



慶豐富實業股份有限公司

CHING FENG HOME FASHIONS CO., LTD.

ANNUAL REPORT 2024

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Available at : <http://mops.twse.com.tw>
<http://www.chingfeng.com>

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5. Auditor

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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.

In 2024, the global economy continued the trend from 2023. While the impact of inflation persisted, it gradually eased compared to the previous year. Additionally, the U.S. Federal Reserve began cutting interest rates in September. However, overall, consumer purchasing power remained affected. Since the second half of 2023, our company has been enhancing consumer perception of product value through e-commerce and express custom-made business model. In 2024, we further expanded e-commerce sales channels, driving overall online sales growth and improving the consolidated gross profit margin.

At the same time, we continue to strengthen our diversified production site strategy to mitigate the risks of trade frictions caused by tariff barriers and to better meet market demands in different regions. Additionally, we closely monitor raw material costs to enhance production efficiency and reduce manufacturing expenses, thereby strengthening Ching Feng custom-made's competitive advantage in the market.

Consolidated revenue in 2024 was NT \$5,399 million, representing an 18.73% increase compared to the previous year. Benefiting from an optimized sales mix and improved production efficiency, the gross profit margin improved quarter by quarter, reaching 24.34% for the full year. This represents a 21.64% increase compared to the gross profit margin in 2023. The operating profit margin for 2024 was 10.50%, with operating profit totaling NT\$567 million.

Operating Performance

Unit: NT\$1,000

Item	2024		2023		Amount (Increase/Decrease)	
	Amount	%	Amount	%	Amount	%
Operating Revenue	5,399,082	100.00	4,547,224	100.00	851,858	18.73
Gross Profit	1,313,970	24.34	909,997	20.01	403,973	44.39
Operating Expenses	747,042	13.84	666,263	14.65	80,779	12.12
Operating Profit (Loss)	566,928	10.50	243,734	5.36	323,194	132.60
Net Profit before Tax	546,242	10.12	154,309	3.39	391,933	253.99
Net Profit after Tax	415,463	7.70	104,004	2.29	311,459	299.47
EPS (After Tax)	2.39		0.6			

Income, Expenses and Profitability Analysis

Analyzed Item		Year	
		2024	2023
Financial Structure (%)	Liabilities to Assets Ratio (%)	62.76	66.12
	Ratio of long-term funds to property, plant and equipment (%)	243.58	222.45
Solvency (%)	Current Ratio (%)	209.90	232.11
	Quick Ratio (%)	142.16	162.76
Profitability (%)	Return on assets (%)	6.90	2.59
	Return on shareholders' equity (%)	16.37	4.59
	Net Profit (%)	7.70	2.29

Budget Execution

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

Research and Development

- (1) To develop various series of blinds and shades that comply with the latest regulations.
- (2) To develop various series of motorized and smart blinds and shades, and control apps.
- (3) To develop various series of blinds and shades that mitigate climate change and comply with ESG standards.
- (4) To develop various series of blinds and shades that require no drilling and are easy to install.
- (5) To develop various series of blinds and shades tailored for specialized markets.

BUSINESS PLAN FOR THE YEAR OF 2025

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 blinds and shades 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 competition, regulations, and the overall business environment

1. The impact of overall business environment and external competitive environment

The global economy is expected to grow steadily in 2025, despite challenges such as geopolitical risks and uncertainties in trade policies. According to the International Monetary Fund (IMF), the global economic growth rate is projected to reach 3.3%, remaining on par with 2024. The U.S. economy is expected to grow at a solid pace, with a growth rate of 2.7%, driven primarily by sustained domestic demand and the productivity boost from artificial intelligence applications. However, uncertainties surrounding new government policies and inflationary pressures remain key concerns. Additionally, the Federal Reserve implemented multiple rate cuts in 2024, ultimately lowering interest rates to a range of 4.25%-4.50%. While the trend of rate cuts is expected to continue in 2025, the frequency and scale are likely to decrease, keeping operating capital costs at a relatively high level.

As the post-pandemic era continues to reshape consumer lifestyles and business models, the demand for customized and high-end blinds and shades has increased, intensifying market competition and accelerating the digital transformation of both physical stores and e-commerce platforms. Our company is committed to expanding customer collaboration from offline chain channels to online e-commerce order fulfillment, establishing Ching Feng's full-value-chain service model.

Ching Feng's new decade-long business plan is centered around the 3S business strategy: Safety, Smart, and Sustainability. We are actively investing in the development of environmentally friendly and recycled material products, emphasizing value, quality, logistics, and the circular economy. By enhancing innovation in design and material selection, we aim to offer a wider variety of products to meet consumer needs.

Furthermore, as smart home technology continues to advance, the demand for Smart blinds and shades products has been growing rapidly. Our company is dedicated to developing next-generation safety, motorized, and smart blinds and shades products. By enhancing functionality, improving quality, diversifying product forms, reducing costs, and redefining product competitiveness in the market, we strive to maintain our industry leadership.

2. The impact of regulatory environment

Beyond focusing on the benefits of blinds and shades development, our company places great emphasis on product safety. Since June 2024, the U.S. has mandated that all blinds and shades products adopt cordless designs to prevent child suffocation hazards. This regulatory change has driven increased demand for new blinds and shades products, ensuring that users of all ages are safeguarded from safety concerns while complying with the highest international safety standards for blinds and shades.

As environmental awareness continues to rise, consumers are increasingly demanding sustainable materials and eco-friendly production methods. In alignment with our 3S business strategy, we are actively investing in the development of recycled material products and providing a comprehensive range of cordless blinds and shades options. Our commitment to sustainability and environmental responsibility remains a key focus, as we dedicate efforts to the research and application of sustainable materials, minimizing the environmental impact of our production processes.

Hsu, Ming-Hsuan
Chairman

Hsu, Chun-Jan
President

Yen, Huei-Ru
Accounting Supervisor

PART II - CORPORATE GOVERNANCE

ITEM 1-PROFILES OF DIRECTORS, GENERAL MANAGER, VICE PRESIDENTS, ASSISTANT MANAGERS, DEPARTMENT HEADS, AND BRANCH HEADS

1. Directors

March 22, 2025 Unit: Share

Title	Nationality or place of Registration	Name	Gender	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
Chairman	Taiwan	Hsu, Ming-Hsuan	M	30-40	2024/05/28	3 years	2003/06/24	8,820,743	5.07	8,997,439	5.06	594,753	0.33	3,253,196	1.83	Department of Biology, Taiwan Normal University Institute of Chemistry, Yangming University Assistant at Academia Sinica	Note 1	Director and General Manager	Hsu, Chun-Jan	Brother
Director	Taiwan	Hsu, Ming-Chun-Jan	M	30-40	2024/05/28	3 years	2004/06/12	6,387,944	3.67	6,548,500	3.68	191,411	0.11	3,362,844	1.89	Dept. of Economics; National Chung Cheng University Vice President, Business Dept., Ching Feng Home Fashions Co., Ltd.	General Manager of Ching Feng Home Fashions Co., Ltd. Chairman of REGAL ESTATE (USA) INC General Manager of Grandtop Decorative Product (Zhenjing) Co., Ltd. Chairman of Fu Yue Window Decoration Technology Zhenjiang Co., Ltd. Director of CHING FENG SINGAPORE PTE. LTD.	Chairman	Hsu, Ming-Hsuan	Brother
Director	Taiwan	Wu, Chien-Tung (Note 2)	M	60-70	2021/07/23	3 years	2018/06/27	--	--	--	--	--	--	--	--	Dept. of Accounting, National Chengchi University Director of Hsin Hong Chi Investment Co., Ltd. Director of Channel Well Technology Co., Ltd. Director of Yong Cheng Accounting Firm	-	-	-	-

Title	Nationality or place of Registration	Name	Gender	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
Director	Taiwan	Lee Bang Shing Investment Co.			2024/05/28	3 years	2021/07/23	4,085,102	2.35	4,085,102	2.30	--	--	--	--	--	--	--	--	--
		Represented by: Chen, Chun-Chung	M	40-50	2024/05/28	3 years	2021/07/23	--	--	68,820	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.	--	--	--
Independent Director	Taiwan	Chuang, Yao-Kai (Note 2)	M	50-60	2021/07/23	3 years	2015/06/17	--	--	--	--	--	--	--	--	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	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 (Note 2)	M	40-50	2021/07/23	3 years	2015/06/17	--	--	--	--	--	--	--	--	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)	Attorney at Law at Cheng & Ku Law Firm	--	--	--

Title	Nationality or place of Registration	Name	Gender	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 (Note 2)	M	60-70	2021/07/23	3 years	2016/06/15	-	-	-	-	-	-	-	-	<p>Researcher of National Development Fund, Executive Yuan.</p> <p>Manager and Section Chief of the State-owned Enterprise Committee of the Ministry of Economic Affairs.</p> <p>Section Chief and Special Committee Member of Securities and Futures Bureau, Financial Supervisory Committee, Ministry of Finance.</p> <p>Senior Executive Officer of Executive Yuan Fourth Group.</p> <p>Division Chief of Financing Division, Small and Medium Enterprise Administration, Ministry of Economic Affairs</p> <p>Director of the Comprehensive Planning Division of the Financial Supervisory Commission, Executive Yuan.</p> <p>Senior Executive Officer of Financial Supervisory Commission, Executive Yuan.</p> <p>Vice President of Motor Vehicle Accident Compensation Fund.</p> <p>PhD in Economics, Fujian Normal University, China.</p>	<p>Independent Director of Asia Plastic Recycle</p> <p>Independent Director of Topplus Global.</p> <p>Chief Financial Officer of Wayi Entertainment</p>	-	-	-

Title	Nationality or place of Registration	Name	Gender	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
Director	Taiwan	Jichen Investment Co., Ltd.			2024/05/28	3 years	2024/05/28	3,266,314	1.88	3,362,844	1.89	--	--	--	--	--	--	--	--	--
		Representative: By: Yang, Jen-Kai	M	40-50	2024/05/28	3 years	2022/02/18	--	--	--	--	337	--	--	--	Master of Business Administration, Boston University General Manager of Chain Yam Co., Ltd. General Manager of Universal Textile Co., LTD.	Director and General Manager of Universal Textile Co., LTD. Director of Cai Fa Investment Co., Ltd. Chairman of Wang Ge Investment Co., Ltd. Supervisor of Da Yu Asset Management Co., Ltd. Chairman of Zhao Ju Investment Co., Ltd.	--	--	--
Independent Director	Taiwan	Yang, Wendy (Note 2)	F	40-50	2024/05/28	3 years	2014/06/06	--	--	--	--	--	--	--	--	Boston University School of Law American University Washington College of Law Doctor of Jurisprudence (JD), Washington D.C. Head of the International Department of Lord Law Office Senior Foreign Lawyer of Direction International Patent Trademark & Law Office	Managing Partner and Co-Founder of International Law Offices of Wendy Yang & Partners	--	--	--
Independent Director	Taiwan	Kuo, Ping-Chen (Note 2)	M	50-60	2024/05/28	3 years	2024/05/28	--	--	--	--	--	--	--	--	Doctor of Engineering, National Tsing Hua University Associate Director of Business Performance and Digital Transformation, KPMG Advisory Services Co., Ltd.	Industry-Academia Director, Taiwan AI Academy Independent director of Iscom Online International Information Inc.	--	--	--

Title	Nationality or place of Registration	Name	Gender	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	Kuan, Hsu-Chiang (Note 2)	M	40-50	2024/05/28	3 years	2024/05/28	--	--	--	--	--	--	--	--	Doctor of Chemical Engineering, National Tsing Hua University Adjunct Associate Professor, University of South Australia Reviewer, Industrial Development Administration, Ministry of Economic Affairs, Taiwan Supervisor of Taiwan Plastics Industry Association Director of Taiwan Precision Machinery and Mold Strategy Alliance	Associate Professor/Chair, Department of Chemical Engineering and Materials Engineering, Southern Taiwan University of Science and Technology.	--	--	--

Note 1: The Chairman, Hsu, Ming-Hsuan, is also the Director 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., Sun Ocean Vietnam Co., Ltd., and Ching Feng Singapore Pte. Ltd.

Note 2: The company conducted a full re-election of the Board of Directors on May 28, 2024. As the terms of Director Wu, Chien-Tung and Independent Directors Chuang, Yao-Kai, Lai, Chun-Yu, and Lee, Chun-Te expired, Director Jichen Investment Co., Ltd., representative: Yang, Jen-Kai, and Independent Directors Yang, Wendy, Kuo, Ping-Chen, and Kuan, Hsu-Chiang assumed office after the re-election.

(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%.
Jichen Investment Co., Ltd.	Yu, Ya-Ting 100%

(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 Chairman 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 blinds and shades manufacturing, chemistry, and factory management, he is a senior manager of the company. He is currently serving as the Chairman 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. Representative: Chen, Chun-Chung	Certified Public Accountant, with expertise in financial accounting, business management, leadership and decision-making, communication and coordination, crisis management, and risk 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
Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai	With over five years of work experience with expertise in economics, finance, and law, as well as strong leadership, decision-making, crisis management skills, and an international market perspective. In addition to overseeing the Company's internal controls, financial information, and managerial compensation matters, also provides timely advice on risk management, legal strategy and compliance, and management decision-making.		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
Yang, Wendy	With over five years of work experience and expertise in economics, finance, and law, as well as strong leadership, decision-making, and crisis management capabilities, combined with an international market perspective, this independent director not only oversees the company's internal controls, financial information, and executive compensation matters, but is also able to provide timely advice on risk management, legal strategy/compliance, and management decisions.		0
Kuo, Ping-Chen	With over five years of work experience and professional expertise in business management and materials engineering, this independent director's knowledge enhances the effectiveness of corporate governance and strengthens the supervisory function of the Audit Committee.		1
Kuan, Hsu-Chiang	With over five years of work experience and extensive industry knowledge and practical experience in the field of chemical engineering, this individual, with a strong academic and professional background, is able to provide the company with timely professional advice on production and R&D technologies.		0

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 "Corporate Governance Best Practice Principles" 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 2024 Annual General Meeting of Shareholders (May 28, 2024). 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 Corporate Governance Best Practice Principles has been implemented.

3 directors possess industrial experience; 3 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.	Female director: 1	V	
(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.	Director concurrently serving as a manager: 1	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 already achieved, but also continues to promote diversity. In the 10th board election, one female director was elected, fulfilling the company's management objectives.

Reason for Not Reaching One-Third Board Representation by Either Gender and Improvement Measures

In accordance with the Company's Articles of Incorporation, 7 directors were appointed. The 10th Board of Directors was elected at the Annual General Shareholders' Meeting on May 28, 2024. The board members come from various industries and academia, each possessing professional expertise and work experience in areas such as business management, finance and accounting, technology, international markets, decision-making and leadership, law, and intellectual property.

To strengthen board diversity, the Company has added one female director in the 10th Board. As a long-term goal, the Company aims to have no less than one-third of board seats held by directors of a different gender.

1. Reason:

In accordance with the Articles of Incorporation, the Company has seven board seats. While the 10th Board of Directors, elected on May 28, 2024, includes 1 female director—which complies with relevant legal requirements—it does not reach one-third representation. This is mainly due to the nature of the Company's industry, where professionals with the required industrial expertise are predominantly male, making it difficult to identify suitable candidates in the short term.

2. Improvement Measures:

The Company continuously monitors and identifies industry-related professionals and actively seeks talent recommendations through various channels, such as industry organizations and academia. The goal is to achieve at least one-third board representation by directors of different genders, thereby enhancing corporate governance and implementing the board diversity policy.

2. General Manager, Vice Presidents, Assistant Managers, Department Heads, and Branch Heads

March 22, 2025 Unit: Share

Title	Nationality	Name	Gender	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	
General Manager	Taiwan	Hsu, Chun-Jan	M	30-40	2014/12/01	6,548,500	3.68	191,411	0.11	3,362,844	1.89	Dept. of Economics; National Chung Cheng University Vice President, Business Dept., Ching Feng Home Fashions Co., Ltd.	Chairman of REGAL ESTATE (USA) INC. General Manager of Grandtop Decorative Product (Zhenjing) Co., Ltd. Chairman of Fu Yue Window Decoration Technology Zhenjiang Co., Ltd. Director of CHING FENG SINGAPORE PTE. LTD.	--	--	--	--
Vice President	Taiwan	Teng, Chun-Lung (Note 1)	M	50-60	2019/03/29	--	--	--	--	--	--	Dept. of Mechanical Engineering Nanya Institute of Technology Vice President of Beautiful Window Group	--	--	--	--	--
Vice President	Taiwan	Kuan, Yu-Hua (Note 2)	M	60-70	2019/10/14	--	--	--	--	--	--	Dept. of Communication Management, Shih Hsin University Cistron International Co., Ltd. – General Manager Chiu Long construction – Vice President Target International Innovation-General Manager	--	--	--	--	--
Vice President	Taiwan	Chen, Po-Hung	M	30-40	2021/10/07	206,000	0.12	--	--	--	--	Dept. of Economics, National Chung Cheng University. Manager of Ching Feng Home Fashions, Vietnam.	General Manager of Sun Ocean Vietnam Co., Ltd. General Manager of Ching Feng Vietnam Company Ltd.	--	--	--	--

Title	Nationality	Name	Gender	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	
Vice President and Financial Accounting Supervisor and Corporate Governance Officer	Taiwan	Chang, Chun-Ming	M	50-60	2021/10/07	156,730	0.09	--	--	--	--	Dept. of Accounting and Information Technology, National Chung Cheng University Graduate Institute of Management, Tunghai University Cheng Shin Rubber-Audit Manager Orange Electronics-Vice President, Finance Director and Spokesperson	Director of Chain Yarn Co, LTD.	--	--	--	--
Vice President and Director of R&D	Taiwan	Wang, Tun-Cheng	M	50-60	2021/10/07	156,730	0.09	--	--	--	--	Institute of Applied Chemistry, Chiao Tung University Guangxi Honghua Biological Industry-Acting General Manager Zhejiang Chinese Group-Vice President Zhejiang Lofan Enterprise-General Manager Geometric Informatics Technology, Inc. Beijing Branch-General Manager Huiyang Venture-Special Assistant to the Chairman Singapore E T Associates-China Chief Representative Oriental Good Life Management Service-Vice President 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	--	--	--	--	

Title	Nationality	Name	Gender	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	
Assistant Manager	Taiwan	Lai, Hsin-Chieh	F	40-50	2024/07/18	40,000	0.02	--	--	--	--	Graduated from Institute of Business Administration, National Dong Hwa University Manager of Ching Feng Home Fashions, Vietnam.	--	--	--	--	--
Accounting Supervisor	Taiwan	Yen, Hwei-Ru	F	30-40	2023/09/01	21,000	0.01	--	--	--	--	Dept. of Accounting, Tunghai University KPMG Taiwan-Supervisor of Audit Dept. Optorun Taiwan Co., Ltd.-Supervisor of Management Dept.	--	--	--	--	--

Note 1: On July 18, 2024, the Board of Directors approved the reassignment of Vice President Teng, Chun-Lung to Special Assistant to General Manager, and the original Special Assistant to General Manager, Lai, Hsin-Chieh, was promoted to Assistant Manager.

Note 2: The Vice President Kuan, Yu-Hua retired in December 2024.

3. Compensation of Directors, General Manager and Vice Presidents

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	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only		Consolidated		Parent only	Consolidated	
																Cash	Shares	Cash	Shares				
1	Chairman	Hsu, Ming-Hsuan	6,217	6,217	--	--	686	686	20	20	1.67	1.67	--	--	--	--	--	--	--	--	1.67	1.67	--
2	Director	Hsu, Chun-Jan	430	430	--	--	686	686	12	12	0.27	0.27	4,768	5,143	108	108	1,000	--	1,000	--	1.69	1.78	--
3	Director	Wu, Chien-Tung (Note)	150	150	--	--	206	206	8	8	0.09	0.09	--	--	--	--	--	--	--	--	0.09	0.09	--
4	Director	Lee Bang Shing Investment Represented by Chen, Chun-Chung.	430	430	--	--	686	686	20	20	0.27	0.27	--	--	--	--	--	--	--	--	0.27	0.27	--
5	Independent Director	Chuang, Yao-Kai (Note)	150	150	--	--	206	206	28	28	0.09	0.09	--	--	--	--	--	--	--	--	0.09	0.09	--
6	Independent Director	Lai, Chun-Yu (Note)	150	150	--	--	206	206	28	28	0.09	0.09	--	--	--	--	--	--	--	--	0.09	0.09	--
7	Independent Director	Lee, Chun-Te (Note)	150	150	--	--	206	206	22	22	0.09	0.09	--	--	--	--	--	--	--	--	0.09	0.09	--
8	Director	Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai (Note)	280	280	--	--	480	480	8	8	0.18	0.18	--	--	--	--	--	--	--	--	0.18	0.18	--
9	Independent Director	Yang, Wendy (Note)	280	280	--	--	480	480	36	36	0.19	0.19	--	--	--	--	--	--	--	--	0.19	0.19	--
10	Independent Director	Kuo, Ping-Chen (Note)	280	280	--	--	480	480	38	38	0.19	0.19	--	--	--	--	--	--	--	--	0.19	0.19	--
11	Independent Director	Kuan, Hsu-Chiang (Note)	280	280	--	--	480	480	38	38	0.19	0.19	--	--	--	--	--	--	--	--	0.19	0.19	--

Note: The company conducted a full re-election of the Board of Directors on May 28, 2024. As the terms of Director Wu, Chien-Tung and Independent Directors Chuang, Yao-Kai, Lai, Chun-Yu, and Lee, Chun-Te expired, Director Jichen Investment Co., Ltd., representative: Yang, Jen-Kai, and Independent Directors Yang, Wendy, Kuo, Ping-Chen, and Kuan, Hsu-Chiang assumed office after the re-election.

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	Parent only	Consolidated
Less than NT\$1,000,000	3、5~11	3、5~11	3、5~11	3、5~11
Less than NT\$1,000,000	2、4	2、4	4	4
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	11	11	11	11

Note: Indicated by the number of each director.

2) Compensation of General Manager, Vice Presidents

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) & 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	Shares	Cash	Shares			
1	General Manager	Hsu, Chun-Jan	8,030	10,216	545	567	10,090	10,090	1,914	--	1,914	--	4.95	5.48	--
2	Vice President	Teng, Chun-Lung (Note 1)													
3	Vice President	Chang, Chun-Ming													
4	Vice President	Wang, Tun-Cheng													
5	Vice President	Chen, Po-Hung													
6	Vice President	Kuan, Yu-Hua (Note 2)													

Note 1: On July 18, 2024, the Board of Directors approved the reassignment of Vice President Teng, Chun-Lung to Special Assistant to General Manager.

Note 2: The Vice President Kuan, Yu-Hua retired in December 2024.

Range of Compensation of General Manager, Vice Presidents and Managers

Range of Compensation to General Manager and Managers	Name of General Manager and Managers	
	Parent only	Consolidated
Less than NT\$1,000,000	6	6
NT\$1,000,000(inclusive)~ NT\$2,000,000(exclusive)	--	--
NT\$2,000,000(inclusive)~NT\$3,500,000(exclusive)	2	2
NT\$3,500,000(inclusive)~NT\$5,000,000(exclusive)	3、4、5	3、4、5
NT\$5,000,000(inclusive)~NT\$10,000,000(exclusive)	1	1
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	6	6

3) Managers Who Receive Compensation as a Concurrent Employee

	Title	Name	Share	Cash	Total	Ratio of Compensation to Net Profit (%)
Managers	General Manager	Hsu, Chun-Jan	--	2,217	2,217	0.53
	Vice President	Chang, Chun-Ming				
	Vice President	Wang, Tun-Cheng				
	Vice President	Chen, Po-Hung				
	Assistant Manager	Chang, Chih-Ming				
	Assistant Manager	Lai, Hsin-Chieh				
	Accounting Supervisor	Yen, Huei-Ru				

4. Compensation of the Top Five Highest-Paid Executive Officers of the Company

Unit: NTS1,000

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) & 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	General Manager	Hsu, Chun-Jan	2,602	2,977	108	108	2,166	2,166	1,000	--	1,000	--	1.41	1.50	--
2	Vice President	Kuan, Yu-Hua (Note)	1,139	1,652	103	103	1,634	1,634	--	--	--	--	0.69	0.82	--
3	Vice President	Chang, Chun-Ming	1,519	1,519	95	95	1,965	1,965	296	--	296	--	0.93	0.93	--
4	Vice President	Wang, Tun-Cheng	1,339	1,339	96	96	1,852	1,852	248	--	248	--	0.85	0.85	--
5	Vice President	Chen, Po-Hung	822	2,120	106	128	2,228	2,228	370	--	370	--	0.85	1.17	--

Note : The Vice President Kuan, Yu-Hua retired in December 2024.

5. 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, General Manager and Vice Presidents 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 and future risks.

1) 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, General Manager and Vice Presidents in the last two years to the net profit of each company

Unit: NT\$1,000

Title	2023				2024			
	Total		Ratio of Compensation to Net Profit (%)		Total		Ratio of Compensation to Net Profit (%)	
	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated	Parent only	Consolidated
Director	13,280	13,648	12.77	13.12	19,733	20,108	4.75	4.84
General Manager & Vice President	16,760	18,682	16.11	17.96	20,579	22,787	4.95	5.48

Note: The ratio of total remuneration paid to directors, the General Manager, and Vice President to the net income after tax in 2024 decreased compared to 2023, primarily due to an increase in net income after tax in 2024.

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.

In accordance with the " Self-Evaluation or Peer Evaluation of the Board of Directors," the Company conducts performance evaluations of the Board of Directors and its members at the end of each fiscal year. The evaluation covers six key aspects: understanding of the Company's goals and missions, awareness of directors' responsibilities, level of participation in the Company's operations, internal relationship management and communication, directors' professionalism and continuing education, and internal controls. The results of the annual performance evaluation are submitted to the Compensation Committee as a reference for determining directors' compensation. The reasonableness of the performance assessments and related remuneration is reviewed and approved by both the Compensation Committee and the Board of Directors.

The remuneration of the General Manager and Vice President 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 2 – CORPORATE GOVERNANCE

1. The Board of Directors

Board Meeting Attendance of Directors in the Most Recent Year (2024)

The 9th Board of Directors held 4 meetings, and the 10th Board of Directors held 7 meetings, 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	11	0	100.00	Re-elected on May 28, 2024
Director	Hsu, Chun-Jan	9	1	81.82	
Director	Lee Bang Shing Investment Co. Represented by: Chen, Chun-Chung	11	0	100.00	
Director	Wu, Chien-Tung	4	0	100.00	Term expired on May 28, 2024
Independent Director	Chuang, Yao-Kai	4	0	100.00	
Independent Director	Lai, Chun-Yu	4	0	100.00	
Independent Director	Lee, Chun-Te	3	0	75.00	
Director	Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai	7	0	100.00	Assumed office on May 28, 2024
Independent Director	Yang, Wendy	7	0	100.00	
Independent Director	Kuo, Ping-Chen	7	0	100.00	
Independent Director	Kuan, Hsu-Chiang	7	0	100.00	

Other Disclosures

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 directors
2024/01/19 20 th Session of the 9 th Board of Directors	A loan of USD 1 million was provided to the overseas subsidiary, Sun Ocean Vietnam Co., Ltd.	V	
	Case of Reclassifying Overdue Accounts Receivable as a Loan in Nature	V	
	Resolution of Independent Directors (2024/01/19): 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 directors
2024/08/08 3 rd Session of the 10 th Board of Directors.	Proposal for the Amendment of the Company's "Rules of Procedure for Board of Directors Meetings"	V	
	Proposal for the Issuance of the 3 rd Domestic Unsecured Convertible Corporate Bonds with a Total Principal Amount of NT\$300 Million	V	
	Proposal for a Capital Increase through the Issuance of 4,000,000 New Shares for Cash	V	
	Resolution of Independent Directors (2024/08/08): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2024/09/27 4 th Session of the 10 th Board of Directors.	A loan was provided to the overseas subsidiary, Fu Vietnam Company Limited.	V	
	Capital Increase Proposal for Ching Feng Vietnam Company Limited	V	
	Proposal for Providing an Endorsement and Guarantee for the Overseas Subsidiary, Ching Feng Vietnam Company Limited.	V	
	Resolution of Independent Directors (2024/09/27): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2024/11/07 5 th Session of the 10 th Board of Directors.	Proposal for the 2025 Audit Plan	V	
	Proposal for Establishing the Company's Internal Control System: "Sustainability Information Management"	V	
	Resolution of Independent Directors (2024/11/07): 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:

- (1) On January 19, 2024, when the proposal for compensation of chairman and managers were discussed, directors recused themselves due to conflicts of interest.
- (2) On July 18, 2024, when the proposal for the distribution of directors' remuneration for 2023, as well as the adjustment of compensation for directors and independent 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	2024/01/01 to 2024/12/31	Performance Evaluation Of the Board of Directors	Internal Selfevaluation of the Board of Directors	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 rec

- (1) In 2024, 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 2024:
 - 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 laws and 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 8th Session of meeting of the 10th Board of Directors on February 27, 2025.
- (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 2024 :

- 1) The Audit Committee reviewed financial reports of the company. The board of directors of the company submitted 2023 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 Earnings, they were all approved by the 17th session of 2nd Audit Committee on March 13, 2024, the 21st session of 9th Board of Directors, and 2024 Shareholders' Meeting held on May 28, 2024.
- 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 2024 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 6th Audit Committee of the 3rd term (2025.2.27), it was subsequently presented to and resolved by the 8th meeting of the 10th Board of Directors (2025.2.27) and the "Internal Control System Statement" for 2024 was issued.

The Audit Committee convened 6 meetings in fiscal year 2024, 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	3	0	100.00	Audit Committee of the 2nd term Term expired on May 28, 2024
Member	Lai, Chun-Yu	3	0	100.00	
Member	Lee, Chun-Te	3	0	100.00	
Convener	Yang, Wendy	3	0	100.00	Audit Committee of the 3rd term Assumed office on May 28, 2024
Member	Kuo, Ping-Chen	3	0	100.00	
Member	Kuan, Hsu-Chiang	3	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 directors
2024/01/19 16 th Session of the 2 nd Audit Committee	Proposal for Loans to Overseas Subsidiary.	V	
	Case of Reclassifying Overdue Accounts Receivable as a Loan in Nature.	V	
	Resolution of Independent Directors (2024/01/19): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2024/03/13 17 th Session of the 2 nd Audit Committee	Discussion of financial statements of the 2023.	V	
	Proposal for the 2023 “Assessment of the Effectiveness of the Internal Control System” and the “Statement on Internal Control System”	V	
	Resolution of Independent Directors (2024/03/13): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2024/08/08 1 st Session of the 3 rd Audit Committee	Proposal for the Amendment of the Company’s “Rules of Procedure for Board of Directors Meetings”	V	
	Proposal for the Issuance of the 3rd Domestic Unsecured Convertible Corporate Bonds	V	
	Proposal for a Capital Increase through the Issuance of New Shares for Cash	V	
	Resolution of Independent Directors (2024/08/08): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2024/09/27 2 nd Session of the 3 rd Audit Committee	Proposal for Loans to Overseas Subsidiary.	V	
	Capital increase of overseas subsidiary, Ching Feng Vietnam Company Limited.	V	
	Proposal for Provision of Endorsements and Guarantees for Overseas Subsidiary	V	
	Resolution of Independent Directors (2024/09/27): All the independent directors present agreed to pass the proposals. Response to opinions of independent directors: None		
2024/11/07 3 rd Session of the 3 rd Audit Committee	Proposal for the 2025 Audit Plan	V	
	Proposal for Establishing the Company's Internal Control System: "Sustainability Information Management"	V	
	Resolution of Independent Directors (2024/11/07): 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, all members of the Audit Committee fully expressed their opinions during the meeting.

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 2024 are summarized as follows:

A. Communicaton with internal audit supervisor:

Date	Items communicated	Results
2024/01/19	Report on execution result of internal audit from November to December 2024	No objections.
2024/03/13	Report on execution results of internal audit for January 2024 2023 internal control system self-assessment and statement on internal control system	No objections. Approved as proposed
2024/05/09	Report on execution results of internal audit from February to March 2024	No objections.
2024/08/08	Report on execution results of internal audit from April to June 2024 Follow-up Report on Internal Audit Deficiencies for the Year 2024	No objections.
2024/09/27	Report on execution results of internal audit from July to August 2024	No objections.
2024/11/07	Report on execution results of internal audit for September 2024 2025 Audit Plan Establishing the Company's Internal Control System: "Sustainability Information Management"	No objections. Approved as proposed
2024/12/06	Execution results of internal audit for October 2024 To propose 2024 internal control plan. Follow-up Report on Internal Audit Deficiencies for the Year 2024	No objections.

B. Communication with accountants:

Date	Items communicated	Results
2024/03/13	Audit Explanation for the Q4 2023 Financial Report	No objections.
2024/05/09	Audit Explanation for the Q1 2024 Financial Report	No objections.
2024/08/08	Audit Explanation for the Q2 2024 Financial Report	No objections.
2024/11/07	Audit Explanation for the Q3 2024 Financial Report	No objections.

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 " Corporate Governance Best Practice Principles" 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 Best Practice Principles ".	None
2. Shareholding structure & shareholders' rights				None
(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 " Corporate Governance Best Practice Principles ". 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				None
Composition and Responsibilities				None
(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 9 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
<p>(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?</p> <p>(4) Does the Company regularly evaluate the independence of accountants?</p>	<p>✓</p> <p>✓</p>		<p>(3) The Company has established the “Self-Evaluation or Peer Evaluation of the Board of Directors” and has completed the regular performance evaluations for the Board of Directors, the Audit Committee, and the Remuneration Committee for the year 2024. The evaluation results were rated as excellent and were reported to the Board of Directors on February 27, 2025. The company's Remuneration Committee regularly reviews the evaluation about directors' and managers' performance, compensation policies, and criteria.</p> <p>(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 16 January 2025 and submitted to the Board of Directors on 16 January 2025 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.</p>	<p>None</p> <p>None</p>
<p>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.)?</p>	<p>✓</p>		<p>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.</p>	<p>None</p>
<p>5. Has the Company established a communication channel and designated a website section for its stakeholders and to handle all CSR-related issues?</p>	<p>✓</p>		<p>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.</p>	<p>None</p>
<p>6. Does the Company appoint a professional shareholder service agency to handle shareholder meeting affairs?</p>	<p>✓</p>		<p>The Company has changed its stock affairs agent effective March 20, 2025, and has appointed the Stock Affairs Department of Yuanta Securities Co., Ltd. to handle all matters related to the Company's shareholders' meetings.</p>	<p>None</p>

Evaluation Criteria	Yes	No	Status/ Explanation	Deviations and Reasons
<p>7. Information Disclosure</p> <p>(1) Does the Company have a website to disclose all information regarding finances, the business, and corporate governance?</p> <p>(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.)?</p> <p>(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?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>The company has a dedicated person responsible for collecting and disclosing company information.</p> <p>(5) 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.</p> <p>(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".</p>	<p>None</p> <p>None</p> <p>None</p>
<p>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.)?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(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.</p> <p>(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.</p> <p>(3) The Finance Dept. of the company is in charge of deal with shareholder suggestions.</p> <p>(4) The Company has always maintained a good relationship with its suppliers.</p> <p>(5) Stakeholders may communicate and make suggestions to the company in order to safeguard rights and interests entitled to them.</p> <p>(6) The directors of the company all have professional background in the industry and work experience with corporate governance.</p> <p>(7) For details regarding the continuing education of the Company's directors, please refer to pages 53-55 of this Annual Report.</p> <p>(8) Develop various internal regulations in accordance with the law, and conduct various risk management and assessments</p> <p>(9) The company maintains a stable and good relationship with customers for the best interests of the company.</p> <p>(10) The company has purchased liability insurance for the directors.</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>

Evaluation Criteria	Yes	No	Status/ Explanation	Deviations and Reasons
<p>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.</p> <p>(1) In the 2023 Corporate Governance Evaluation, the Company was ranked in the 66% to 80% range. The Company has reviewed the items for which no points were awarded and, with reference to the 2024 Corporate Governance Evaluation Guidelines, has taken steps to enhance information disclosure in order to strengthen corporate governance. In addition, the Company has formulated improvement plans to progressively address and enhance the indicators for which no points were received. The improvement measures are as follows:</p> <p>a. 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. In addition, the Company has enhanced disclosures in its annual report, sustainability report, and on the Market Observation Post System (MOPS).</p> <p>b. 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.</p>				

Note 1: Diversity of board members

Core Items Name of Directors	Basic conditions with value		Major background	Professional Knowledge and Skills							
	Gender	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
Chen, Chun-Chung (Lee Bang Shing Investment)	M	Taiwan	Accounting	V	V	V	V	V	V	V	V
Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai	M	Taiwan	Business Administration	V	V	V	V	V	V	V	V
Yang, Wendy	F	Taiwan	Law	V	V	V	V		V	V	V
Kuo, Ping-Chen	M	Taiwan	Technology Management	V	V	V	V		V	V	V
Kuan, Hsu-Chiang	M	Taiwan	Chemical Engineering	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: Vice President, 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. 3 sessions of investor conference were held in 2024 4. The Company made a total of 66 material information disclosures in Chinese.
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: Vice President, 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. Keep handling the employee stock ownership trust during the year 2024. 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: (Spokesperson) General Manager, 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 and quality management; Production technology	Supplier Evaluation, assessment and counseling Promote e-Procurement Contact person Assistant Manager, Mr. Chang prch@chingfeng.com	1. Conduct risk assessment and on-site evaluation for key suppliers. 2. A total of 82 suppliers signed the agreement in 2024, accounting for 45% of all qualified suppliers. Regular audits are conducted on suppliers, covering areas such as social responsibility requirements and anti-terrorism assessments, with a 100% compliance rate.

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. Contact person: Vice President, Mr. Wang management@chingfeng.com	<ol style="list-style-type: none"> 1. There is no violation of the Air Pollution Control Act and the Waste Disposal Act and any incident that will affect the community. 2. Participate in joint defense, increase disaster prevention exchanges between companies, and prevent disasters from affecting the environment and safety. 3. 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; Organize care and Participate in environmental conservation activities in neighboring communities. Contact person: Vice President, Mr. Wang management@chingfeng.com	<ol style="list-style-type: none"> 1. 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. 2. Sponsored neighbourhood community activities and provided warm winter blankets. 3. Through internal charity sale events, the Company donated stationery supplies to elementary schools located in remote mountainous areas. 4. The Company organized a beach cleanup activity themed "Cherish the Coast, Protect the Blue Planet" to promote environmental awareness and marine conservation.
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. Participated in the "Industrial Water Efficiency Improvement Program" Participated in the "Environmental Footprint and Resource Sustainability Promotion Program for the Manufacturing Industry" Contact person: Vice President, Mr. Wang management@chingfeng.com	<ol style="list-style-type: none"> 1. Regular and irregular announcements at the "Market Observation Post System" 2. 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	Yang, Wendy	<p>(1) Juris Doctor, Washington College of Law, American University, Washington, D.C., USA School of Law, Boston University (Private University)</p> <p>(2) Currently serves as an Independent Director of the Company, a member of the Audit Committee and the Remuneration Committee, and also as the Managing Partner and Founding Partner of the International Law Offices of Wendy Yang & Partners.</p> <p>(3) Possesses over five years of experience with expertise in economics, finance, and law. Demonstrates strong leadership, decision-making, and crisis management skills, along with a global market perspective. Diligently fulfills the responsibilities of an independent director by overseeing internal control, financial reporting, and executive compensation matters. Provides timely advice on risk management, legal strategy/compliance, and management decisions for the Company.</p>	<p>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".</p> <p>They, their spouses, and relatives within two generations have not served as directors, supervisors, or employees of the company or its relationship;</p>	0
Independent Director	Kuo, Ping-Chen	<p>(1) Ph.D. in Engineering, National Tsing Hua University Master's in Technology Management, National Chengchi University Master's in Materials Science and Engineering, National Chiao Tung University</p> <p>(2) Currently serves as an Independent Director of the Company, a member of the Audit Committee and the Remuneration Committee, and the Industry-Academia Director of Taiwan AI Academy.</p> <p>(3) Possesses over five years of experience and professional expertise in business management and materials engineering. His qualifications contribute to enhancing the effectiveness of corporate governance and the supervisory functions of the Audit Committee.</p>	<p>They, their spouses, and relatives within two generations (or in the name of others) do not hold shares in the company;</p> <p>They have not serving as a director, supervisor or employee of a company with a specific relationship with the company;</p> <p>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.</p>	1
Independent Director	Kuan, Hsu-Chiang	<p>(1) Ph.D. in Chemical Engineering, National Tsing Hua University</p> <p>(2) Currently serves as an Independent Director of the Company, a member of the Audit Committee and the Remuneration Committee, and as an Associate Professor and concurrently the Chair of the Department of Chemical and Materials Engineering at Southern Taiwan University of Science and Technology.</p> <p>(3) Possesses over five years of experience, with extensive industrial knowledge and practical expertise in the field of chemical engineering. With a strong academic and industry background, he is able to provide professional advice on the Company's production and R&D technologies when needed.</p>	<p>They, their spouses, and relatives within two generations (or in the name of others) do not hold shares in the company;</p> <p>They have not serving as a director, supervisor or employee of a company with a specific relationship with the company;</p> <p>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.</p>	0

2) Information on the operation of the Remuneration Committee

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

(2) The term of office: June 27, 2024 to May 27, 2027. The Remuneration Committee held five meetings (A) in 2024, 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	2	0	100.00%	The 5 th term of the Remuneration Committee Term expire on May 28, 2024.
Member	Chuang, Yao-Kai	2	0	100.00%	
Member	Lee, Chun-Te	2	0	100.00%	
Convener	Yang, Wendy	3	0	100.00%	The 6 th term of the Remuneration Committee Assumed office on June 27, 2024.
Member	Kuo, Ping-Chen	3	0	100.00%	
Member	Kuan, Hsu-Chiang	3	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 2024:

Date/Session	Proposal	Results
The 8 th Session of the 5 th Remuneration Committee January 19, 2024	1. Year-end bonuses for the General Manager and managers 2. Amendments to the Regulations Governing the Transfer of Repurchased Shares to Employees	Reviewed and approved. Submitted to the Board of Directors for approval.
The 9 th Session of the 5 th Remuneration Committee March 13, 2024	1. 2023 compensation to employees and directors.	Reviewed and approved. Submitted to the Board of Directors for approval.
The 1 st Session of the 6 th Remuneration Committee July 18, 2024	1. Payment of 2023 Directors' Remuneration. 2. Adjustment of Compensation for Independent Directors, Directors, and the Chairman. 3. Promotion and Position Adjustment of Managers	Reviewed and approved. Submitted to the Board of Directors for approval.
The 2 nd Session of the 6 th Remuneration Committee September 27, 2024	Allocation of Employee Subscriptions for Cash Capital Increase	Reviewed and approved. Submitted to the Board of Directors for approval.
The 3 rd Session of the 6 th Remuneration Committee December 6, 2024	1. Transfer of Treasury Shares to Employees 2. Incentive Bonuses for Employees Subscribing to Treasury Shares	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
<p>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 manager to handle it, and supervised it?</p>	✓		<p>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.</p> <p>The Committee has established four major working groups and a dedicated sustainability project office, covering the areas of Environmental Protection, Occupational Safety and Health; Employee Relations and Social Engagement; Corporate Governance; and Product and Service Responsibility.</p> <p>Working group meetings are held regularly, convened by the General Manager, who serves as the coordinator. Senior executives serve as team leaders, coordinating members from functional departments across plants. In accordance with the principle of materiality, the working groups jointly promote the assessment of risks and internal management related to environmental, social, and governance (ESG) issues associated with the Company's operations, and propose corresponding action plans and objectives.</p> <p>The Committee is committed to advancing corporate sustainability responsibilities and enhancing corporate governance in pursuit of sustainable operations. Its responsibilities include:</p> <ol style="list-style-type: none"> 1. Formulating the direction and goals of corporate social responsibility (CSR) and sustainability, and developing relevant management policies and concrete implementation plans. 2. Promoting and implementing group-wide efforts in integrity management and risk control. 3. Tracking, reviewing, and revising the implementation and effectiveness of corporate sustainability initiatives. 4. Handling other matters as resolved by the Board of Directors. <p>The Company's Board of Directors receives quarterly reports from the management team, including updates on ESG matters. The management proposes corporate strategies to the Board, which evaluates their feasibility, regularly reviews progress, and urges necessary adjustments when needed.</p>	No significant difference.

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
<p>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?</p>	✓		<p>The Company's Risk Management Committee is convened by the General Manager and is responsible for overseeing and directing the promotion and operation of the Company's risk management program. Each department is tasked with implementing risk management measures relevant to its business operations. The results and implementation status of risk management are reported to the Board of Directors on an ad hoc basis to ensure effective oversight and execution of the risk management mechanism.</p> <p>The Internal Audit Office is responsible for evaluating the effectiveness of the risk management process and providing appropriate and effective recommendations to ensure that risk management activities are properly executed and monitored.</p> <p>Under the guidance of the Risk Management Policy, the Company has established communication channels to engage in timely risk communication and consultation with internal and external stakeholders, ensuring the continued relevance and effectiveness of risk management practices.</p> <p>The Company also actively cultivates a culture of risk management and enhances employees' risk awareness to ensure comprehensive implementation across the organization. Based on risk assessments, the Company formulates corresponding risk management policies and strategies as follows:</p> <p>1. Environmental issues:</p> <p>1) Environmentally friendly products:</p> <p style="padding-left: 20px;">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.</p> <p>2) Greenhouse gas management:</p> <p style="padding-left: 20px;">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.</p> <p>3) Energy management:</p> <p style="padding-left: 20px;">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.</p>	No significant difference

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
			<p>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.</p> <p>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.</p> <p>2. Social issues:</p> <p>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.2)</p> <p>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.</p> <p>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.</p> <p>4) Social participation: The company establishes a sustainable business by promoting industry-university cooperation and exchanges, humanistic care, environmental protection, and good neighborliness.</p> <p>3. Corporate governance issues:</p> <p>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.</p> <p>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.</p>	

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
			<p>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.</p> <p>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.</p> <p>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.</p>	
<p>3. Environmental issues:</p> <p>1) Has the company difference established a suitable environmental management system according to its industrial characteristics?</p> <p>2) Is the company committed to Improving energy efficiency and using recycled materials with low impact on the environment?</p> <p>3) Does the company assess the current and future potential risks of climate change, and take countermeasures for the issue?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>1 Implement energy saving and carbon reduction activities: Accent lighting, paper reduction, zoning of air conditioning, etc.</p> <p>2 The Company integrates its Environmental Management System with the Occupational Safety and Health System, establishes an Environmental, Health and Safety (EHS) Policy, and conducts regular EHS training to build a safe and healthy working environment.</p> <p>1 The Company strictly implements resource recycling and waste classification at its operational sites, reduces waste generation, and uses recycled paper.</p> <p>2 The Company utilizes recycled materials in its products. In addition, the R&D department continues to develop products made with environmentally friendly materials. The Company actively supports the Recycled Claim Standard (RCS) and has obtained certification. In 2024, 18.42% of the Company's shipped products were compliant with RCS standards.</p> <p>The Company identifies potential risks and opportunities associated with climate change based on its business scope, manufacturing activities, and plant locations. In reference to international sustainability and climate-related initiatives, as well as domestic environmental sustainability regulations, the Company has established corresponding response measures and management policies. These efforts aim to enhance the Company's ability to respond to unforeseen climate risks and opportunities, thereby strengthening the resilience of its sustainable operations.</p>	<p>No significant difference</p> <p>No significant difference</p> <p>No significant difference</p>

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons												
<p>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?</p>	✓		<p>The Company records its annual water consumption and total waste generation in Taiwan, and sets yearly targets for reduction and waste minimization. Based on these targets, the Company formulates concrete implementation policies and action plans, and conducts review and analysis of the previous year's performance at the beginning of each year.</p> <p>As part of its commitment to a low-carbon society, the Company actively works to reduce its greenhouse gas (GHG) emissions. The Company conducts GHG inventories in Taiwan, covering Scope 1 (direct emissions), Scope 2 (energy indirect emissions), and Scope 3 (other indirect emissions).</p> <p>1. The Company completed its 2023 GHG inventory in the third quarter of 2024, which was verified by SGS Taiwan Ltd. The verification statement has been published on the Company's official website. The results of the 2024 GHG inventory will also be disclosed on the Company's website upon completion.</p> <p>2. Water consumption in the past two years:</p> <table border="1" data-bbox="742 1019 1257 1151"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>13,684 Cms</td> <td>13,914 Cms</td> </tr> </tbody> </table> <p>3. Total weight of waste in the past two years:</p> <table border="1" data-bbox="742 1218 1257 1350"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Total weight of waste</td> <td>151 Ton</td> <td>345 Ton</td> </tr> </tbody> </table>	Item	2024	2023	Water consumption	13,684 Cms	13,914 Cms	Item	2024	2023	Total weight of waste	151 Ton	345 Ton	No significant difference
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<p>4. Social issues: 1) Has the company established relevant management policies and procedures in accordance with relevant laws and International Human Rights Conventions?</p>	✓		<p>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:</p> <p>(1) Provide employees with reasonable salary and bonus.</p> <p>(2) Hold employee education and training.</p> <p>(3) Implement the insurance plan and leave management.</p> <p>(4) Allocate pension according to law.</p> <p>(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.</p>	No significant difference												

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
<p>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?</p>	✓		<p>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.</p> <p>The Company treats its employees with integrity and fosters a relationship of mutual trust and reliance through a comprehensive and stable employee benefits system, as well as robust training and development programs.</p> <p>Although the Company does not have a labor union, it has maintained harmonious labor relations over the years. Employees demonstrate strong team spirit and a high degree of loyalty, fully supporting the Company's decisions and contributing to a cooperative and harmonious work environment.</p> <p>The Company has established an Employee Welfare Committee. In collaboration with the Administration Department, the Committee promotes various welfare measures. Additionally, the Company established an Employee Stock Ownership Association in August 2023 and launched an employee stock ownership trust program. Under this plan, both the Company and participating employees contribute fixed amounts to a dedicated trust account. This initiative not only helps retain talent but also supports employees in accumulating wealth and planning for retirement.</p>	No significant difference
<p>3) Does the company provide employees with a safe and healthy working environment, and provide employees with regular safety and health education?</p>	✓		<p>The Company, in collaboration with labor representatives, has established an occupational safety and health (OSH) policy, which has been approved by the Chairman and duly implemented. This policy aims to safeguard the health and safety of all employees and contractors, prevent occupational accidents, and achieve the goal of zero major occupational incidents. The Company actively promotes health and safety initiatives in the workplace.</p> <p>In compliance with environmental, safety, and health (ESH) regulations, all new employees are required to complete the necessary OSH training on their first day of work. Annual OSH training courses are planned and executed, achieving a 100% training completion rate and 96% employee participation.</p>	No significant difference

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
			<p>To effectively implement health and safety management activities and enhance environmental, health, and safety (EHS) performance, the Company has established a Health and Safety Management System in accordance with the ISO 45001 standard. By adopting the "PDCA" (Plan-Do-Check-Act) methodology, the Company comprehensively considers both internal and external factors to define the system's boundaries and applicability, covering accountability, organizational units, physical boundaries, company activities, products and services, as well as the extent of control and influence exercised by the Company. Continuous monitoring and annual improvements are conducted to ensure the ongoing effectiveness of the system.</p> <p>The Company is committed to creating a safe and comfortable working environment, recognizing employee health as a key factor in sustainable development. Specific initiatives include:</p> <ol style="list-style-type: none"> 1. Environmental Safety and Protection: The Company conducts semi-annual environmental monitoring of designated work areas in accordance with applicable laws and internal standards. Potential hazards are identified and preventative measures taken. Personal protective equipment (PPE) is regularly distributed to employees in relevant work zones to reduce occupational exposure risks and ensure workplace safety. 2. Emergency Response and Safety Training: <ul style="list-style-type: none"> ● Fire safety training and emergency drills are held semi-annually to enhance employee preparedness for disaster response, evacuation procedures, and safety protocols. ● Drill outcomes are reviewed and analyzed to identify improvements and strengthen the effectiveness of emergency response mechanisms. 3. Occupational Safety and Health Education: <ul style="list-style-type: none"> ● All new employees receive OSH training to understand potential workplace risks and safety procedures, thereby enhancing safety awareness. ● Annual refresher OSH training is conducted for all employees to continuously improve their safety knowledge and skills and keep them informed of the latest safety practices. 4. Employee Health Checkups and Management: <ul style="list-style-type: none"> ● In compliance with the Labor Health Protection Act, the Company organizes regular general and special health examinations for employees in designated operations to monitor overall health status. ● Health data is analyzed to identify potential risks early and develop appropriate health initiatives. 	

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
<p>4) Has the company established an Effective career development training plan for employees?</p>	✓		<p>5. On-site Health Services:</p> <ul style="list-style-type: none"> ● The Company engages on-site physicians to provide regular health consultations and guidance. Employees diagnosed with chronic conditions such as hypertension, hyperglycemia, hyperlipidemia, or metabolic syndrome are offered professional health management recommendations and, where necessary, referred for further treatment with follow-up support. <p>6. Mental Health and Wellness Promotion:</p> <ul style="list-style-type: none"> ● Annual surveys using psychosocial, ergonomic, and mental health questionnaires are conducted to assess employee stress and workplace adaptation, followed by on-site counseling services. ● Diverse health seminars are held regularly, covering topics such as workplace relaxation techniques, eye care, stress management, emotional well-being, metabolic syndrome, and prevention of chronic diseases like the "three highs" (high blood pressure, blood sugar, and lipids). ● The Company provides access to recreational sports facilities and organizes activities such as pickleball competitions and group fitness sessions to promote physical and mental wellness and enhance work productivity. <p>Employee training and development is a fundamental benefit provided by the Company. We encourage all employees to "learn through work and work through learning," aiming to enhance personal competencies, improve job skills, strengthen team performance, and support the Group's long-term goals of "sustainable, stable, progressive, technological, and international" growth.</p> <p>In accordance with the "Employee Training and Development Regulations," the Company offers the following main training programs:</p> <ol style="list-style-type: none"> 1. Technical Development Committees Through cross-functional integration led by the Technical Development Committees, employees are assigned to different committees based on their job functions and professional expertise. These committees introduce the latest knowledge and technologies in each professional field, promote technical exchanges, and establish a comprehensive professional training framework for employees. 2. Management Skills Development Tailored training programs are designed to meet the management needs of various leadership levels within the Company. These programs adopt a flexible and diverse approach to cultivate management capabilities among employees. 	

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
<p>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?</p>	✓		<p>3. New Generation Leadership Program The Company conducts an annual recruitment drive to identify and nurture outstanding young talents who have completed their military service. The program begins with a foundation course in general knowledge, followed by hands-on training at manufacturing sites supplemented with professional technical briefings. This comprehensive approach enables participants to understand the Group’s overall development, gain insights into production functions and systems, and rapidly grow into skilled professionals with lean technical expertise and international operational capabilities.</p> <p>The company's products are designed and manufactured in accordance with the latest "Blinds 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.</p> <p>The Company is actively engaged in the research and development of products utilizing environmentally friendly recycled materials. We continuously enhance the structural integrity and safety of various blinds and shades products while adopting non-toxic, safe, and eco-friendly recycled materials. Additionally, we are introducing motorized and smart features into our blinds and shades products to meet the growing demands of the smart home market.</p> <p>To address risks and hazards associated with chemical substances in our products, the Company follows the IKEA I-way protocol, conducting regular self-assessments and reporting to customers. We also undergo annual customer audits and consistently meet customer evaluation standards.</p> <p>Customer information management and privacy protection are critical issues in business operations. In recent years, the Company has implemented robust information security risk management practices and prioritized customer privacy. Our information risk management framework is structured as follows:</p> <p>1. Compliance with Regulations and Transparency The collection and management of customer information must comply with relevant regulations. We maintain transparent communication with customers to ensure a clear understanding of how their information is used and protected.</p>	No significant difference

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
<p>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?</p>	✓		<p>2. Information Collection Only necessary customer information is collected, and the information gathered is strictly aligned with relevant business purposes and needs.</p> <p>3. Information Security The Company employs control mechanisms such as firewalls, encryption, and off-site backups in its information system management to protect customer data and mitigate risks.</p> <p>4. Information Authorization Beyond the basic uses communicated transparently to customers, any use of customer information for specific additional purposes requires prior customer consent and authorization.</p> <p>The Company regularly evaluates supplier performance, including on-time delivery rates, product quality, and after-sales service. We have established monitoring mechanisms, along with penalty and reward systems, to drive continuous improvement among suppliers. Additionally, we assess suppliers' process capabilities to ensure the stability and quality of the supply chain.</p> <p>When entering into contracts with key suppliers, the Company requires adherence to both parties' corporate social responsibility (CSR) policies. Contracts include provisions allowing immediate termination should a supplier's violation of these policies result in significant environmental or social impacts.</p> <p>In 2024, the Company required 100% of suppliers for IKEA-related products to sign the IWAY 6.0 Implementation Standards Agreement. As of 2024, a total of 82 suppliers had completed the signing process, representing 45% of all qualified suppliers. Regular audits are conducted on suppliers, covering areas such as social responsibility requirements and anti-terrorism evaluations, with a 100% compliance rate.</p>	<p>No significant difference</p> <p>No significant difference</p>
<p>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?</p>	✓		<p>The overall content and structure of the Company's Sustainability Report are prepared in accordance with the GRI 2021 Standards issued by the Global Sustainability Standards Board (GSSB). Disclosures related to environmental matters and greenhouse gas inventories are presented following the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD). Additionally, sustainability topics deemed financially material to the industry are disclosed in alignment with the standards established by the Sustainability Accounting Standards Board (SASB).</p>	<p>No significant difference</p>
<p>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:</p> <p>The Company has established its own " Sustainable Development Practice Guidelines," which do not differ significantly from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."</p>				

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons
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.				
(5) Organized a "Protect Our Beaches, Safeguard the Blue Planet" coastal cleanup event, inviting all employees and their families to participate. Together, we cleaned up beach litter in Xianxi Township, Changhua County, contributing to the protection of the marine environment. The event also provided employees' children with a valuable opportunity to experience and learn about environmental sustainability firsthand. Nearly 100 participants joined the event, demonstrating strong enthusiasm and commitment to ocean conservation.				
(6) Hosted a charity second-hand goods market to extend the life cycle of used items. The proceeds from the event were used to donate nearly 200 stationery gift sets to elementary schools in remote areas, helping children access better learning resources. This initiative not only supported charitable causes but also actively contributed to society, spreading love and care.				

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
<p>1. Build ethical corporate management and plans:</p> <p>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?</p> <p>2) Whether the company has established a risk assessment mechanism against 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 Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" ?</p> <p>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?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>No significant difference</p> <p>No significant difference</p> <p>No significant difference</p>
<p>2. Ethical Corporate Management:</p> <p>1) Does the company assess the integrity of its counterparties, and specify the term in the contracts it signs with them?</p>	<p>✓</p>		<p>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.</p>	<p>No significant difference</p>

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 Administration Department and Office of the General Manager are responsible for promoting the operation of corporate integrity practices. Internal audit reports are submitted to the Board of Directors for review and are reported on a regular basis. The Company's implementation status of integrity management was reported to the Board of Directors on February 27, 2025.	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 supervisors together with corporate governance.	No significant difference
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?	✓		1) The Company has established an "Employee Suggestion Box" to provide employees with a channel for reporting any illegal activities or improper conduct. Relevant disciplinary measures for violations of integrity are stipulated in the "Personnel Management Regulations" and "Work Rules."	No significant difference

Evaluation Criteria	Yes	No	Status Explanation	Deviations and Reasons																								
<p>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 investigation confidential?</p> <p>3) Has the company adopted measures to properly protect the whistleblower?</p>	<p>✓</p> <p>✓</p>		<p>2) The Company has formulated a "Grievance Policy," which defines the grievance handling procedures, the responsible units for accepting cases, and the process for addressing incidents, while ensuring compliance with personal data protection and strictly prohibiting any retaliatory actions against employees.</p> <p>3) The Company has implemented a confidentiality mechanism to protect whistleblowers and ensure that no adverse actions are taken against individuals as a result of their reporting. There are no significant differences between the Company's practices and the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p>																									
<p>4. Information disclosure: Does the company disclose its ethical corporate management and promote its effectiveness on its website and Market Observation Post System?</p>	<p>✓</p>		<p>The company discloses the information about the "Codes of Ethical Conduct" and " Ethical Corporate Management Best Practice Principles " 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/TPEX Listed Companies."</p>	<p>No significant difference</p>																								
<p>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:</p> <p>The Company has established its "Ethical Corporate Management Best Practice Principles" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." The Company's implementation of ethical corporate management is consistent with the established principles, with no deviations.</p>																												
<p>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.):</p> <p>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.</p> <p>The Company regularly announces internal regulations regarding ethical business conduct and the prevention of unethical behavior. New employees are required to sign an Integrity and Ethics Commitment Statement and relevant agreements upon onboarding. Additionally, ethical standards are emphasized during new employee orientation and reinforced through irregular sharing of real case studies involving breaches of integrity, highlighting the importance of ethical conduct. A total of 990 employee participations were recorded, with a cumulative training duration of 600 hours. Details of the Company's business ethics education and training initiatives are as follows:</p>																												
<table border="1"> <thead> <tr> <th>Course Title</th> <th>Total Participants</th> <th>Training Hours per Session</th> <th>Total Person-Hours</th> </tr> </thead> <tbody> <tr> <td>Understanding and Prevention of Workplace Misconduct</td> <td>35.0</td> <td>3.0</td> <td>105.0</td> </tr> <tr> <td>Business Ethics for Managers</td> <td>35.0</td> <td>1.0</td> <td>35.0</td> </tr> <tr> <td>Business Ethics (First Session)</td> <td>457.0</td> <td>0.5</td> <td>228.5</td> </tr> <tr> <td>Business Ethics (Second Session)</td> <td>463.0</td> <td>0.5</td> <td>231.5</td> </tr> <tr> <td>Total</td> <td>990.0</td> <td></td> <td>600.0</td> </tr> </tbody> </table>					Course Title	Total Participants	Training Hours per Session	Total Person-Hours	Understanding and Prevention of Workplace Misconduct	35.0	3.0	105.0	Business Ethics for Managers	35.0	1.0	35.0	Business Ethics (First Session)	457.0	0.5	228.5	Business Ethics (Second Session)	463.0	0.5	231.5	Total	990.0		600.0
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If the company has developed Corporate Governance Best Practice Principles, it should disclose how to inquire:

- 1) The company has developed:
 - (1) Rules of Procedure for Shareholder 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) Codes of Ethical Conduct
 - (7) Ethical Corporate Management Best Practice Principles
 - (8) Corporate Governance Best Practice Principles
 - (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".

7. 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	2024/05/28	2024/04/18	2024/04/18	The Taiwan Directors' Association (TDA)	Analysis of Wealth Succession Perspectives	3	Yes
			2023/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	
			2024/11/07	2024/11/07		IFRS Sustainability Disclosure Standards: Release, Alignment, and Response	3	
			2024/11/28	2024/11/28		Understanding and Prevention of Workplace Misconduct	3	
Director	Hsu, Chun-Jan	2024/05/28	2024/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	Yes
			2024/11/28	2024/11/28		Understanding and Prevention of Workplace Misconduct	3	

Title	Name	Date Appointed	Date		Organizer	Course Name	Hours	Meet Requirement
			From	To				
Director	Lee Bang Shing Investment Represented by Chen, Chun-Chung.	2024/05/28	2024/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	Yes
			2024/10/04	2024/10/04	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3	
			2024/11/07	2024/11/07	Taiwan Corporate Governance Association	IFRS Sustainability Disclosure Standards: Release, Alignment, and Response	3	
			2024/11/28	2024/11/28		Understanding and Prevention of Workplace Misconduct	3	
Director	Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai	2024/05/28	2024/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	Yes
			2024/11/05	2024/11/05		Integrity Management and Corporate Governance — Insights from Labor Law Developments and Insider Trading Issues	3	
Independent Director	Yang, Wendy	2024/05/28	2024/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	Yes
			2024/11/07	2024/11/07		IFRS Sustainability Disclosure Standards: Release, Alignment, and Response	3	
			2024/11/28	2024/11/28		Understanding and Prevention of Workplace Misconduct		
Independent Director	Kuo, Ping-Chen	2024/05/28	2024/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	Yes
			2024/11/07	2024/11/07		IFRS Sustainability Disclosure Standards: Release, Alignment, and Response	3	
			2024/11/28	2024/11/28		Understanding and Prevention of Workplace Misconduct	3	
			2024/12/27	2024/12/27	Chinese Independent Directors Association	Legal Liabilities for Misstatements in Sustainability Reports	3	
Independent Director	Kuan, Hsu-Chiang	2024/05/28	2024/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	Yes
			2024/10/04	2024/10/04	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3	
			2024/11/07	2024/11/07	Taiwan Corporate Governance Association	IFRS Sustainability Disclosure Standards: Release, Alignment, and Response	3	
			2024/11/28	2024/11/28		Understanding and Prevention of Workplace Misconduct	3	

3) Education and Training for Managers

Title	Name	Date Appointed	Date		Organizer	Course Name	Hours	Meet Requirement
			From	To				
Vice President and Financial Accounting Supervisor and Chief Corporate Governance Officer	Chang, Chun-Ming	2023/05/11	2024/03/29	2024/03/29	Securities & Futures Institute	Directors, Supervisors, and Corporate Governance Officers Training Series - 2024 Economic Outlook and Industry Trends	3	Note
			2024/04/29	2024/04/29	Accounting Research and Development Foundation	Latest Regulatory Developments in Annual Reports, Sustainability Information, and Financial Reporting, with Practical Approaches to Internal Control Management	6	
			2024/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	
			2024/11/07	2024/11/07		IFRS Sustainability Disclosure Standards: Release, Alignment, and Response	3	
			2024/11/28	2024/11/28		Understanding and Prevention of Workplace Misconduct	3	
Accounting Supervisor	Yen, Huei-Ru	2023/09/01	2024/06/24	2024/06/24	Accounting Research and Development Foundation	Advanced Continuing Education Course for Accounting Officers of Issuers, Securities Firms, and Stock Exchanges	12	Yes
			2024/07/18	2024/07/18	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Governance 4.0 Challenges in Corporate Management and Control	3	
			2024/11/07	2024/11/07		IFRS Sustainability Disclosure Standards: Release, Alignment, and Response	3	
			2024/11/28	2024/11/28		Understanding and Prevention of Workplace Misconduct	3	

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 managerial 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.

8. Internal Control

1) Statement of Internal Control

Please refer to the Market Observation Post System (MOPS) (website: <https://mopsov.twse.com.tw>) → Individual Company → Corporate Governance → Company Rules/Internal Control → Internal Control System Statement Announcements.

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

9. 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

10. 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

Date	Type	Important Resolutions																				
2024/05/28	Shareholders' Meeting	<p>1. 2023 annual operating report.</p> <p>2. The Audit Committee reviewed 2023 settlement report</p> <p>3. Approval of the compensation of employees and Directors for the year of 2023</p> <p>4. Report on Directors' Remuneration for 2023 The Board of Directors resolved on March 13, 2024, to allocate 1% of the 2023 net income, amounting to NT\$1,467,504, as directors' remuneration, which will be distributed on August 15, 2024.</p> <p>5. Distribution of Cash Dividends in 2023 The resolution of 2023 earnings distribution by the 2023 shareholders' meeting has been handled accordingly. The cash dividend was distributed on 08/15/2024. According to the shareholders and their holdings recorded in the shareholder list on the date of distribution, a cash dividend of NT\$0.5 per share was distributed, and a total of NT\$86,669,463 was distributed.</p> <p>6. Amendment to the "Procedures for the First Buyback and Transfer of Shares to Employees in 2021" In accordance with the amended "Procedures for the First Buyback and Transfer of Shares to Employees in 2021," the treasury shares were transferred to employees and allocated to their securities accounts at the Taiwan Depository & Clearing Corporation (TDCC) on December 27, 2024, completing the share delivery process.</p> <p>7. Approval of the 2023 annual operation report and financial statement</p> <table border="1"> <thead> <tr> <th></th> <th>Yes/e-vote</th> <th>No/e-vote</th> <th>Invalid</th> <th>Abstain/Did not vote</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>121,025,348/9,942,312</td> <td>5,658/5,658</td> <td>0</td> <td>1,480,375/1,406,724</td> </tr> </tbody> </table> <p>8. Approval of the Amendment to the "Rules of Procedure for Shareholders' Meetings"</p> <table border="1"> <thead> <tr> <th></th> <th>Yes/e-vote</th> <th>No/e-vote</th> <th>Invalid</th> <th>Abstain/Did not vote</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>121,065,292/9,982,256</td> <td>5,744(5,744)</td> <td>0</td> <td>1,440,345/1,366,694</td> </tr> </tbody> </table> <p>The amendment has been executed in accordance with the resolution of the shareholders' meeting and has been announced on the Company's website.</p>		Yes/e-vote	No/e-vote	Invalid	Abstain/Did not vote	Shares	121,025,348/9,942,312	5,658/5,658	0	1,480,375/1,406,724		Yes/e-vote	No/e-vote	Invalid	Abstain/Did not vote	Shares	121,065,292/9,982,256	5,744(5,744)	0	1,440,345/1,366,694
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		<p>9. Proposal for the Full Re-Election of the 10th Board of Directors After voting by the attending shareholders, the election results were announced on-site by the Chairperson. The list of elected directors is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Registered Name of Elected Candidate</th> <th colspan="2">Number of Votes in Favor</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Directors</td> <td>Hsu, Ming-Hsuan</td> <td colspan="2">136,757,139</td> </tr> <tr> <td>Hsu, Chun-Jan</td> <td colspan="2">121,369,842</td> </tr> <tr> <td>Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai</td> <td colspan="2">117,689,838</td> </tr> <tr> <td>Lee Bang Shing Investment Representative: Chen, Chun-Chung</td> <td colspan="2">116,142,558</td> </tr> <tr> <td rowspan="3">Independent directors</td> <td>Yang, Wendy</td> <td colspan="2">114,896,710</td> </tr> <tr> <td>Kuo, Ping-Chen</td> <td colspan="2">114,762,661</td> </tr> <tr> <td>Kuan, Hsu-Chiang</td> <td colspan="2">114,732,593</td> </tr> </tbody> </table> <p>10. Approval of the Proposal to Lift the Non-Competition Restrictions on Newly Elected Directors and Their Representatives</p> <table border="1"> <thead> <tr> <th></th> <th>Yes/e-vote</th> <th>No/e-vote</th> <th>Invalid</th> <th>Abstain/Did not vote</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>120,915,309/9,832,273</td> <td>155,133(155,133)</td> <td>0</td> <td>1,440,939/1,367,288</td> </tr> </tbody> </table>					Registered Name of Elected Candidate	Number of Votes in Favor		Directors	Hsu, Ming-Hsuan	136,757,139		Hsu, Chun-Jan	121,369,842		Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai	117,689,838		Lee Bang Shing Investment Representative: Chen, Chun-Chung	116,142,558		Independent directors	Yang, Wendy	114,896,710		Kuo, Ping-Chen	114,762,661		Kuan, Hsu-Chiang	114,732,593			Yes/e-vote	No/e-vote	Invalid	Abstain/Did not vote	Shares	120,915,309/9,832,273	155,133(155,133)	0	1,440,939/1,367,288
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2) Major Resolutions of Meetings of the Board of Directors

Date	Type	Major Resolutions
2024/01/19	Board of Directors	<ol style="list-style-type: none"> Approval of 2024 Operating Plan and Budget Approval of the Evaluation of the Independence of the Company's Financial Report Certifying Accountants Approval of a Loan of USD 1 Million to Overseas Subsidiary, Sun Ocean Vietnam Co., Ltd Approval of the Reclassification of Overdue Accounts Receivable as Loans Approval of the Full Re-Election of the 10th Board of Directors Approval of the Convening of the Company's 2024 Annual General Shareholders' Meeting
2024/03/13	Board of Directors	<ol style="list-style-type: none"> Approval of the Distribution of 2023 Employees' and Directors' Remuneration Approval of the 2023 Business Report and Financial Statements Approval of the 2023 Earnings Distribution Proposal Approval of the 2023 "Assessment of the Effectiveness of the Internal Control System" and the "Internal Control System Statement"
2024/04/12	Board of Directors	<ol style="list-style-type: none"> Approval of the Nomination of Candidates for the 10th Term Board of Directors (Including Independent Directors) in 2024 Approval of the Proposal to Lift the Non-Competition Restrictions on Newly Elected Directors and Their Representatives
2024/05/09	Board of Directors	Approval of the Company's Financial Statements for the First Quarter of 2024
2024/05/28	Extraordinary Board Meeting	It was approved that Hsu, Ming-Hsuan shall serve as the Chairman of the Board for the current term.
2024/06/27	Board of Directors	Appointment of Independent Directors Yang, Wendy, Kuo, Ping-Chen, and Kuan, Hsu-Chiang as Members of the 6th Compensation Committee of the Company

Date	Type	Major Resolutions
2024/08/08	Board of Directors	1. Approval of the Company's Financial Statements for the Second Quarter of 2024 2. Approval of the Amendment to the Company's "Rules of Procedure for Board of Directors Meetings" 3. Approval of the Issuance of the Third Domestic Unsecured Convertible Bonds with a Total Principal Amount of NT\$300 Million 4. Approval of the Capital Increase through the Issuance of 4,000,000 New Shares for Cash
2024/09/27	Board of Directors	1. Approval of the Loan to the Overseas Subsidiary, Fu Vietnam Company Limited. 2. Approval of the Capital Increase for the Overseas Subsidiary, Ching Feng Vietnam Company Limited. 3. Approval of the Provision of Endorsement and Guarantee for the Overseas Subsidiary, Ching Feng Vietnam Company Limited.
2024/11/07	Board of Directors	1. Approval of the Company's Financial Statements for the Third Quarter of 2024 2. Approval of the Audit Plan for 2025 3. Approval of the Establishment of the Company's Internal Control System for "Sustainability Information Management"
2025/01/16	Board of Directors	1. Approval of the Company's Business Plan and Budget for 2025 2. Approval of the Independence Assessment of the Certified Public Accountants Responsible for the Company's Financial Report Certification 3. Approval of the Amendment to the "Seal Management Procedures" 4. Approval of the Change of the Company's Shareholder Services Agent
2025/02/27	Board of Directors	1. Approval of the Company's 2024 Business Report and Financial Statements 2. Approval of the 2024 Earnings Distribution Proposal 3. Approval of the 2024 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" 4. Approval of the Amendment to the "Articles of Incorporation" 5. Approval of Convening the 2025 Annual General Shareholders' Meeting
2025/03/28	Board of Directors	1. Approval of Capital Increase for Fu Vietnam Company Limited. 2. Approval of Cancellation of Capital Increase for Ching Feng Vietnam Company Limited.

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.

ITEM 3 - PRINCIPAL ACCOUNTANT FEES AND SERVICES

1. Accountant Fees

Unit: NT\$1,000

Accounting Firm	Name of Accountant	Period of Audit	Audit Fees	Non-Audit Fees	Total	Note
KPMG Taiwan	Chuang, Chun-Wei	2024.01.01 ~ 2024.12.31	6,380	2,904	9,284	
	Yu, Chi-Lung					

Note: Non-audit fees amounted to NT\$2,904 thousand, which include tax certification fees of NT\$510 thousand, group master file and transfer pricing report fees of NT\$1,844 thousand, and business registration fees of NT\$550 thousand.

2. 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

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

4. 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 4 - CHANGE OF ACCOUNTANT : Not Applicable.**ITEM 5 - IF THE GENERAL MANAGER, GENERAL MANAGER, OR MANAGER IN CHARGE OF FINANCE OR ACCOUNTING OF THE COMPANY THAT HAS WORKED IN THE ACCOUNTING 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 6- 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	2024		As of March 22, 2025	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Hsu, Ming-Hsuan	224,696	--	1,000	--
Director and General Manager	Hsu, Chun-Jan	160,556	--	--	--
Director	Wu, Chien-Tung (Note 1)	--	--	--	--
Director	Lee Bang Shing Investment Representative: Chen, Chun-Chung	--	(1,700,000)	--	--
		1,170	--	--	--
Director	Jichen Investment Co., Ltd. Representative: Yang, Jen-Kai (Note 1)	96,530	1,350,000	--	(250,000)
		--	--	--	--
Independent Director	Chuang, Yao-Kai (Note 1)	--	--	--	--
Independent Director	Lai, Chun-Yu (Note 1)	--	--	--	--
Independent Director	Lee, Chun-Te (Note 1)	--	--	--	--
Independent Director	Yang, Wendy (Note 1)	--	--	--	--
Independent Director	Kuo, Ping-Chen (Note 1)	--	--	--	--
Independent Director	Kuan, Hsu-Chiang (Note 1)	--	--	--	--
Vice President	Teng, Chun-Lung (Note 2)	--	--	--	--
Vice President	Juan, Yu-Hua (Note 3)	20,865	--	--	--
Vice President	Chen, Po-Hung	65,000	--	--	--
Vice President and Director of R&D	Wang, Tun-Cheng	56,730	--	--	--
Vice President and Financial Accounting Supervisor and Chief Corporate Governance Office	Chang, Chun-Ming	56,730	--	--	--
Assistant Manager	Chang, Chih-Ming	40,000	--	--	--
Assistant Manager	Lai, Hsin-Chieh (Note 2)	40,000	--	--	--
Accounting Supervisor	Yen, Huei-Ru	21,000	--	--	--

Note 1: The company conducted a full re-election of the Board of Directors on May 28, 2024. As the terms of Director Wu, Chien-Tung and Independent Directors Chuang, Yao-Kai, Lai, Chun-Yu, and Lee, Chun-Te expired, Director Jichen Investment Co., Ltd., representative: Yang, Jen-Kai, and Independent Directors Yang, Wendy, Kuo, Ping-Chen, and Kuan, Hsu-Chiang assumed office after the re-election.

Note 2: On July 18, 2024, the Board of Directors approved the transfer of Vice President, Teng, Chun-Lung, to the position of Special Assistant to the General Manager. The original Special Assistant to the General Manager, Lai, Hsin-Chieh, was promoted to Assistant Manager.

Note 3: The Vice President Kuan, Yu-Hua retired in December 2024.

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

(1) Share Transfer: None

(2) Pledge of Shares: None

ITEM 7 - 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	8,997,439	5.06	594,753	0.33	3,253,196	1.83	Hsu, Pei-Hsiang Hung, Yi-Ching Hsu, Chun-Jan	Father & Son Mother & Son Brothers	--
2	Hung, Yi-Ching	7,125,072	4.01	6,665,543	3.75	--	--	Hsu, Pei-Hsiang Hsu, Ming-Hsuan Hsu, Chun-Jan	Husband & Wife Mother & Son Mother & Son	--
3	Hsu, Pei-Hsiang	6,665,543	3.75	7,125,072	4.01	--	--	Hung, Yi-Ching Hsu, Ming-Jan Hsu, Chun-Jan	Husband & Wife Father & Son Father & Son	--
4	Hsu, Chun-Jan	6,548,500	3.68	191,411	0.11	3,362,844	1.89	Hsu, Pei-Hsiang Hung, Yi-Ching Hsu, Ming-Husan	Father & Son Mother & Son Brothers	--
5	Hao Tang Investment Co., Ltd.	5,919,729	3.33	--	--	--	--	Hsu, Chun-Jan	Representative	--
6	Capital Securities Corp. is entrusted with the custody of the investment account of Ever-Long Securities Co., Ltd.	4,372,545	2.46	--	--	--	--	--	--	--
7	Chen, Shu-fen	4,209,329	2.37	--	--	--	--	--	--	--
8	Lee Bang Shing Investment Co.	4,085,102	2.30	--	--	--	--	Hsu, Ming-Hsuan	The spouse is the representative	--
9	De Bee Investment Co., Ltd.	3,523,420	1.98	--	--	--	--	--	--	--
10	Jichen Investment Co., Ltd.	3,362,844	1.89	--	--	--	--	Hsu, Chun-Jan	The spouse is the representative	--

ITEM 8- 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 Inc.	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.	Note 2					
Praise Home Industry Co., Ltd.	2,000	100%	--	--	2,000	100%
Ching Feng Vietnam Company Limited	Note 1	100%	--	--	Note 1	100%
Fu Yue Window Decoration Co., Ltd.	Note 1	100%	--	--	Note 1	100%
Fu Vietnam Company Limited	Note 1	100%	--	--	Note 1	100%
Zhenjiang Ching Lu Management Consulting Co.	Note 3					
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 1	100%	Note 1	100%
Grandtop Decorative Product (Zhenjing) Co., Ltd.	--	--	Note 1	100%	Note 1	100%
Fu Yue Window Decoration Technology Zhenjiang Co., Ltd.	--	--	Note 1	100%	Note 1	100%
REGAL ESTATE (USA) INC.	--	--	100	100%	100	100%
CHING FENG SINGAPORE PTE. LTD.	Note 4					

Note 1: The invested company is a limited company.

Note 2: PARADISE GENERAL TRADING CO., LTD. completed its liquidation process in September 2024.

Note 3: Zhenjiang Ching Lu Management Consulting Co. completed its cancellation procedure in June 2024.

Note 4: CHING FENG SINGAPORE PTE. LTD. completed its establishment registration in April 2024. As of December 31, 2024, the capital has not yet been remitted.

ITEM 9 - "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 III - 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			
		Shares	Amount	Shares	Amount	Source of Share Capital		Property Other Than Cash	Others
						Cash Capital Others Increase	Turn Surplus into Capital Increase		
66.03	1,000	1,000	1,000,000	1,000	1,000,000	1,000,000	---	None	
73.02	1,000	6,000	6,000,000	6,000	6,000,000	5,000,000	---	None	
76.10	1,000	2,960,000	29,600,000	2,960,000	29,600,000	23,600,000	---	None	
77.11	10	13,960,000	139,600,000	13,960,000	139,600,000	110,000,000	---	None	
78.10	10	17,000,000	170,000,000	17,000,000	170,000,000	30,400,000	---	None	
78.12	10	19,900,000	199,000,000	19,900,000	199,000,000	29,000,000	---	None	
80.09	10	22,885,000	228,850,000	22,885,000	228,850,000	---	29,850,000	None	Note 1
81.11	10	30,372,525	303,725,250	30,372,525	303,725,250	60,000,000	14,875,250	None	Note 2
82.07	10	34,017,228	340,172,280	34,017,228	340,172,280	---	36,447,030	None	Note 3
83.07	10	39,119,812	391,198,120	39,119,812	391,198,120	---	51,025,840	None	Note 4
84.01	10	44,118,455	441,184,550	44,118,455	441,184,550	49,986,430	---	None	Note 5
85.12	10	50,000,000	500,000,000	50,000,000	500,000,000	---	58,815,450	None	Note 6
86.08	10	52,500,000	525,000,000	52,500,000	525,000,000	---	25,000,000	None	Note 7
87.07	10	56,175,000	561,750,000	56,175,000	561,750,000	---	36,750,000	None	Note 8
88.06	10	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	100,000,000	1,000,000,000	75,000,000	750,000,000	---	69,503,640	None	Note 10
90.08	10	100,000,000	1,000,000,000	78,750,000	787,500,000	---	37,500,000	None	Note 11
91.09	10	100,000,000	1,000,000,000	81,200,000	812,000,000	---	24,500,000	None	Note 12
91.10	10	100,000,000	1,000,000,000	99,950,000	999,500,000	187,500,000	---	None	Note 13
92.10	10	190,000,000	1,900,000,000	107,488,500	1,074,885,000	---	75,385,000	None	Note 14
93.05	10	190,000,000	1,900,000,000	108,823,813	1,088,238,130	---	---	None	Note 15
93.07	10	190,000,000	1,900,000,000	118,012,999	1,180,012,990	---	91,774,860	None	Note 16
94.06	10	190,000,000	1,900,000,000	139,798,193	1,397,981,930	---	217,968,940	None	Note 17
95.01	10	190,000,000	1,900,000,000	143,183,205	1,431,832,050	---	---	None	Note 18
95.07	10	190,000,000	1,900,000,000	146,018,109	1,460,181,090	---	28,349,040	None	Note 19
96.07	10	190,000,000	1,900,000,000	148,909,711	1,489,097,110	---	28,916,020	None	Note 20
96.10	10	190,000,000	1,900,000,000	147,471,711	1,474,717,110	---	---	None	Note 21
96.11	10	190,000,000	1,900,000,000	172,471,711	1,724,717,110	250,000,000	---	None	Note 22
97.07	10	190,000,000	1,900,000,000	179,009,816	1,790,098,160	---	65,381,050	None	Note 23

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		
100.10	10	300,000,000	3,000,000,000	119,009,816	1,190,098,160	(600,000,000)	----	None	Note 24
103.01	10	300,000,000	3,000,000,000	130,100,725	1,301,007,250	61,000,000	----	None	Note 25
103.12	10	300,000,000	3,000,000,000	140,304,807	1,403,048,070	80,000,000	----	None	Note 26
104.12	10	300,000,000	3,000,000,000	153,623,342	1,536,233,420	120,000,000	----	None	Note 27
107.07	10	300,000,000	3,000,000,000	169,623,342	1,696,233,420	160,000,000	----	None	Note 28
112.10	10	300,000,000	3,000,000,000	173,838,926	1,738,389,260	----	42,155,840	None	Note 29
113.11	10	300,000,000	3,000,000,000	177,838,926	1,778,389,260	40,000,000	----	None	Note 30

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-011623 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 dated 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.

Note 22: 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 & 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.

Note 30: Cash capital increase: NT\$40,000,000. Chin-Shou-Shang-Tzu-11230188740 dated November 26, 2024 from the Ministry of Economics.

2) Types of Stock:

March 22, 2025 Unit: Share

Type of Stock	Authorized Share Capital			Note
	Shares Outstanding	Unissued shares	Total	
Registered Common Stocks	177,838,926	122,161,074	300,000,000	--

3) Information about shelf registration: None

2. Structure of Shareholders:

March 22, 2025

No. \ Structure	Government Agencies	Financial Institutions	Other Corporate Shareholders	Foreign Institutions & Foreigners	Personal	Total
Number of Shareholders	0	0	240	83	43,180	43,503
Shareholding	0	0	33,705,263	15,292,849	128,840,814	177,838,926
%	0.00%	0.00%	18.95%	8.61%	72.44%	100.00%

3. List of Main Shareholders

March 22, 2024

Name	Shares	Shares	%
Hsu, Ming-Hsuan		8,997,439	5.06%
Hung, Yi-Ching		7,125,072	4.01%
Hsu, Pei-Hsiang		6,665,543	3.75%
Hsu, Chun-Jan		6,548,500	3.68%
Hao Tang Investment Co., Ltd.		5,919,729	3.33%
Capital Securities Corp. is entrusted with the custody of the investment account of Ever-Long Securities Co., Ltd.		4,372,545	2.46%
Chen, Shu-fen		4,209,329	2.37%
Lee Bang Shing Investment Co.		4,085,102	2.30%
De Bee Investment Co., Ltd.		3,523,420	1.98%
Jichen Investment Co., Ltd.		3,362,844	1.89%

4. 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 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.

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	320,561,719
Add: Net profit after tax for the year	415,462,338
Add: Reversal of Special Reserve	91,828,162
Earnings available for distribution	827,852,219
Appropriation	
Less: Legal reserve (10%)	41,546,234
Cumulative distributable earnings by the end of 2024	786,305,985
Distribution:	
Less: Cash dividends paid to shareholders (NT\$1.8/share)	320,110,067
Retained earnings on December 31, 2024	466,195,918

The Company plans to allocate NT\$320,110,067 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 177,838,926 shares. NT\$1.8 per share will be distributed.

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

5. 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.

6. 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\$9,605 thousand
 - B: Stock to Employees: NT\$0 thousand
 - C: Amount of compensation for directors: NT\$4,802 thousand
 - 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\$2,935 thousand
 - (2) Stock to Employees: NT\$0 thousand
 - (3) Amount of compensation for directors: NT\$1,468 thousand
 - (4) There is no difference from the estimated amount.

7. 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(%)	100.00%
Number of shares that have been canceled and transferred.	1,000,000 Shares
Cumulative number of shares held in the company	1,000,000 Shares
Ratio of total issued shares (%)	0.56%

ITEM 2 - CORPORATE BONDS:

Type of corporate bonds	3rd domestic unsecured convertible corporate bonds	
Issuance Date	October 14, 2024	
Face value per bond	NT\$100,000	
Place of Issue and Trading	Issued within the Republic of China and listed on the Over-the-Counter (OTC) Market	
Issuance price	Issued at 100.5% of the face value	
Total amount	NT\$300,000,000	
Interest rate	Annual Interest Rate: 0%	
Maturity Period	3-year term, Maturity Date: October 14, 2027	
Guarantee Institution	None	
Trustee	KGI Bank Co, Ltd.	
Underwriting Institution	KGI Securities Co., Ltd.	
Certified Lawyer	Not applicable	
Attesting CPA	Not applicable	
Repayment Method	Except for cases where bondholders convert to the Company's common stock under Article 10 of this Policy, exercise the put option under Article 19 of this Policy, or the Company redeems the bonds in advance under Article 18 of this Policy, or the Company repurchases and cancels the bonds through a securities firm's business location, the Company will repay the bonds in cash in one lump sum at the face value of the bonds within ten business days (including the 10th business day) starting from the day after the maturity date of the convertible bonds. If the aforementioned date falls on a non-business day of the Taipei Exchange (TPEX), the deadline will be extended to the next business day.	
Outstanding Principal	NT\$300,000,000	
Redemption or Early Repayment Terms	None	
Restrictive clause	None	
Name of the credit rating agency, rating date, and rating results	Not applicable	
Other equity attached	Number of common stock, foreign depositary receipts or other marketable securities converted (exchanged or subscribed)	As of March 31, 2025, no common shares have been converted, and the amount is NT\$0.
Rules for issuing and conversion (either by exchange or purchase)	Refer to the Company's Issuance of 3rd domestic unsecured ordinary corporate bonds and Conversion Guidelines.	
Possible dilution of shareholdings and impact on existing shareholders' equity	Based on the current outstanding balance and conversion price, if all the convertible bonds are converted into common shares, the Company would need to issue an additional 8,620,689 common shares, resulting in a dilution rate of 4.85%. Furthermore, the coupon rate of the convertible bonds issued in this round is 0%, which allows the Company to secure low-cost funding, reduce interest expenses, and the conversion price is set with a premium based on the reference market price of the common shares. Therefore, the impact on shareholders' equity is limited.	
Custody Agency Name for the Exchange Target	Not applicable	

Details of Convertible Bonds

Type of corporate bonds		3 rd domestic unsecured ordinary corporate bonds	
Year		2024	The current year up to March 31, 2025
Market price of convertible bonds	Highest	111.00	114.00
	Lowest	102.30	102.00
	Average	107.40	108.30
Conversion price		From October 14, 2024 to November 7, 2024, the conversion price was 34.9. Starting from November 8, 2024, the conversion price is 34.8.	Starting from November 8, 2024, the conversion price is 34.8.
Date of issuance (process) and conversion price at the time of issuance		Issue Date: October 14, 2024 Conversion price at issuance: NT\$34.9	
Method of performing the conversion obligation		Issuance of new shares	

Note: The data for the current year should be filled in up to the date of the annual report's printing.

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

(1) Plan Details

- A. The Company plans a cash capital increase in 2024, issuing 4,000,000 shares of common stock, with an issue price of NT\$27.3 per share, raising a total of NT\$109,200 thousand.
- B. The Company plans to issue up to 3,000 units of its 3rd domestic unsecured convertible bonds, with each bond having a face value of NT\$100,000, making the total face value of the issuance up to NT\$300,000 thousand, and the total amount to be raised is NT\$301,500 thousand.
- C. The total amount of funds raised from this plan is NT\$410,700 thousand, which will be used to repay bank loans.

(2) The plan's items and the scheduled progress of the use of funds.

Unit: NT\$1,000

Plan Items	Expected completion date	Total amount of required funds	Planned capital usage schedule
			Q3 2024
Repay bank loans	Q4 2024	410,700	410,700
Total		410,700	410,700

The fund utilization plan mentioned above has been fully executed as planned in the 4th quarter of 2024, and the expected benefits have been achieved.

PART IV 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	79.67
Home textiles	19.36
Plastic products	0.97
Total	100.00

3) Use of products

Item	Products	Description
1	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	1. Roman shades	In addition to those functions of a traditional shades, 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 shades	
	3. Pleated shades	
	4. Roller shades	
3	1. Blankets	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, motorized blinds, convenience blinds)

In response to the focus on children's home safety and regulations for blinds and drapes in North American, the company continues to promote products such as cordless blinds, cordless Roman shades, and cordless honeycomb shades, and further extend to develop motorized 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 blinds and shades and home textiles 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 blinds
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 blinds with a pull cord. The company will introduce cordless blinds 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 blinds and shades 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 blinds and shades 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 blinds and home accessories. Appealing for personalized style, DIY mix and match patterns and multiple choices of blinds, 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 blinds and shades 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) Blinds and Shades

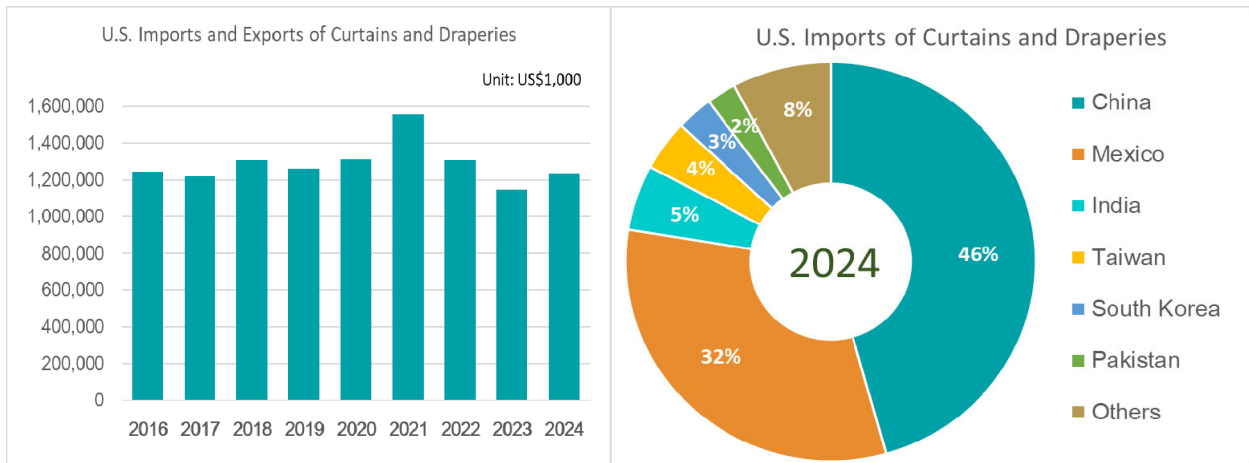
The business landscape will likely look a lot different after Covid-19. According to the research report released by Global Industry Analysts (GIA) in 2023, the global blinds and shades market will grow from 10.5 billion U.S. dollars in 2023 to reach 12.5 billion U.S. dollars by 2027.

In terms of market size, the U.S. is the largest market for blinds and shades. According to a research report released by Sundale Research in February 2024, 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 blinds 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 internet has changed consumer behavior. Consumers do not need to go into the stores; e-commerce and social media have become important marketing tools. In 2024, about 20% of American consumers purchased on e-commerce and social media platforms, and e-commerce is expected to grow at an annual rate of 20% until 2028. 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 2024 to 2028. The fastest growing market is China. It is estimated that the compound annual growth rate from 2024 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.

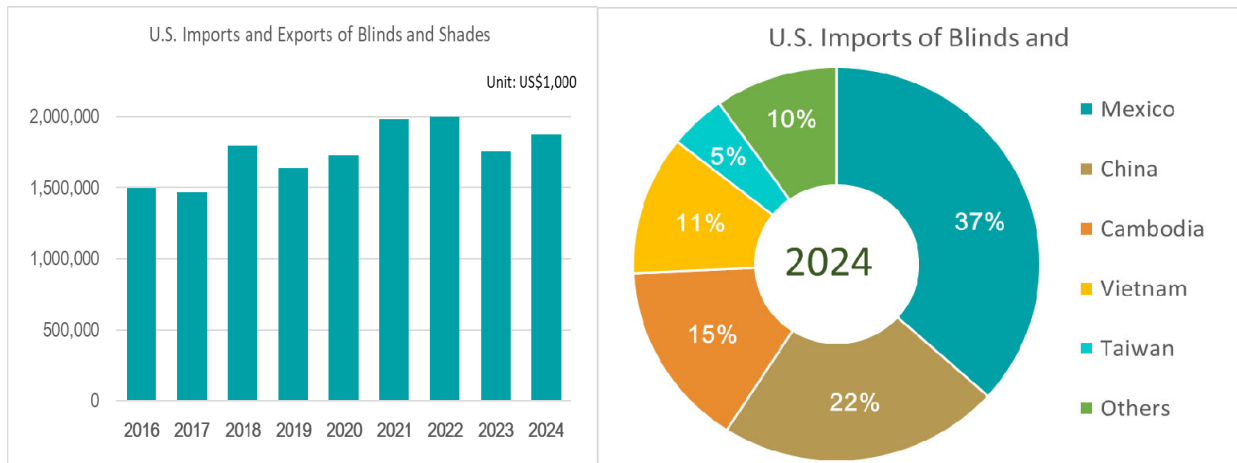
Statistics of the US Department of Commerce show that from the perspective of the import trend of window coverings and blinds in the United States, the data shows that the amount of manufacturers imported has maintained steady growth since 2014. In addition, in the countries of origin, mainly Mexico, 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 Blinds: Import Value and Share by Country



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

U.S. Imports of Blinds and Shades: Import Value and Share by Country



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

In terms of industry trends, blinds and shades 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, blinds and shades 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 blinds cords and suffocating to death. At present, Canada has taken the lead in banning the sale of blinds 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 shades, roll-up shades and blinds with a cord. The patented cordless honeycomb shades developed by the company adopt a simple and durable mechanical structure. The blinds can withstand up to 5,000 times of tensile tests. It is expected that the sales of window covering products with safety design will have great growth potential in North American.

(2) Home Textiles

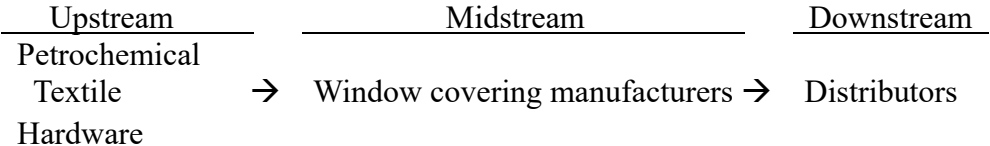
Home textiles are closely related to home aesthetic. Therefore, in addition to economy, the market trend is also affected by external factors such as society, culture and humanities. The buying sentiment of home textiles remains sluggish owing to economic downturn. However, the trend of stay-at-home 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.

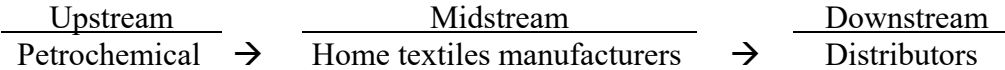
They will buy lower priced home furnishings to change their home's style. Thus, affordable and well-designed products will become a trend, which will also drive the growth of home decoration products on e-commerce platforms. This is a business opportunity that the industry is actively exploring in recent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

The relationship between the upstream, midstream and downstream of the industry

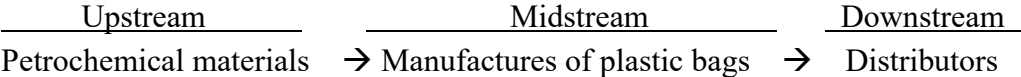
- Blinds and Shades



- Home Textiles



- Plastic products



1) Trends of development competitive analysis

(1) Blinds and Shades

Blinds and shades 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, ready-made products and custom-made products are two different consumption patterns. Ready-made products will be quantity and cost-oriented, while custom-made 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 blinds, especially the cordless series, which doesn't require external cords to open and close to effectively protect children from accidents of being strangled by blinds cords.

In terms of eco friendly products, the application of blinds and shades in the North American market is different from that in Asia. In North America, blinds and shades 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 blinds and shades 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 blinds and shades based on module concepts, to give customers new options for the replacement of blinds and shades. 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 shades 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 shades can provide the finishing touch in rooms with casual, traditional, or contemporary decor with feeling of handmade design. Roman shades can be made out of fabrics, bamboo, linen, paper, etc. Roman shades 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 blinds and shades trends, there is a tendency towards diversified materials, reasonable prices, safety and environmental protection. The company provides a variety of blinds and shades 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 window covering 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, 2025, the education and average seniority of R&D personnel are as follows:

Unit: Person

Education	Year	2022		2023		March 31, 2024	
		No.	%	No.	%	No.	%
PhD		0	0	0	0	0	0
Master		8	20.51	9	22.50	9	22.50
College & University		25	64.10	26	65.00	26	65.00
High School		6	15.38	5	12.50	5	12.50
Total		39	100.00	40	100.00	40	100.00

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

Unit: NT\$1,000

Item	Year	2020	2021	2022	2023	2024
R & D costs		44,797	82,993	94,859	74,691	85,874
Net operating income		6,022,518	4,966,554	5,287,076	4,547,224	5,399,082
%		0.74	1.67	1.79	1.64	1.59

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

(A) Safety series	Cordless honeycomb shades Cordless blinds Cordless roller shades Cordless zebra shades Cordless Roman shades
(B) Sustainability series:	Blinds Honeycomb shades Roller shades Roman shades Pleated shades
(C) Smart series	Wire control, wireless remote control, smart home honeycomb shades Wire control, wireless remote control, smart home blinds Wire control, wireless remote control, smart home roller shades Wire control, wireless remote control, smart home zebra shades Wire control, wireless remote control vertical soft sheer vertical shades The mobile control app for various types of shades

(D)Function series	Simple roller shades Simple roman shades Simple pleated shades Simple cellular shades
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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.

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.

(1) 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.

(2) Implementation Plan

Reports regarding intellectual property are submitted to the board of directors regularly. The latest report was submitted on February 27, 2025.

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.
- In 2024, to actively enhance the effectiveness of intellectual property rights implementation, the company improved the professional skills of R&D personnel through talent training and technical seminars. Specifically, R&D personnel were assigned to participate in educational training courses, with over 105 participants, as well as in technical seminars, with over 218 participants. These efforts aim to enhance the company's competitiveness.

(3) List of Intellectual Property

As of the end of December 2024, the patents received by the company are as follows:

- The company has received a total of 641 patents worldwide.
- The company filed 14 and 13 patent applications in 2023 and 2024 respectively.

4. Long-term and Short-term Business Plans

1) Short-term business development plan

- (1) Continue to develop the series of “cordless” blinds and shades to optimize the product portfolio and increase 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 the market 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		2024	
		Amount	%
Taiwan		128,646	2.38
Export	United States	4,339,742	80.38
	Europe	803,303	14.88
	Others	127,391	2.36
Total		5,399,082	100.00

The company's products are mainly sold to the following markets: United State, 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 blinds and shades industry for more than fifty years. It is also dedicated to the innovative research and development in this field. At the time when blinds and shades safety is hotly debated, cordless blinds and shades 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 blinds and shades

The company has been researching and manufacturing PVC blinds and shades 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 blinds made of rPET. 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 blinds and shades of a variety of materials.
- B. Home decor is also an essential part of life. The long-term demand is stable.
- C. The company possesses multi-channel operational capabilities and continuously strengthens the management of its value chain.

(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 window coverings and home textiles 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

Blinds and shades 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 ODM 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.

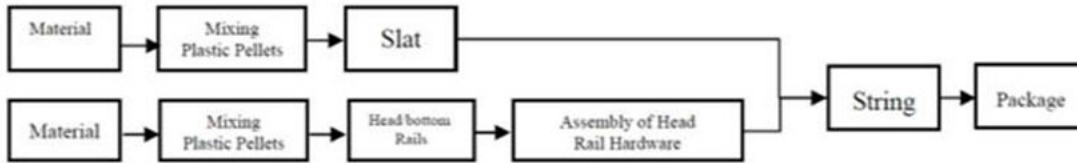
In recent years, Europe and the United States have become more aware of safety and environmental protection, and the US Consumer Product Safety Commission (CPSC) continues to call for the prohibition of blinds and shades with a cord. For this reason, the company has launched a variety of cordless products in the past few years, and gradually expanded the design from the shades series to the blinds 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 blinds, such as cordless roman shades using the principle of magnetism, roll-up shades using gear theory, motorized blinds using the principle of electricity, etc.

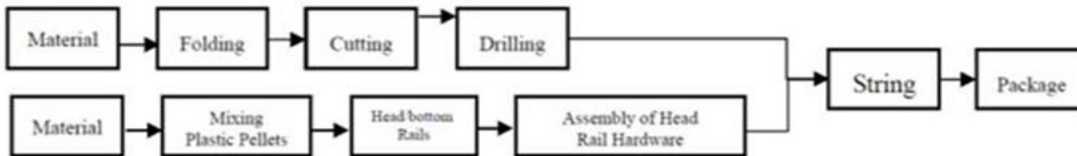
The company will continue to launch new products that better meet market demand through innovation and development.

2. Production Flowchart

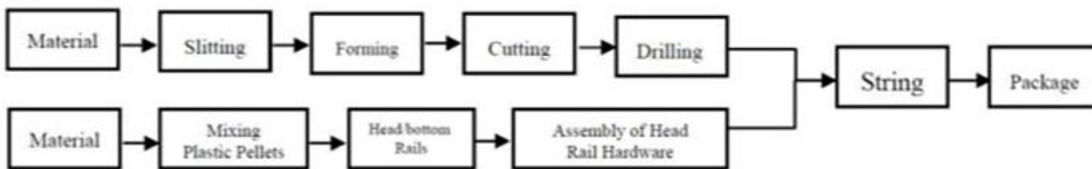
A. Blinds



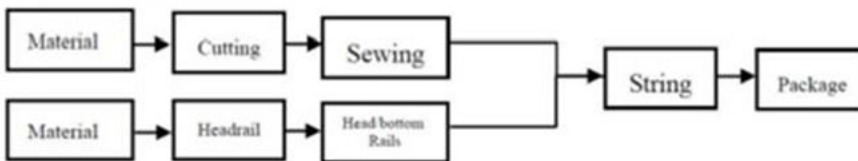
B. Pleated Shades



C. Honeycomb Shades



D. Roman Shades



E. Home Textile



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

		2023			2024			
Item	Name	Amount	Accounted for Annual Net Sales(%)	Relationship	Name	Amount	Accounted for Annual Net Sales(%)	Relationship
1	A	1,576,003	34.66	None	A	1,912,133	35.42	None
2	B	1,328,346	29.21	None	B	1,171,862	21.70	None
3	C	478,077	10.51	None	C	731,489	13.55	None
4	Others	1,164,798	25.62		Others	1,583,598	24.03	
	Net Sales	4,547,224	100.00		Net Sales	5,399,082	100.00	

2) List of main suppliers

Unit: NT\$1,000

		2023			2024			
Item	Name	Amount	Accounted for Annual Net Purchase(%)	Relationship	Name	Amount	Accounted for Annual Net Purchase(%)	Relationship
1	A	953,793	40.11	None	A	353,418	11.33	None
2	B	255,529	10.75	None	B	312,926	10.03	None
	Others	1,168,367	49.14		Others	2,452,898	78.64	
	Net Purchase	2,377,689	100.00		Net Purchase	3,119,242	100.00	

ITEM 3 - EMPLOYEES

Unit : Person, %

Year		2023		2024		March 31, 2025	
		Head-Quarter	Group	Head-Quarter	Group	Head-Quarter	Group
No. of Employees	Managers	21	41	26	50	24	48
	Indirect employees	257	589	259	1,072	256	1,103
	Direct employees	258	1,176	253	727	242	731
	Total	536	1,806	538	1,849	522	1,882
Average age		40.08	36.58	47	38.02	39.07	34.89
Average years of service (unit: year)		6.84	6.47	7.08	6.01	7.04	6.08
Education Level	PhD	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Master	5.04%	1.66%	5.39%	1.78%	5.94%	1.91%
	College/University	40.67%	18.49%	43.31%	19.52%	44.06%	18.81%
	High school	37.13%	20.60%	37.55%	22.34%	37.16%	21.63%
	Below high school	17.16%	59.25%	13.75%	56.36%	12.84%	57.65%

ITEM 4 - SPENDING ON ENVIRONMENTAL PROTECTION

- 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.
- 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.
- 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 General Manager 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:
 - To establish product environmental footprint in the upstream and downstream supply chains.
 - To strengthen the reputation through the image that shows the company as environmentally friendly.
 - To build employee knowledge about product environmental footprint
 - To enter new markets by developing environmentally focused materials, products, and processes.
- 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 2024.

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) Meal allowance.
- (13) 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 fireprotection 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 inappropriate 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 assigned an Information Security Officer and a team of five 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. The most recent report was presented on February 27, 2025.

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) Information Security Management Implementation in 2024

- (1) In addition to self-inspections by the Information Department, the Company's Audit Office conducted an internal control audit of information security according to the annual plan in February 2024. No material deficiencies or significant risks were identified.
- (2) In accordance with the annual plan, the Company completed information security education and training as well as promotion of the Personal Data Protection Act. A total of four sessions were held during the year, with cumulative participation of 610 attendees.
- (3) The Company upgraded its email server to strengthen email filtering mechanisms, thereby reducing the risk of malicious email attacks and enhancing information security.
- (4) Vulnerability scanning operations were carried out to identify information equipment with higher environmental risks, with subsequent replacement or upgrades performed as needed.
- (5) Resources invested in information and communications security management included:
 - A. Conducting internal group endpoint vulnerability scanning to reduce risks from endpoint device vulnerabilities.
 - B. Completing the privilege settings audit for the Group's operational systems.
 - C. Completing the inventory and inspection of internal information equipment within the Group.
 - D. Upgrading the Company's external website to an HTTPS encrypted site to enhance website security.
- (6) The Company joined the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) alliance to obtain up-to-date information security risk intelligence and vulnerability remediation methods.

5) Impact of Information System Disruptions on the Company's Operations and Corresponding Measures:

Currently, the Company's information system infrastructure consists of highly stable servers, with a gradual implementation of a virtualized environment. On the software side, regular snapshot backups of information systems, electronic files, and system configuration parameters are conducted, along with incremental data backups, to minimize service downtime. To ensure uninterrupted information services and data security, the Information Department regularly transfers backup data to an offsite storage location and conducts periodic disaster recovery drills. Additionally, the Company ensures that the uninterruptible power supply (UPS) systems function properly to prevent and mitigate information service disruptions caused by unforeseen natural disasters or human error, thereby reducing system recovery time. Recent analyses of information security threats indicate that external cyberattacks constitute the majority of incidents, followed by risks arising from internal employee negligence and a lack of information security awareness. Such risks often result from users mistakenly clicking on phishing emails or executing unknown malicious programs. Therefore, strengthening information security requires not only corporate-level protections but also raising employees' awareness. By cultivating good work habits and fostering a company culture that emphasizes risk awareness and information security, the Company's overall defense capabilities can be effectively enhanced.

- (6) In 2024, the Company did not experience any major cybersecurity attacks, customer data breaches, or significant information security incidents. Furthermore, the Company was not involved in any related legal proceedings or regulatory investigations.

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 280%. 3. Interest coverage ratio: not less than 3 times. 4. Net worth: not less than NT\$1,800,000,000
Long-Term Loan Agreement	Taiwan Cooperative Bank	2019/07/29~2026/07/15	The line is NT\$144,000,000	None
Long-Term Loan Agreement	Taiwan Cooperative Bank	2020/07/10~2027/07/10	The line is NT\$84,000,000	None
Long-Term Loan Agreement	Taiwan Cooperative Bank	2020/07/10~2025/07/10	The line is NT\$100,000,000	None
Long-Term Loan Agreement	Land Bank of Taiwan	2020/07/03~2035/07/03	The line is NT\$185,540,000	None
Long-Term Loan Agreement	Land Bank of Taiwan	2020/07/03~2029/01/15	The line is NT\$493,500,000	None
Long-Term Loan Agreement	Land Bank of Taiwan	2020/07/28~2025/07/28	The line is NT\$100,000,000	None
Long-Term Loan Agreement	Taiwan Business Bank	2020/08/13~2025/08/13	The line is NT\$100,000,000	None
Long-Term Loan Agreement	The Export-Import Bank of the Republic of China	2024/07/08~2027/07/08	The line is NT\$45,000,000	None

PART V - FINANCIAL OVERVIEW

ITEM 1- REVIEW REPORT OF THE AUDIT COMMITTEE ON THE RECENT FINANCIAL REPORT

CHING FENG HOME FASHIONS CO., LTD. AUDIT COMMITTEE'S REPORT

Date: February 27, 2025

The Board of Directors has prepared the Business Report, Financial Statements for the year of 2024 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,

Yang, Wendy

Convener of the Audit Committee

ITEM 2- THE MOST RECENT CONSOLIDATED FINANCIAL REPORT AUDITED AND ATTESTED BY ACCOUNTANTS.

Please refer to the Market Observation Post System (MOPS) website (URL: <https://mopsov.twse.com.tw>) / Single Company / Electronic Document Download / Financial Reports / 4th Quarter Consolidated Financial Statements of 2024.

ITEM 3- THE MOST RECENT PARENT COMPANY ONLY FINANCIAL REPORT AUDITED AND ATTESTED BY ACCOUNTANTS.

Please refer to the Market Observation Post System (MOPS) website (URL: <https://mopsov.twse.com.tw>) / Single Company / Electronic Document Download / Financial Reports / 4th Quarter Parent Company Only Financial Statements of 2024.

ITEM 4- 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.

PART VI - REVIEW AND ANALYSIS OF FINANCIAL SITUATION AND PERFORMANCE AND RISKS

ITEM 1 - FINANCIAL SITUATION

Analyzing comparative financial statements

Unit: NT\$1,000

Item \ Year	December 31, 2024	December 31, 2023	Increase/ Decrease	Variation Ratio %
Current assets	4,086,102	3,460,976	625,126	18.06
Non-current assets	3,491,931	3,191,665	300,266	9.41
Total assets	7,578,033	6,652,641	925,392	13.91
Current liabilities	1,946,651	1,491,106	455,545	30.55
Non-current liabilities	2,808,961	2,907,754	(98,793)	(3.4)
Total liabilities	4,755,612	4,398,860	356,752	8.11
Capital	1,778,389	1,738,389	40,000	2.3
Capital surplus	111,098	13,030	98,068	752.63
Retained earnings	933,806	605,012	328,794	54.35
Other components of equity	(872)	(92,700)	91,828	(99.06)
Treasury stocks	0	(9,950)	9,950	(100)
Non-controlling interests	0	0	0	0
Total equity	2,822,421	2,253,781	568,640	25.23
<p>Explanation of the reasons for the increase and decrease in these two periods:</p> <p>(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:</p> <ol style="list-style-type: none"> 1. Increase in current liabilities: Mainly due to the increase in short-term borrowings, accounts payable, and other payables. 2. Increase in capital surplus: Mainly due to the cash capital increase, the recognition of convertible bonds as equity components, and the transfer of treasury stock, which led to an increase in capital surplus. 3. Increase in retained earnings: Mainly due to this year's net income, partially offset by the distribution of earnings. 4. Decrease in other equity: Mainly due to changes in the exchange difference from the translation of financial statements of foreign operations. <p>(2) Impact and future response plans: None.</p>				

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	2024	2023	Increase/ Decrease	Variation Ratio %
Operating income	5,399,082	4,547,224	851,858	18.73
Operating costs	4,085,112	3,637,227	447,885	12.31
Gross profit	1,313,970	909,997	403,973	44.39
Operating expenses	747,042	666,263	80,779	12.12
Operating profit (loss)	566,928	243,734	323,194	132.6
Non-operating income and expenses	(20,686)	(89,425)	68,739	(76.87)
Net profit (loss) before tax	546,242	154,309	391,933	253.99
Income tax benefit (fee)	(130,779)	50,305	(80,474)	159.97
Profit(loss) after tax from Continuing Operations	415,463	104,004	311,459	299.47

(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 gross profit: Mainly due to changes in the revenue structure, leading to an overall improvement in gross profit.
2. Increase in operating income: Mainly due to changes in the revenue structure, an overall improvement in gross profit, and effective cost management, resulting in increased operating income.
3. Increase in non-operating income and expenses: Mainly due to increased interest income and exchange gains from currency fluctuations.
4. Increase in pre-tax net profit: Mainly due to the increase in operating income and non-operating income and expenses.
5. Increase in income tax expense: Mainly due to the increase in pre-tax net profit.

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
497,239	355,715	(277,301)	45,484	621,137

2. Analysis of Changes of cash flow of the year

- 1) Operating activities: Mainly due to the increase in pre-tax net profit and the decrease in other receivables, resulting in a net cash inflow from operating activities.
- 2) Investment and financing activities: Mainly due to the ongoing repayment of loans, acquisition of property, plant and equipment, and acquisition of financial assets measured at fair value through profit or loss, resulting in cash outflows from investing 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
621,137	853,555	(793,899)	(75,684)	605,109	0	0

1) Analysis of cash flow in the coming year:

- (1) Operating activities: The operation of the company in 2025 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 company's major capital expenditures for this year were the acquisition of land for the future construction of an operation center to meet future growth needs; and the addition of new production machinery and equipment to respond to market demand, optimize product quality, and enhance production efficiency.

Based on the consolidated financial statements of the current period, the total amount paid for property, plant and equipment is NT\$199,152 thousand, accounting for about 3.7% of the net sales. It has no significant impact on the finance of the company.

2. Expected Benefits

In response to continued growth in scale, the company expects to expand the research and development, sales, and finance departments. Additionally, the current office space rented in Taichung is nearing full capacity. Therefore, the company plans to establish an operation center in Taichung, which will also help achieve cost savings on rent.

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 group recognized an equity-method investment income of NT\$224,733 thousand for 2024, which represents an increase of NT\$202,079 thousand compared to the NT\$22,654 thousand recognized in 2023. This increase is mainly driven by the post-pandemic era, which has accelerated changes in consumer lifestyles and new business models. This has deepened the digital transformation of physical stores and online e-commerce. Over the past three years, the company has actively strengthened its e-commerce channel business, leading to stable growth in the online e-commerce supply chain in North America. The company has also gradually expanded into new channels, such as the professional market for architects and construction companies. This supports the implementation of an omnichannel expansion strategy and further optimizes the company's business sales structure. Additionally, the group has continued to improve production processes to reduce production costs, using automation to decrease labor hours and 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 2024 and 2023 were NT\$94,118 thousand and NT\$93,060 thousand, 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\$6,048 thousand and NT\$7,225 thousand, the actual interest expenses after deduction were NT\$88,070 thousand and NT\$85,835 thousand, accounting for 1.63% and 1.89% 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, blinds 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 blinds that meet the safety standards of North American, European and other markets; blinds and shades with wire control, remote control, and smart home system; environmentally friendly blinds that can replace PVC plastic materials; made-to-measure and semi-custom blinds.

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:

The company's management team closely monitors industry development trends and relevant technological changes. With the shift in consumer shopping habits, the company leverages data analysis to optimize sales strategies, while actively investing in the development of new products and process automation improvements to ensure stable revenue and profitability.

The company has established an enterprise information security management strategy and framework, continuously updating systems and introducing information security enhancement tools. Regular reviews are conducted to assess risks and control measures for information security management, network system protection, and other related aspects, effectively controlling the risk of the company's information systems and ensuring continuous business operations.

In the most recent fiscal year, up until the date of this report's publication, the company has not experienced any significant impacts on its financial or business operations due to technological changes (including information security risks) or industry shifts.

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 VII - SPECIAL NOTES

ITEM 1 - SUSIDIARIES

1. Consolidated Business Report and Affiliate Report of Subsidiaries

Please refer to the Market Observation Post System (MOPS) website (URL: <https://mopsov.twse.com.tw>) / Single Company / Electronic Document Download / Affiliate Three Reports Section.

2. Consolidated Report of Subsidiaries

Please refer to the Market Observation Post System (MOPS) website (URL: <https://mopsov.twse.com.tw>) / Single Company / Electronic Document Download / Financial Reports /Q4 2024 Consolidated Financial Report.D

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 - OTHER EXPLANATIONS: NONE

PART VIII

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

CHING FENG HOME FASHIONS CO.,LTD.

Chairman: Hsu, Ming-Hsuan