%.
   C. Interest coverage ratio: not less than 3 times.
   D. Net worth: not less than NT$1,800,000 thousand.

The above-mentioned financial ratios and conditions shall be calculated based on the annual consolidated financial report audited and certified by an accountant recognized by the banks.

In accordance with the joint credit contract, the Company took the consolidated financial reports of 2023 and 2022 as the calculation basis, and none of them violated the restrictions.

(o) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Current	$ 7,491	8,547
Non-current	$ 4,602	9,877

For the maturity analysis, please refer to Note 6 (24) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	$ 334	362
Expenses relating to short-term leases	$ 814	594
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 1,691	1,711

The amounts recognized in the statement of cash flows by the Company were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	$ 12,458	12,140

1. Leasing of land, houses and buildings

The Company leases land, houses and buildings as offices and warehouses. The lease is usually one to fifty years. Some leases include the option to extend term for additional periods.

2. Other lease

The lease the Company's leased machinery and transportation equipment is one to five years, and some lease contracts stipulate that the Company has the option to purchase the leased assets when the lease expires. In some contracts, the residual value of the leased assets will be guaranteed by the Company when the lease expires.

In addition, the Company leases computer equipment for a period of one to three years. These leases are short-term and/or low-value assets. The Company chooses to apply for the recognition of exemption and does not recognize the as right-of-use assets and lease liabilities.

(p) Employee benefits

Defined contribution plans

The Company allocates 6.00% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to 11,103 thousand and 10,396 thousand for the years ended December 31, 2023 and 2022, respectively.

(q) Income taxes

1. Income tax

The components of income tax in the years 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Current tax expense		
Current period	$ 47,575	47,367
Adjustment for prior periods	4,183	11,990
	51,758	59,357
Deferred tax expense		
Origination and reversal of temporary differences	(17,501)	(4,415)
Income tax expense	**$ 34,257**	**54,942**

The adjustment of the income tax of the period from January 1 to December 31, 2023 and 2022 refers to the amount of additional tax payable for years of 2021 and 2018, 2019 and 2020 determined by the taxation agency in the period.

The amounts of income tax recognized in other comprehensive income for the three months and nine months ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	**$ 7,324**	**(30,166)**

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	For the years ended December 31,	
	2023	**2022**
Net income before tax	$ 138,261	275,533
Income tax using the Company's domestic tax rate	27,652	55,107
Non-deductible expenses	5,148	927
Tax incentives	(2,924)	(3,437)
Change in unrecognized temporary differences	(4,549)	(9,645)
Recognition of previously unrecognized tax losses	1,179	11,990
Additional tax on undistributed earnings	7,751	-
	$ 34,257	**54,942**

2. Deferred tax assets and liabilities

(i) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	**December 31, 2022**
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 37,532**	**25,131**

(ii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	**December 31, 2022**
Share of loss of subsidiaries, associates accounted for using equity method	$ 126,740	118,888
Impairment of asset	10,456	10,456
Total	**$ 137,196**	**129,344**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(iii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Liabilities:

	Others
Balance at January 1, 2023	$ 4,755
Recognized in profit or loss	(4,755)
Balance at December 31, 2023	**$ -**
Balance at January 1, 2022	$ 8,128
Recognized in profit or loss	(3,373)
Balance at December 31, 2022	**$ 4,755**

Deferred Tax Assets:

	Write-down of inventories	Exchange Differences on Translation of Foreign Operations	Others	Total
Balance at January 1, 2023	$ 1,468	15,851	7,032	24,351
Recognized in profit or loss	2,023	-	10,723	12,746
Recognized in other comprehensive income	-	7,324	-	7,324
Balance at December 31, 2023	**$ 3,491**	**23,175**	**17,755**	**44,421**
Balance at January 1, 2022	$ 3,004	46,017	4,454	53,475
Recognized in profit or loss	(1,536)	-	2,578	1,042
Recognized in other comprehensive income	-	(30,166)	-	(30,166)
Balance at December 31, 2022	**$ 1,468**	**15,851**	**7,032**	**24,351**

3. The company's income tax return has been approved by the tax collection agency until 2021.

(r) Capital and other equity

1. Capital - Ordinary shares

As of December 31, 2023 and 2022, the total value of authorized ordinary shares was amounted to 3,000,000 thousand with par value of $10 per share. The issued shares are 1,738,389 thousand and 1,696,233 thousand respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	Ordinary Shares	
(in thousands of shares)	**2023**	**2022**
Balance on January 1	169,623	169,623
Stock dividends	4,216	-
Balance on December 31	**173,839**	**169,623**

A resolution was passed during the general meeting of shareholders held on May 24, 2023 for the increase capital by 42,156 thousand from retained earnings, issuing 4,216 thousand shares of ordinary shares with a par value of $10 per share. The Board of Directors further resolved that the capital increase would be effective as of September 16, 2023. All aforementioned ordinary shares have completed the statutory registration procedures.

2. Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	**$ 13,030**	**13,030**

The company's Board of Directors passed a resolution on March 18, 2022 and reported to the shareholders' meeting on June 27, 2022 to distribute cash dividends from capital reserves at $0.255 per share for a total of 42,999 thousand.

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total ordinary shares outstanding.

3. Retained earnings

According to Articles of Incorporation, if the company has a surplus in the annual settlement, it should first cover losses of previous years. If there is still a surplus, after 10% of the legal reserve, and another sum as special reserve are set aside, together with the unappropriated surplus at the beginning of the period, and the adjusted amount of the unappropriated surplus of the current year, such surplus will be the surplus available for appropriation, but a part of it may be retained depending on the situation of the company, and the Board of Directors shall prepare a proposal for surplus distribution and submit it to the shareholders' meeting for approval. The distribution of dividends and bonuses or all or

part of the legal reserve in the form of cash requires the attendance of more than two-thirds of the directors, and the approval of more than half of the directors' present, and reports to the shareholders meeting.

Ching Feng Home Fashions Co., Ltd. is a traditional manufacturing factory with its life cycle in the "growth period". Taking into consideration of the working capital needs and the protection of shareholders' rights and interests, every year, no less than 10% of the distributable surplus is appropriated to distribute shareholder dividends. However, when the accumulated distributable surplus is lower than 10% of the paid-in share capital, no distribution will be allowed. The company adopts part of cash dividends and part of stock dividends for surplus appropriation. The ratio of cash dividends shall not be lower than 20% of the total dividends to be distributed. The ratio depends on the company's latest debt ratio, quick ratio and cash flow, and shall be proposed by the Board of Directors.

(i) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(ii) Special reserve

In accordance with the regulations of the Financial Supervisory Commission, when the company distributes distributable earnings, for the difference between the net deduction of other shareholders' equity recorded in the current year and the balance of the special surplus reserve mentioned in the previous paragraph, the special reserve should be set aside from the net profit of the current period plus items other than the net profit from the current period, and the undistributed surplus in the previous periods, for the reduction of other shareholders' equity in the current year. For the reduction of other shareholders' equity accumulated in the previous periods, the special reserve should be set aside from the undistributed surplus in the previous period, and shall not be distributed. Afterwards, if the reduced amount of other shareholders' equity is reversed, then the reversed portion may be distributed.

(iii) Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on March 14, 2023 and March 18, 2022, as well as the shareholders' meeting on May 24, 2023 and June 27, 2022, respectively.

The details were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to shareholders of ordinary shares:				
Cash	$ 0.650	109,605	0.255	42,999
Shares	0.250	42,156	-	-
Total		**$ 151,761**		**42,999**

The board of directors of the company proposed the distribution of dividends for the year of 2023 on March 13, 2024. The amount of dividends to be distributed to owners is as follows:

	2023	
	Amount per share	Amount per share
Dividends distributed to shareholders of ordinary shares:		
Cash	$ 0.500	86,669
Total		**$ 86,669**

4. Treasury shares

In accordance with Article 167-1 of the Company Act, the company repurchased its own shares for the purpose of transferring them to employees, resulting in the following changes in the share capital:

	In thousands of shares	Amount
Balance at January 1, 2023	1,000	$ 19,930
Transfer	(500)	(9,980)
Balance at December 31, 2023	**500**	**$ 9,950**
Balance at January 1, 2022	999	$ 19,910
Repurchase	1	20
Balance at December 31, 2022	**1,000**	**$ 19,930**

The treasury shares held by the company are not entitled to shareholder rights until they are transferred in accordance with the provisions of the Company Act.

5. Other equities (net amount after tax)

	Exchange Differences on Translation of Foreign Operations
Balance at January 1, 2023	$ (63,404)
Exchange differences on foreign operations	(29,296)
Balance at December 31, 2023	**$ (92,700)**
Balance at January 1, 2022	$ (184,067)
Exchange differences on foreign operations	120,663
Balance at December 31, 2022	**$ (63,404)**

(s) Share-based payment

On November 8, 2023, the Board of Directors of the Company approved the transfer of treasury shares to employees by Resolution. The details are as follows:

Type of agreement	Grant date	Quantity granted (in thousands)	Vesting conditions
Treasury shares transferred to employees	2023.11.08	500	Immediately vested

1. Measurement parameters of fair value on grant date

Type of agreement	Grant date	Exercise price	Exercise price	Fair value per unit
Treasury shares transferred to employees	2023.11.08	17.05	19.96	$ 0 (Note)

Note：The stock price on the grant date is lower than the exercise price, so the fair value per unit is 0.

2. Information on transfer of treasury shares

	2023	
	Weighted average exercise price (NT $)	Number of options
Outstanding as of January 1	$ -	-
Granted during the period	19.96	500
Executed during the period	19.96	(500)
Outstanding as of December 31	-	-
Executable as of December 31	-	-

The Company did not transfer any treasury shares in 2022.

3. Employee remuneration expenses

	For the years ended December 31, 2023
Expenses incurred due to transfer of treasury shares to employees	$ -

The Company had no Share-based payments transaction in 2022.

(t) Earnings per share

1. Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company amounting to 104,004 thousand and 220,591 thousand, and the weighted average number of ordinary shares outstanding of 172,862 thousand and 172,839 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company

	2023	2022
Profit of the Company for the year	**$ 104,004**	**220,591**

(ii) Weighted-average number of ordinary shares (in thousands)

	2023	2022
Issued ordinary shares at 1 January	169,623	169,623
Effect of treasury shares	(977)	(1,000)
Effect of stocks dividends	4,216	4,216
Weighted average number of ordinary shares at December 31	**172,862**	**172,839**
Basic earnings per share	**$ 0.60**	**1.28**

2. Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company amounting to 104,004 thousand and 220,591 thousand, and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 173,057 thousand and 173,190 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company (diluted)

	2023	2022
Profit of the Company for the year(basic)	**$ 104,004**	**220,591**
Profit of the Company for the year(diluted)	**$ 104,004**	**220,591**

(ii) Weighted-average number of ordinary shares (in thousands) (diluted)

	2023	2022
Weighted average number of ordinary shares (basic) at December 31	172,862	172,839
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	195	351
Weighted average number of ordinary shares (diluted) at December 31	**173,057**	**173,190**
Diluted earnings per share	**$ 0.60**	**1.27**

(u) Revenue from contracts with customers

1. Details of revenue

	For the years ended December 31,	
	2023	2022
Primary geographical markets:		
United States	$ 3,403,397	3,638,890
Europe	507,193	1,085,282
Taiwan	121,543	112,439
Other	84,941	308,011
	$ 4,117,074	**5,144,622**

2. Contract balances

	December 31, 2023	December 31, 2022
Notes Receivable and Accounts	$ 1,063,373	1,860,327
Less: Allowance for losses	-	-
Total	**$ 1,063,373**	**1,860,327**

The contracts with customers are all short-term ones, and the sales targets are mainly branded manufacturers or large wholesale companies. Please refer to Note 6 (3) for the disclosure of accounts receivable and its impairment.

(v) Employee compensation and directors' and supervisors' remuneration

According to the Articles of Incorporation, the Company distributes employee remuneration based on no less than 2% of the current year's profit and no more than 3% as remuneration for directors and supervisors. However, if the company still has accumulated losses, losses shall be covered first. The recipients of the stock or cash payment include employees of affiliated companies who meet certain conditions.

The remunerations to employees recognized for the years ended December 31, 2023 and

2022 were 2,935 thousand and 5,681 thousand respectively. The remunerations to directors and supervisors recognized for the years ended December 31, 2023 and 2022 were 1,468 thousand and 2,841 thousand respectively. It is calculated by multiplying the net profit before tax before deducting the compensation of employees and directors by the distribution ratio stipulated in the company's Articles of Incorporation, and present it as operating costs or operating expenses for the period. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2023 and 2022.

(w) Non-operating income and expenses

1. Interest income and other income

The details of the Company's interest income and other income are as follows:

	For the years ended December 31,	
	2023	**2022**
Interest income	$ 9,289	1,479
Rental income	1,298	1,110
	$ 10,587	**2,589**

2. Other gains and losses

The details of the Company's other gains and losses are as follows:

	For the years ended December 31,	
	2023	**2022**
Foreign exchange gains	7,238	102,627
Net gains on financial assets (liabilities) at fair value through profit or loss	(351)	(1,200)
Losses of disposal of property, plant and equipment losses	(666)	-
Other gains and losses	5,809	12,486
Total	**$ 12,030**	**113,913**

3. Finance cost

The details of the Company's finance cost are as follows:

	For the years ended December 31,	
	2023	**2022**
Interest expense	$ 84,798	62,156
Add: Interest of below-market interest rate loan	4,100	4,914
Interest of Lease liabilities		362
Less: interest capitalization	-	(704)
Total	**$ 89,232**	**66,728**

(x) Financial instruments

1. Credit risk

(i) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(ii) Concentration of credit risk

In order to reduce the credit risk of accounts receivable, the Company continuously evaluates the financial status of customers, and regularly evaluates the possibility of recovering accounts receivable and has allowance for impairment losses. The impairment losses are always within the expectations of the management.

As of December 31, 2023 and 2022, 94% and 93% of the Company's accounts receivable balance came from several major customers, which made the Company have significant concentration of credit risk.

(iii) Credit risk of accounts receivable

For credit risk exposure of notes receivable and accounts receivable, please refer to Note 6 (3). Other financial assets at amortized cost includes cash, other receivables, payment on behalf of others and other financial assets. For relevant information, please refer to Note 6(1), (4), (8).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).

The loss allowances of other receivables and payment on behalf of others were determined as follows:

	2023	2022
Balance at January 1	$ 8,094	-
Impairment loss recognized	22,938	8,094
Balance at December 31	**$ 31,032**	**8,094**

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 12 months	Over 1 years
December 31, 2023					
Non derivative financial liabilities					
Bank loans	$ 3,079,728	3,237,349	170,862	169,898	2,896,589
Short-term notes and bills payable	159,846	160,000	160,000	-	-
Notes payable, accounts payable and other payables	1,032,756	1,032,756	1,032,756	-	-
Lease liabilities	12,093	12,424	4,650	3,024	4,750
Derivative financial liabilities					
Foreign Exchange Swap：					
Flow Out	1,379	1,379	1,379	-	-
	$ 4,285,802	**4,443,908**	**1,369,647**	**172,922**	**2,901,339**
December 31, 2022					
Non derivative financial liabilities					
Bank loans	$ 3,683,312	4,033,675	463,761	143,146	3,426,768
Notes payable, accounts payable and other payables	941,280	941,280	941,280	-	-
Lease liabilities	18,424	19,004	4,594	4,242	10,168
Derivative financial liabilities					
Forward exchange contracts：					
Flow Out	51	51	51	-	-
	$ 4,643,067	**4,994,010**	**1,409,686**	**147,388**	**3,436,936**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Market risk

(i) Currency risk

The Company's significant exposure to foreign currency risk were as follows:

(in thousands)

	December 31, 2023		December 31, 2022		
	Foreign currency	Exchange rate	Foreign currency	Exchange rate	Foreign currency	Exchange rate
Financial assets						
Monetary items						
USD	$ 68,770	30.708	2,111,789	81,692	30.725	2,509,991
Financial liabilities						
Monetary items						
USD	27,498	30.708	844,409	22,558	30.725	693,084

(ii) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency.

On December 31, 2023 and 2022, when the NT dollar depreciates or appreciates by 1% against the US dollar, and all other factors remain unchanged, the net profit before tax from January 1 to December 31, 2023 and 2022 will increase or decrease by 12,674 thousand and 18,169 thousand respectively, the analysis of the two periods was conducted using the same basis.

(iii) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 7,238 thousand and 102,627 thousand, respectively.

4. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate is increased or decreased by 0.25% with all other variables remaining unchanged, the Company's net profit for the period from January 1 to December 31, 2023 and 2022 will be decreased or increased by 6,659 thousand and 7,835 thousand respectively.

The main reason is the floating interest rates on loans, time deposits and demand deposits.

5. Information on fair value

(i) Types and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Fund	$ 22,568	22,568	-	-	22,568
Foreign bonds	8,311	8,311	-	-	8,311
Stocks listed on domestic markets	1,682	1,682	-	-	1,682
Sub-total	32,561	32,561	-	-	32,561
Financial assets measured at amortized cost					
Cash and cash equivalents	382,634	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,617,715	-	-	-	-
Payment on behalf of others (part of other current assets)	136,886	-	-	-	-
Other financial assets - current	193,463	-	-	-	-
Sub-total	2,330,698	-	-	-	-
Total	**$ 2,363,259**	**32,561**	**-**	**-**	**32,561**
Financial liabilities at fair value through profit or loss					
Foreign Exchange Swap	$ 1,379	1,379	-	-	1,379
Sub-total	1,379	1,379	-	-	1,379
Financial liabilities measured at amortized cost					
Bank loans	3,079,728	-	-	-	-
Short-term notes and bills payable	159,846	-	-	-	-
Notes payable, accounts payable and other payables	1,032,756	-	-	-	-
Lease liabilities	12,093	-	-	-	-
Sub-total	4,284,423	-	-	-	-
Total	**$ 4,285,802**	**1,379**	**-**	**-**	**1,379**

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Fund	$ 16,471	16,471	-	-	16,471
Sub-total	16,471	16,471	-	-	16,471
Financial assets measured at amortized cost					
Cash and cash equivalents	422,805	-	-	-	-
Notes receivable, accounts receivable and other receivable	2,294,631	-	-	-	-
Payment on behalf of others (part of other current assets)	54,097	-	-	-	-
Other financial assets - current	126,569	-	-	-	-
Sub-total	2,898,102	-	-	-	-
Total	**$ 2,914,573**	**16,471**	**-**	**-**	**16,471**

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	$ 51	51	-	-	51
Financial liabilities measured at amortized cost					
Bank loans	3,683,312	-	-	-	-
Short-term notes and bills payable	941,280	-	-	-	-
Notes payable, accounts payable and other payables	18,424	-	-	-	-
Sub-total	4,643,016	-	-	-	-
Total	**$ 4,643,067**	**51**	**-**	**-**	**51**

(ii) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B. Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(iii) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

The fair value of derivative instruments is calculated based on the public quotation. When public quotations cannot be obtained, evaluation methods are used for estimation, and the estimates and assumptions used will be based on the quotation information of financial institutions.

(iv) Transfers between Level 1 and Level 2

There were no transfers of levels in the nine months ended December 31, 2023 and 2022.

(y) Financial risk management

1. Overview

The Company have exposures to the following risks from its financial instruments:

(i) credit risk

(ii) liquidity risk

(iii) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the accompanying parent company only financial statements.

2. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

(i) Accounts receivable and other receivable

The Company established a credit policy to maintain the quality of accounts receivable and other receivables.

The risk assessment of individual customers involves considering factors such as their financial condition, internal credit ratings within the Company, historical transaction records, and current economic conditions, all of which may affect their ability to make payments. The Company also employs certain credit enhancement tools, such as advance payments, at appropriate times to mitigate the credit risk associated with specific customers.

(ii) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(iii) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2023 and 2022, no other guarantees were outstanding.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it maintains sufficient cash to support expected operating expenses for a period of sixty days, including fulfilling financial obligations, while excluding potential impacts that cannot be reasonably anticipated under extreme circumstances, such as natural disasters. For the Company's unused credit line

information, please refer to Note 6(12), (14).

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Company is exposed to exchange rate risk arising from sales, purchases, and borrowings denominated in currencies other than the functional currency. The primary currencies in which the Company conducts sales, purchases, and borrowing transactions are the NTD and the USD.

The Company holds receivables denominated in currencies other than the functional currency, and the exchange gains and losses arising from currency fluctuations offset each other with the exchange gains and losses from short-term borrowings denominated in foreign currencies. This mitigates the risk exposure to exchange rate fluctuations for the Company.

Interest on borrowings is denominated in the currency of the borrowing principal. Typically, the currency of borrowings aligns with the currency of the cash flows generated by the Company's operations, primarily the NTD and the USD.

For other monetary assets and liabilities denominated in currencies other than the functional currency, temporary imbalances may occur in the short term. The Company manages this by buying or selling foreign currencies at spot rates to ensure that the net exposure remains at an acceptable level.

(ii) Interest rate risk

The Company does not have significant debt with floating interest rates, thus fluctuations in market interest rates do not have a significant impact on future cash flows.

(iii) Other market price risk

The Company has not entered into long-term purchase contracts, except to support anticipated consumption and sales requirements.

(z) Capital management

The board of directors' policy is to maintain a sound capital base to uphold confidence among investors, creditors, and the market, as well as to support the future development of operations. Capital includes the company's share capital, capital surplus, retained earnings, and non-controlling interests. The board monitors the return on capital employed and also manages the level of ordinary share dividends.

The Company monitors its capital structure through regular reviews of the debt-to-equity ratio, allowing management to determine the optimal capital for the Company. By optimizing the balance between liabilities and equity while maintaining a sound capital base, shareholder returns are enhanced. The capital of the Company is represented by the "Total Equity" as listed in the balance sheet, which is equal to total assets minus total liabilities.

The Company's liabilities-to-assets ratio at the end of the reporting period as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,400,101	4,764,021
Total assets	6,653,882	7,042,719
Liabilities-to-assets	66.13%	67.64%

(aa) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Foreign exchange movement	Changes in lease payments	Changes in Deferred Government grants	December 31, 2023
Long-term loans	$ 3,355,720	(280,092)	-	-	4,100	3,079,728
Short-term loans	327,592	(327,592)	-	-	-	-
Lease liabilities	18,424	(9,619)	-	3,288	-	12,093
Total liabilities from financing activities	**$ 3,701,736**	**(617,303)**	**-**	**3,288**	**4,100**	**3,091,821**

			Non-cash changes			
	January 1, 2022	Cash flows	Foreign exchange movement	Changes in lease payments	Changes in Deferred Government grants	December 31, 2022
Long-term loans	$ 2,567,024	783,782	-	-	4,914	3,355,720
Short-term loans	404,575	(77,793)	810	-	-	327,592
Lease liabilities	17,196	(9,473)	-	10,701	-	18,424
Total liabilities from financing activities	**$ 2,988,795**	**696,516**	**810**	**10,701**	**4,914**	**3,701,736**

(7) Related-party transactions

(a) Names and relationship with the Company

The followings are entities that have had transactions with related party during the periods covered in the parent company only financial statements.

Name of related party	Relationship with the Company
All Strong Industry INC. (All Strong)	Subsidiary
Lamae' Global Home Fashion CO., LTD (Lamae)	Subsidiary
Sincere Capital Limited (Sincere)	Subsidiary
Paradise General Trading CO., LTD (Paradise)	Subsidiary
Praise Home Industry CO., LTD (PHI)	Subsidiary
Ching Feng Vietnam Company Limited (Ching Feng Vietnam)	Subsidiary
Fu Vietnam Company Limited (Fu Vietnam)	Subsidiary
Zhenjiang Ching Lu Management Consulting Company (Zhenjiang Ching Lu)	Subsidiary
New Nice Home Fashions LLC (New Nice)	Sub-Subsidiary
Grandtop Decorative Product (Zhenjing) Co., Ltd. (Grandtop)	Sub-Subsidiary
Fu Yue Window Decoration Technology (Zhenjing)	Sub-Subsidiary
Sun Ocean Investment Limited (Sun Ocean)	Sub-Subsidiary
Sun Ocean Vietnam Co., Ltd. (Sun Ocean Vietnam)	Sub-Subsidiary
Fu Yue Window Decoration Co., Ltd. (Fu Yue)	Subsidiary
OSALEY HOME FASHIONS CO., LTD. (OSL)(Note)	The chairman of the OSL is in close relationship with the chairman of the Company
Hsu, Ming-Hsuan	Key management personnel of the Company
Hsu, Chun-Jan	Key management personnel of the Company
Hong, Yi-Jing	In close relationship with the chairman of the Company
Directors, general manager and deputy general managers	

(Note) The Company assessed that since the chairman of OSL disposed of all of his OSL shares and dismissed him as chairman in 2023, he has not been a related party since August 2023.

(b) Significant transactions with related parties

1. Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31,	
	2023	2022
Subsidiary-All Strong	$ 1,854,335	2,513,824
Subsidiaries/Sub-subsidiaries	68,146	122,075
Other related parties	452	178,236
Total	**$ 1,922,933**	**2,814,135**

The sales conditions for sales to related parties are not significantly different from the general sales prices. Its payment term is not significantly different from that of general dealers.

2. Purchases

The amounts of significant purchases by the Company to related parties were as follows:

	For the years ended December 31,	
	2023	2022
Sub-subsidiary-Grandtop	$ 269,811	692,347
Sub-subsidiary-Sun Ocean Vietnam	577,859	689,596
Subsidiary-Ching Feng Vietnam	600,227	302,139
Subsidiaries/Sub-subsidiaries	1,610	152
Total	**$ 1,449,507**	**1,684,234**

The purchases conditions for sales to related parties are not significantly different from the general purchases prices. Its payment term is not significantly different from that of general dealers.

3. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary-All Strong	$ 881,234	1,429,491
Accounts receivable	Subsidiary-Paradise	-	4,469
Accounts receivable	Subsidiaries/Sub-subsidiaries	27,457	103,041
Accounts receivable	Other related parties-OSL	(Note)	149,890
		$ 908,691	**1,686,891**

Account	Relationship	December 31, 2023	December 31, 2022
Other receivable	Subsidiary-Paradise	$ 3,982	17,657
Other receivable	Subsidiary-Ching Feng Vietnam	89,135	4,346
Other receivable	Sub-subsidiary Sun Ocean Vietnam	62,016	-
Other receivable	Subsidiaries/Sub-subsidiaries	9,010	2,617
Other receivable	Other related parties-OSL	(Note)	16,188
Less: Allowance for loss		(Note)	(8,094)
		$ 164,143	**32,714**

(Note) The Company assessed that since the chairman of OSL disposed of all of his OSL shares and dismissed him as chairman in 2023, he has not been a related party since August 2023.

The collection conditions of the above-mentioned accounts receivable are not significantly different from those of non-related parties. Please refer to Note 6(3) and (24) for relevant impairment assessment methods.

The above-mentioned "Other receivables-OSL" is the overdue receivables of goods sold, which are regarded as financing funds and transferred to other receivables.

4. Payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payable	Sub-subsidiary Grandtop	$ 159,126	255,196
Accounts payable	Sub-subsidiary-Sun Ocean Vietnam	105,365	76,836
Accounts payable	Subsidiary-Ching Feng Vietnam	151,748	53,539
Accounts payable	Subsidiaries/Sub-subsidiaries	-	160
Other payables	Subsidiary-All Strong	54	3,665
Other payables	Subsidiaries/Sub-subsidiaries	17	-
		$ 416,310	**389,396**

5. Leases

The Company leased land, factories, offices and parking spaces from key personnel of the management team in January 2017. Interest expenses for the years ended December 31, 2023 and 2022 are 16 thousand and 14 thousand respectively.

As of December 31, 2023, and 2022, the balance of lease liabilities is 882 thousand and 1,226 thousand respectively.

6. Loans to Related Parties

	December 31, 2023	December 31, 2022
Subsidiary-Ching Feng Vietnam	$ 23,645	58,378
Subsidiary-Fu Vietnam	9,212	55,305
Sub-subsidiary-Sun Ocean Vietnam	-	61,450
	$ 32,857	**175,133**

The Company provided interest-free and unsecured loans to related parties. There are no expected credit loss required after the management's assessment.

7. Others

Other income

	For the years ended December 31,	
	2023	2022
Subsidiaries/Sub-subsidiaries	**$ 7,255**	**3,203**

8. Guarantee

	For the years ended December 31,	
	2023	2022
Subsidiary-Ching Feng Vietnam	$ -	67,196
Sub-subsidiary-Sun Ocean Vietnam/ Subsidiary-Ching Feng Vietnam	30,708	126,587
Sub-subsidiary Grandtop	-	261,163
Subsidiary-Fu Vietnam	61,416	61,450
Subsidiary-PHI	-	7,116
	$ 92,124	**523,512**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$ 25,933	29,798
Post-employment benefits	629	801
	$ 26,562	**30,599**

(8) Assets pledged as security

The carrying values of assets pledged as security were as follows:

Assets pledged as security	Liabilities secured by pledge	December 31, 2023	December 31, 2022
Fixed certificates of deposits and restricted deposits (listed as other financial assets-current)	Long-term and short-term loans and credit lines	$ 193,463	126,569
Property, plant and equipment	〃	1,184,261	1,225,161
		$ 1,377,724	**1,351,730**

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

The contracts signed for the purchase of property, plant and equipment, but have not been yet fully recognized are as follows:

	December 31, 2023	December 31, 2022
Contract price	**$ 29,645**	**130,469**
Unpaid amount	**$ 1,422**	**76,824**

(b) Others

1. As of December 31, 2023 and 2022, the Company issued guaranteed notes for the security of long-term and short-term loan secure of 3,951,931 thousand and 3,527,618 thousand respectively.

(10) Losses due to major disasters: none.

(11) Subsequent events: none.

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	2023			2022		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	171,680	133,819	305,499	223,300	155,100	378,400
Labor and health insurance (Note)	18,125	11,962	30,087	15,346	11,102	26,448
Pension	5,635	5,468	11,103	5,721	4,675	10,396
Remuneration of directors	-	2,580	2,580	-	5,393	5,393
Others	6,313	3,824	10,137	7,497	2,933	10,430
Depreciation	75,521	17,019	92,540	80,026	15,370	95,396
Amortization	-	3,094	3,094	-	3,181	3,181

For the years ended December 31, 2023 and 2022, the average number of employees and employee benefit expenses were as follows:

	2023	2022
Average number of employees	540	571
The number of directors who were not concurrently employees	5	5
Average employee benefit expenses	$ 659	748
Average salary expenses	$ 565	666
Average salary expense adjustment	(15.17)%	18.29%
Compensation to supervisors	$ -	-

The compensation policy, including to directors, independent directors, managers and employees, is as follows:

1. Directors and managers

   The company's compensation policy is based on the average salary of the position in the same industry, the position's responsibilities within the company, the contribution to the company's business goals, and the Performance-based Compensation Plan of the company. The Performance-based Compensation Plan of the company refers to the overall operating performance of the company, future operating risks, the individual's performance achievement and contribution to the company. The year-end bonus is allocated based on a fixed ratio of net profit.

2. Independent directors

   When independent directors and supervisors perform their duties, the company will pay a certain amount of compensation every month whether the company is making a profit. The compensation committee will make discretionary adjustments based on participation and contributions.

3. Employees

   Employee compensation is allocated depending on the company's operating conditions, and is distributed taking into consideration of position, performance and seniority. The year-end bonus is allocated according to the company's operating conditions with the performance appraisal as the reference basis. The annual salary adjustment is based on the economic growth rate, price index, industry average increase, etc. with the range set according to the performance appraisal.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

1. Loans to other parties:

(In Thousands of New Taiwan Dollar)

No. (Note1)	Lender	Borrower	Account	Related Party	Highest Amount in the Period	Ending Balance	Actual Amount	Interest	Nature (Note2)	Translation between both parties	Reasons for the short-term financing	Allowance for bad debt	Collateral		Limit for Each Borrower (Note3)	Total Limit of Loan (Note3)
													Title	Value		
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Other Receivables – Related Party	Yes	92,124	30,708	23,645	-	2	-	Working capital turnover	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Other Receivables – Related Party	Yes	122,832	30,708	9,212	-	2	-	To build plant and purchase equipment	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	110,549	30,708	-	-	2	-	Working capital turnover	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	OSALEY HOME FASHIONS CO., LTD.	Other Receivables	No	55,655	55,655	28,209		1	178,236	Working capital turnover	21,109	-	-	178,236	901,512
1	Ching Feng Vietnam Company Limited	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	9,212	9,212	-	-	2	-	Working capital turnover	-	-	-	236,477	236,477

Note 1: The method of filling in the serial number is as follows:
(1) Fill in 0 for the parent company.
(2) The subsidiary is numbered sequentially starting from 1.

Note 2: Nature of the loan:
• If there are business connections between both parties, fill in 1.
• If there are reasons for the short-term financing, fill in 2.

Note 3: The total amount lent by the Company and its subsidiaries to those with business connections shall not exceed 40% of the net value of the Company's latest financial report. For each borrower, the amount shall not exceed the amount of business transactions in the previous year when both parties entered the contract of loan. The total amount of funds lent to those who have the needs for short-term financing shall be limited to 15% of the net value of the lender's most recent financial report. The total amount of funds lent to each single borrower shall be limited to 10% of the net value of the lender's most recent financial report. To foreign subsidiaries which the Company holds 100% direct and indirect control, the total amount of funds lent is limited to 40% of the net value of the most recent financial report of the Company.

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollar)

No. (Note1)	Company that Gives Endorsement and Guarantee	Guaranteed Company (Note2)		Limit to a Single Enterprise (Note3)	Highest Amount of the Period	Ending Balance	Actual Amount	Endorsement & Guarantee with Securities	Ratio of Accumulated Endorsement & Guarantee to the Net Value of The Latest Financial Statement	Limit of Endorsement and Guarantee	Parent company to the subsidiary	Subsidiary to the Parent Company	For Mainland China
		Name	Relationship (Note2)										
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	3	1,126,891	67,158	-	-	-	- %	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co./Ching Feng Vietnam Company	3	1,126,891	126,517	30,708	-	-	1.36%	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	3	1,126,891	61,416	61,416	3,071	-	2.73%	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	3	1,126,891	248,735	-	-	-	- %	2,253,781	Y	N	Y

Note 1: The method of filling in the serial number is as follows:
(1) Fill in 0 for the parent company.
(2) The subsidiary is numbered sequentially starting from 1.

Note 2: There are 7 types of relationship between the endorser and the endorsed guarantor, just mark the type:

(1) There are business connections between both parties.
(2) The endorser holds more than 50% direct and indirect control of the endorsed guarantor.
(3) The endorsed guarantor holds more than 50% direct and indirect control of the endorser.
(4) The endorser holds more than 90% direct and indirect control of the endorsed guarantor, and vice versa.
(5) The contract in a project requires companies in the same industry or co-contractors to guarantee each other according to the contract.
(6) A company that is endorsed and guaranteed by all shareholders in accordance with their shareholding ratio due to a joint venture.
(7) Joint and several guarantees for performance guarantees of pre-sale housing contracts in accordance with the Consumer Protection Act.

Note 3: The limit of the endorsement and guarantee is calculated as follows:

(1) According to the operating procedures of endorsement and guarantee, the total amount is limited to the net worth of the Company.

(2) The limit of the Company's endorsement guarantee for a single enterprise is limited to 50% of the Company's latest net worth.

3. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollar)

Company	Type and name of securities	Relationship	Account	Ending				Remarks
				Shares	Par Value	%	Fair Value	
Ching Feng Home Fashions Co., Ltd.	Capital Moderate Allocation Fund	None	Financial assets at fair value through profit or loss	4,632	1,669	- %	1,669	
Ching Feng Home Fashions Co., Ltd.	Alliance Bernstein American Income Profolio	None	Financial assets at fair value through profit or loss	5,205	4,877	- %	4,877	
Ching Feng Home Fashions Co., Ltd.	Franklin Gulf Wealthy Bond Fund	None	Financial assets at fair value through profit or loss	4,592	2,359	- %	2,359	
Ching Feng Home Fashions Co., Ltd.	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund	None	Financial assets at fair value through profit or loss	10,900	3,028	- %	3,028	
Ching Feng Home Fashions Co., Ltd.	Nomura Multi-Asset Diversified Income Investment Fund	None	Financial assets at fair value through profit or loss	15,854	5,907	- %	5,907	
Ching Feng Home Fashions Co., Ltd.	Mega Global Metaverse Tech Fund	None	Financial assets at fair value through profit or loss	200,000	2,148	- %	2,148	
Ching Feng Home Fashions Co., Ltd.	Yuanta Japan Leaders Equity Fund	None	Financial assets at fair value through profit or loss	257,998	2,580	- %	2,580	
Ching Feng Home Fashions Co., Ltd.	Altrich Group USD investment corporate bond	None	Financial assets at fair value through profit or loss	100	3,099	- %	3,099	
Ching Feng Home Fashions Co., Ltd.	JPMorgan Chase Bank USD Corporate Bonds	None	Financial assets at fair value through profit or loss	100	2,931	- %	2,931	
Ching Feng Home Fashions Co., Ltd.	Exxon Mobil Corp. Bonds	None	Financial assets at fair value through profit or loss	80	2,281	- %	2,281	
Ching Feng Home Fashions Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Common Stock	None	Financial assets at fair value through profit or loss	190,000	1,682	- %	1,682	

Note: It is converted into New Taiwan Dollars at the exchange rate on the closing date of the financial report.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Company	Related party	Nature of relationship	Transaction details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Remark
			Item	Amount	Percentage of the purchases (sales) (%)	Payment term	Unit Price	Payment terms (Note2)	Ending balance	Percentage of total receivables (payables)	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	Sale	(1,854,335)	(45.04)%	T/T 195 DAY	Sell at agreed price	-	881,234	82.87%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Sub-Subsidiary	Purchase	577,859	15.86%	T/T 180 DAY	Sell at agreed price	-	(105,365)	(11.94)%	
Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	Sub-Subsidiary	Purchase	269,811	7.41%	T/T 180 DAY	Sell at agreed price	-	(159,126)	(18.04)%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Subsidiary	Purchase	600,227	16.48%	T/T 180 DAY	Sell at agreed price		(151,748)	(17.20)%	
All Strong Industry (USA) Inc.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchase	1,854,335	100.00%	T/T 195 DAY	Sell at agreed price	-	(881,234)	(100.00)%	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(577,859)	(100.00)%	T/T 180 DAY	Sell at agreed price	-	105,365	100.00%	
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(269,811)	(75.30)%	T/T 180 DAY	Sell at agreed price	-	159,126	95.68%	
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(600,227)	(100.00)%	T/T 180 DAY	Sell at agreed price	-	151,748	100.00%	

8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollar)

Company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue Amount		Amount received in subsequent period (Note1)	Loss allowance
					Amount	Action taken		
Ching Feng Home Fashions Co., Ltd	All Strong Industry (USA) Inc.	Subsidiary	881,234	161%	-		124,022	-

Note 1: It refers to the amount recovered as of January 26, 2024.

9. Trading in derivative instruments: Please refer to notes 6(2).

(b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar/shares)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of December 31, 2023			Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 2)	Note
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Carrying value (Note 1)			
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	USA	Buy & sell of blinds, pleated curtains	202,863	202,863	65	100.00%	358,228	62,010	62,010	Subsidiary
Ching Feng Home Fashions Co., Ltd.	Lamae' Global Home Fashion Co., Ltd.	Samoa	Investment	1,041,715	1,041,715	35,525	100.00%	801,115	(71,708)	(71,708)	〃
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Samoa	Investment	398,660	339,122	13,084	100.00%	356,563	7,739	7,739	〃
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	Samoa	International trade	30,690	30,690	437	100.00%	15,190	459	459	〃
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Thailand	Manufacture of plastic bags & shopping bags	217,099	217,099	2,000	100.00%	78,234	(35,541)	(35,541)	〃
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Vietnam	Production and processing of plastic and alu. Blinds, Faux wood shutters	590,129	531,458	Note 3	100.00%	582,562	73,558	73,558	〃
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Taiwan	Cutting, assembly and packaging of curtains and textiles	5,000	5,000	Note 3	100.00%	5,299	55	55	〃
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Buy & sell of blinds, pleated curtains	167,384	61,307	Note 3	100.00%	144,111	(13,819)	(13,819)	〃
Ching Feng Home Fashions Co., Ltd.	NextTB International Co., Ltd.	Taiwan	Wholesale of daily necessities wholesale	-	-	-	- %	-	(198)	(95)	Affiliated company
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	USA	Investment	1,181,859 (USD38,487thousand)	1,182,513 (USD38,487thousand)	24,655	100.00%	801,111	(41,686)	(71,708)	Sub-Subsidiary
Sincere Capital Limited	Sun Ocean Investment Limited	Samoa	Investment	413,729 (USD13,473thousand)	352,508 (USD11,473thousand)	13,473	100.00%	356,562	7,739	7,739	〃
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	404,302 (USD13,166thousand)	343,075 (USD11,166thousand)	Note 3	100.00%	349,200	7,739	7,739	〃

Note 1: It is converted into NT dollars based on the exchange rate of the day when the report ends.
Note 2: Converted to New Taiwan dollars using the average exchange rate during the financial reporting period.
Note 3: The invested company is a limited company.

(c) Information on investment in mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollar)

Investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023(Note 2)	Investment		Accumulated outflow of investment from Taiwan as of December 31, 2023(Note 2)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (loss) recognized by the Company (Note 3)	Carrying value as of December 31, 2023 (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Processing, production, assembly and sales of blinds.	559,241 (USD 17,000 thousand)	(2)	559,241 (USD 17,000 thousand)	-	-	559,241 (USD 17,000 thousand)	(41,685)	100.00%	100.00%	(41,685) (USD (1,337) thousand)	370,524 (USD 12,066 thousand)	-
Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	6,038 (USD 200 thousand)	(1)	6,038 (USD 200 thousand)	-	-	6,038 (USD 200 thousand)	(4)	100.00%	100.00%	(4)	53	-
Fu Yue Window Decoration Technology (Zhenjing)	Manufacture, process, and assembly of blinds.	434 (RMB 100 thousand)	(2)	434 (RMB 100 thousand)	-	-	434 (RMB 100 thousand)	(265)	100.00%	100.00%	(265)	19	-

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA (Note 2、4、6、7)	Upper Limit on Investment
1,002,739 (USD 32,654 thousand)	1,005,841 (USD 32,755 thousand)	(Note 6)

Note 1: Investment methods are divided into the following three types:

(1) Directly go to China to engage in the investment.

(2) Re-invest in China through a foreign subsidiary (New Nice Home Fashion LLC).

(3) Investing with the invested company's own funds.

Note 2: The amount includes the investment in Xiamen Hao Tang Daily Necessities Co., Ltd. and Hua Meng Home Decoration Industry Co., Ltd., which was approved by the Investment Review Committee of the Ministry of Economic Affairs from 1992 to 1996, totaling US$14,442. The two companies have been canceled and disposed, and the Investment Review Committee of the Ministry of Economic Affairs has approved the cancellation of the investment amount for Hua Meng Home Decoration Industry Co., Ltd.

Note 3: The average exchange rate during the financial reporting period was used to convert into NT dollars.

Note 4: It is converted into NT dollars based on the exchange rate on the date when the financial report ends.

Note 5: The above transactions have been written off when the consolidated financial report is prepared.

Note 6: According to the "Principles for the Review of Investment or Technical Cooperation in China" amended on 8.29.2008, since the Company has obtained a certificate indicating the compliance with the range of business issued by the Industrial Development Bureau, Ministry of Economic Affair, there is no need to calculate the investment limit.

Note 7: In March 2012, Mr. Hsu, Pei-Hsiang, the former Chairman of the Company, was approved by the resolution of the Board of Directors to use the equity of Grandtop to pay the overdue accounts receivable of USD$25,454 thousand. The fund was not remitted from Taiwan.

3. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

Shareholding Shareholder’s Name	Shares	Percentage
Hsu, Ming-Hsuan	8,771,743	5.04%

(14) Segment information

The Company is mainly engaged in various blinds, pleated curtains and other curtain products, operating as a single product and segment. Please refer to the consolidated financial report for the year of 2023.

Ching Feng Home Fashions Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2023

Unit: Thousands of NTD

Item	Description	Amount
Cash on hand		$ 202
Cash in bank		
Check and demand deposit		153,579
Foreign currency deposit		225,572
Time deposits		3,281
Total cash in bank		382,432
Total		**$ 382,634**

Note：Foreign currency deposits are converted according to the spot exchange rate announced by Taiwan Cooperative Bank on December 31, 2023.

US$1:NT$30.708

Statement of Accountants Receivables

Customers	Description	Amount
Company A	Sales	$ 45,640
Company B	〃	30,431
Company C	〃	22,915
Company D	〃	19,630
Company E	〃	15,175
Company F	〃	11,181
Others (Less than 5% of the account balance) (Note)		9,710
Sub-total		154,682
Less: Loss allowance		-
Total		**$ 154,682**

Note: There is no accounts receivable are overdue for more than 90 days, no loss allowance will be set aside.

Ching Feng Home Fashions Co., Ltd.

Statement of Changes of Investment Accounting for Using Equity Method

For the year ended December 31, 2023

Name of Company	January 1, 2023		Additions in Investment (Note 2, 3, 4, 6)		Decrease in Investment (Note 6)		Others	Share of profit or loss of subsidiaries and associates	Exchange Differences on Translation of Foreign Operations	December 31, 2023			Market price or net equity (Note 1)		Guarantee
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares	Percentage of ownership	Amount	Unit Price	Total	
All Strong Industry INC. (USA)	65	$ 292,468	-	-	-	-	4,865	62,010	(1,115)	65	100.0%	358,228	-	-	None
Lame' Global Home Fashion CO., LTD	35,525	879,368	-	-	-	-	-	(71,708)	(6,545)	35,525	100.0%	801,115	-	-	〃
Sincere Capital Limited	11,084	297,813	2,000	59,538	-	-	-	7,739	(8,527)	13,084	100.0%	356,563	-	-	〃
Paradise General Trading CO., LTD	437	14,727	-	-	-	-	-	459	4	437	100.0%	15,190	-	-	〃
Praise Home Industry CO., LTD	2,000	112,441	-	-	-	-	-	(35,541)	1,334	2,000	100.0%	78,234	-	-	〃
Ching Feng Vietnam	Note 5	473,382	-	58,671	-	-	(4,719)	73,558	(18,330)	Note 5	100.0%	582,562	-	-	〃
Fu Vietnam CO., LTD	Note 5	55,293	-	106,077	-	-	-	(13,819)	(3,440)	Note 5	100.0%	144,111	-	-	〃
Zhenjiang Ching Lu Management Consulting Company	Note 5	58	-	-	-	-	-	(4)	(1)	Note 5	100.0%	53	-	-	〃
Fu Yue Window Decoration Co., Ltd.	Note 5	5,244	-	-	-	-	-	55	-	Note 5	100.0%	5,299	-	-	〃
nextTB International CO., LTD.	-	-	240	2,400	(240)	(2,305)	-	(95)	-	-	- %	-	-	-	〃
		$ 2,130,794		226,686		(2,305)	146	22,654	(36,620)			2,341,355		-	

Note 1：The above-mentioned invested companies are expressed in terms of net value because they are not disclosed in the market

Note 2：The Company increased the capital of Sincere Capital Limited in the period, totaling 59,538 thousand (USD 2,000 thousand). It is a conversion of loan into contributed capital.

Note 3：The Company increased the capital of Ching Feng Vietnam in the period, totaling 58,671 thousand (USD 1,900 thousand). It is a conversion of loan into contributed capital.

Note 4：The Company increased the capital of Fu Vietnam in the period, totaling 106,077 thousand (USD 3,500 thousand). It is a capital increase by cash.

Note 5：The invested company is a limited company.

Note 6：The Company invested 2,400 thousand in nextTB International CO., LTD., and subsequently sold its entire equity stake in the same period.

Ching Feng Home Fashions Co., Ltd.

Statement of Inventory

December 31, 2023

Unit: Thousands of NTD

Item	Amount	
	Cost	Market Price
Inventory-Merchandise	$ 25,205	21,663
Raw materials	63,056	56,453
Supplies	67,773	60,986
Work-in process, semi-finished goods	69,399	69,399
Finished goods	70,335	69,812
Less: Losses to reduce inventory to net realizable value	(17,455)	-
Total	**$ 278,313**	**278,313**

Statement of Other Financial Assets - Current

Item	Description	Amount
Bank deposits	Restricted asset	**$ 193,463**

Ching Feng Home Fashions Co., Ltd.

Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment

For the year ended December 31, 2023

Unit: Thousands of NTD

Please refer to Note 6 (9) in the financial report.

Statement of Changes in Right-of-use Assets

Please refer to Note 6 (10) in the financial report.

Statement of Notes and Accounts Payable

December 31, 2023

Customer	Amount
Company A	$ 280,376
Others(Less than 5%)	185,607
	$ 465,983

Ching Feng Home Fashions Co., Ltd.

Statement of Long-term Loans

December 31, 2023

Unit: Thousands of NTD

Creditor	Description	Amount	Term	Repayment	Interest Rates (%)	Mortgage or Pledge
Taiwan Cooperative Bank	Unsecured	$ 183,000	111.01.28~116.01.28	First pay interest each month, after a certain period, monthly payments are applied to both the principal and interest as scheduled.	2.7474%	None
Taiwan Cooperative Bank	Unsecured	296,865	112.11.28~113.05.20	〃	2.7474%	None
EnTie Bank	Unsecured	123,000	111.01.28~116.01.28	〃	2.7474%	None
EnTie Bank	Unsecured	199,534	112.11.28~113.05.20	〃	2.7474%	None
Taiwan Business Bank	Unsecured	123,000	111.01.28~116.01.28	〃	2.7474%	None
Taiwan Business Bank	Unsecured	199,534	112.11.28~113.05.20	〃	2.7474%	None
Land Bank of Taiwan	Unsecured	99,000	111.01.28~116.01.28	〃	2.7474%	None
Land Bank of Taiwan	Unsecured	160,600	112.11.28~113.05.20	〃	2.7474%	None
Hua Nan Bank	Unsecured	87,000	111.01.28~116.01.28	〃	2.7474%	None
Hua Nan Bank	Unsecured	141,134	112.11.28~113.05.20	〃	2.7474%	None
First Commercial Bank	Unsecured	87,000	111.01.28~116.01.28	〃	2.7474%	None
First Commercial Bank	Unsecured	141,134	112.11.28~113.05.20	〃	2.7474%	None
The Shanghai Commercial Savings Bank	Unsecured	72,000	111.01.28~116.01.28	〃	2.7474%	None
The Shanghai Commercial Savings Bank	Unsecured	116,800	112.11.28~113.05.20	〃	2.7474%	None
Cathay United Bank	Unsecured	60,000	111.01.28~116.01.28	〃	2.7474%	None
Cathay United Bank	Unsecured	97,334	112.11.28~113.05.20	〃	2.7474%	None
Taichung Commercial Bank	Unsecured	45,000	111.01.28~116.01.28	〃	2.7474%	None
Taichung Commercial Bank	Unsecured	73,000	112.11.28~113.05.20	〃	2.7474%	None
Shin Kong Commercial Bank	Unsecured	21,000	111.01.28~116.01.28	〃	2.7474%	None
Shin Kong Commercial Bank	Unsecured	34,065	112.11.28~113.05.20	〃	2.7474%	None
Taiwan Cooperative Bank-demand deposit	Unsecured	53,143	108.07.10~115.07.15	Monthly payments that are applied to both the principal and interest.	1.8%	None
Taiwan Cooperative Bank-demand deposit	Secured	40,668	109.07.10~116.07.10	Monthly payments that are applied to both the principal and interest.	1.8%	Note 8

Ching Feng Home Fashions Co., Ltd.

Statement of Long-term Loans

December 31, 2023

Unit: Thousands of NTD

Creditor	Description	Amount	Term	Repayment	Interest Rates (%)	Mortgage or Pledge
Taiwan Cooperative Bank-demand deposit	Unsecured	31,220	109.10.12~114.07.10	First pay interest each month, after a certain period, monthly payments are applied to both the principal and interest as scheduled.	2.595%	None
Land Bank of Taiwan-demand deposit	Secured	179,098	109.07.03~124.07.03	〃	2.125%	Note 8
Land Bank of Taiwan-demand deposit	Secured	350,455	109.07.03~118.01.15	〃	0.925%	Note 8
Land Bank of Taiwan-demand deposit	Unsecured	31,011	110.06.15~114.07.28	〃	2.5%	None
Taiwan Business Bank-demand deposit	Unsecured	34,133	110.05.18~114.08.27	〃	2.595%	None
Sub-total		3,079,728				
Less: current portion		(264,529)				
Total		**$ 2,815,199**				

Ching Feng Home Fashions Co., Ltd.

Statement of Operating Revenue

For the year ended December 31, 2023 **Unit: Thousands of NTD**

Item	Quantity (KPCS)	Amount(Net)
Curtain	12,106	$ 2,672,777
Home textile	9,234	1,364,844
Plastic products	36,027	90,050
Others	1	1,571
		4,129,242
Less: Sales returns		(5,520)
Sales allowances		(6,648)
Total		**$ 4,117,074**

Ching Feng Home Fashions Co., Ltd.

Statement of Operating Cost

For the year ended December 31, 2023 **Unit: Thousands of NTD**

Item	Amount
Merchandise	
Beginning balance	$ 7,800
Add：Purchased	2,627,983
Less：Ending balance	(25,205)
Transferred to Entertainment	(156)
Transferred to donation	(151)
Transferred to others	(1,802)
Inventory loss	(236)
Transferred to cost of goods sold	2,608,233
Raw materials	
Beginning balance	50,357
Add：Purchased	263,633
Transferred from others	34,960
Less：Ending balance	(63,056)
Transferred to samples	(281)
Transferred to consumables	(244)
Transferred to others	(3,164)
Sold	(279,247)
Inventory loss	(62)
Raw materials used	2,896
Supplies	
Beginning balance	73,071
Add：Purchased	281,137
Production of the year	20
Inventory profit	461
Less：Ending balance	(67,773)
Transferred to samples	(389)
Transferred to consumables	(3,398)
Sold	(11,579)
Transferred to others	(5,635)
Supplies used	265,915
Direct labor	137,535
Manufacturing overheads	209,197
Manufacturing cost Total	615,543

Ching Feng Home Fashions Co., Ltd.

Statement of Operating Cost

For the year ended December 31, 2023 **Unit: Thousands of NTD**

Item	Amount
Work in process	
Beginning balance	96,540
Add：Purchased	1,578
Production of the year	615,543
Less：Ending balance	(69,399)
Inventory loss	(142)
Transferred to others	(1,910)
Finished goods cost	642,210
Finished goods	
Beginning balance	101,663
Add：Production of the year	642,210
Others	1,909
Less：Ending balance	(70,335)
Material used	(7,391)
Inventory loss	(159)
Scrap	(7,487)
Others	(1,743)
Cost of goods manufactured	658,667
Cost of goods sold	3,266,900
Add：Cost of raw materials	279,247
Cost of supplies	11,579
Processing expense	82,259
Freight expense	6,929
Inventory loss	138
Others	2,009
Less：Reversal of write-downs	(4,902)
Others	(1,018)
Operating cost	**$ 3,643,141**

Ching Feng Home Fashions Co., Ltd.

Statement of Manufacturing Expenses

For the year ended December 31, 2023

Unit: Thousands of NTD

Item	Amount
Indirect labor	$ 65,285
Utilities expense	12,191
Depreciation	75,521
Processing expense	11,770
Others (Less than 5%)	44,430
	$ 209,197

Statement of Operating Expenses

Item	Selling and marketing expenses	General and administrative expenses	Research and development expenses	Total
Payroll	$ 30,391	77,336	28,672	136,399
Professional service	8,238	21,489	4,548	34,275
Insurance	5,471	9,148	2,875	17,494
Depreciation	1,510	11,593	3,916	17,019
Financing expenses	-	7,716	-	7,716
Miscellaneous	6,951	5,962	2,619	15,532
Consumables	-	-	2,807	2,807
Export expenses	4,214	-	-	4,214
Others (Less than 5%)	10,824	19,842	7,516	38,182
Total	**$ 67,599**	**153,086**	**52,953**	**273,638**

Ching Feng Home Fashions Co., Ltd.

Statement of Non-Operating Income and Expenses

For the year ended December 31, 2023 **Unit: Thousands of NTD**

Please refer to Note 6 (23) in the financial report.

CHING FENG HOME FASHIONS CO.,LTD.

Chairman: Hsu, Ming-Hsuan