



# **CHING FENG HOME FASHIONS CO., LTD. AND SUBSIDIARIES**

## **Consolidated Financial Statements for the First Quarter Ended March 31, 2023 and 2022, and Independent Auditors' Review Report**

### **Notice to Readers**

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in Taiwan. In the event of any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version of consolidated financial statements shall prevail.

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## **Independent Auditors' Report**

The Board of Directors  
Ching Feng Home Fashions Co., Ltd.

May 11, 2023

### **Opinion**

We have audited the accompanying consolidated financial statements of Ching Feng Home Fashions Co., Ltd., and its subsidiaries("Ching Feng Home Fashions Group")which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the quarter then ended, and notes thereto(including summary of significant accounting policies).

It is the Company's responsibility to prepare consolidated financial statements that present fairly the financial position of the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. The independent auditor is responsible to express a conclusion on the consolidated financial report based on our reviews.

### **Scope of Review**

Except as explained in the paragraph of Basis for Qualified Opinion, the independent auditor conducted the review of the interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410. A review consists principally of performing analytical procedures and making inquiries of persons responsible for financial and accounting matters. The review does not contemplate performing certain other procedures ordinarily performed in an audit. Thus the review does not provide assurance that the accountant will become aware of all significant matters that would be identified in an audit. Thus, we will not express an audit opinion.

### **Basis for Qualified Opinion**

As disclosed in Note 4(2) to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$1,251,857,000 and NT\$1,125,750,000 respectively, representing 18% and 18% respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of March 31, 2023 and 2022 were 161,220,000 and 200,606,000 respectively, representing 3% and 5% of the consolidated total liabilities; for the quarter ended March 31, 2023 and 2022, the comprehensive gain (loss) were (5,292,000) and (34,481,000). Their absolute values accounted for 14% and 77% of the absolute amounts of consolidated comprehensive gain and loss respectively.

## **Qualified Conclusion**

Based on our reviews, except as explained in the paragraph of Basis for Qualified Opinion, possible adjustments to the consolidated financial report may be necessary if the financial reports of the investee companies were reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the quarter then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard(IAS) 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Taiwan.

KPMG Taiwan  
Taipei, Taiwan

With Approval from the Competent Authorities:

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

Only reviewed, not audited in accordance with auditing standards  
**Ching Feng Home Fashions Co., Ltd.**  
**Consolidated Balance Sheet**  
**March 31, 2023 and 2022**

Unit: NT\$1,000																							
Assets		3.31.2023		12.31.2022		3.31.2022		Liabilities and Equity		3.31.2023		12.31.2022		3.31.2022									
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%								
Current Assets								Current liabilities															
1100	Cash and cash equivalents (Note 6(1))	\$	830,207	12	539,333	8	392,566	6	2100	Short-term borrowings (Note 6(10), 8)	\$	383,473	6	327,592	5	588,429	10						
1110	Financial assets at fair value through profit or loss - current (Note 6(2))		24,263	-	16,471	-	26,027	-	2120	Financial liabilities at fair value through profit or loss-current (Note 6 (2))		-	-	51	-	-	-						
1150	Net notes receivable (Note 6 (3))		-	-	600	-	15	-	2150	Notes Payable and Accounts		573,682	8	676,067	10	598,753	10						
1170	Net accounts receivable (Note 6 (3))		1,338,342	19	1,654,973	23	1,221,546	20	2200	Other payables		322,751	5	243,071	3	262,496	4						
1180	Accounts receivable - net amount of related parties (Notes 6(3) ,7)		93,848	1	149,890	2	134,127	2	2230	Current income tax liabilities (Note 6 (14))		120,029	2	120,603	2	111,843	2						
1200	Other receivables (Note 6(4))		216,465	3	291,520	4	38,424	1	2280	Lease liabilities - current (Note 6(12))		23,580	-	23,187	-	22,815	-						
1210	Other receivables - related parties (Note 7)		6,972	-	8,094	-	-	-	2320	Long-term liabilities due within 1 year or 1 business cycle (6 (11))		224,695	3	219,627	3	214,298	3						
130X	Inventories (Note 6(5))		932,938	13	959,597	14	903,523	14	2399	Other current liabilities - Others		2,326	-	2,763	-	5,355	-						
1410	Prepayments (Notes 6(7) and (13))		119,874	2	124,503	2	168,634	3	Total current liabilities									1,650,536	24	1,612,961	23	1,803,989	29
1470	Other current assets		90,348	1	80,067	1	32,010	1	Non-current liabilities:														
1476	Other financial assets - current (Note 8)		170,552	3	164,875	2	264,925	4	2540	Long-term loans (Note 6 (11), 8)		3,112,579	45	3,170,816	44	2,353,406	38						
Total Current Assets			3,823,809	54	3,989,923	56	3,181,797	51	2570	Deferred income tax liabilities (Note 6 (14))		-	-	4,755	-	8,128	-						
Non-current assets:								2580	Lease liabilities - non-current (Note 6(12))		70,325	1	74,943	1	86,727	1							
1551	Investment using equity method		2,400	-	-	-	-	-	2670	Other current liabilities - others		1,134	-	1,412	-	-	-						
1600	Property, plant and equipment (Notes 6(6) and 8)		2,312,000	33	2,321,655	31	2,154,467	35	Total non-current liabilities									3,184,038	46	3,251,926	45	2,448,261	39
1755	Right-of-use assets (Note 6(7))		568,645	8	580,748	8	571,513	9	Total liabilities									4,834,574	70	4,864,887	68	4,252,250	68
1780	Intangible assets(Note 6(8))		110,821	2	116,382	2	121,935	2	Equity attributable to owners of parent Co. (Note 6 (15)):														
1840	Deferred income tax assets (Note 6 (14))		52,289	1	37,330	1	52,705	1	3110	Common stock capital		1,696,233	24	1,696,233	24	1,696,233	27						
1915	Advance payment for equipment		36,959	1	53,125	1	77,755	1	3200	Capital reserves		13,030	-	13,030	-	13,030	-						
1900	Other non-current assets (Notes 6(9) and 8)		60,070	1	44,422	1	74,510	1	3300	Retained earnings		513,438	7	652,769	9	425,586	7						
Total non-current assets			3,143,184	46	3,153,662	44	3,052,885	49	3400	Other interests		(70,352)	(1)	(63,404)	(1)	(132,487)	(2)						
								3500	Treasury stock		(19,930)	-	(19,930)	-	(19,930)	-							
								Total equity attributable to owners of the parent company									2,132,419	30	2,278,698	32	1,982,432	32	
								Total equity									2,132,419	30	2,278,698	32	1,982,432	32	
Total Assets		\$	6,966,993	100	7,143,585	100	6,234,682	100	Total liabilities and equity								\$	6,966,993	100	7,143,585	100	6,234,682	100

Please refer to notes to the consolidated financial report.

President: Hsu, Ming-Hsuan

General Manager: Hsu, Chun-Jan

Accounting Supervisor: Chang, Chun-Ming

Only reviewed, not audited in accordance with auditing standards  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

March 31, 2023 and 2022

Unit: NT\$1,000

		Jan.~Mar. 2023		Jan.~Mar. 2022	
		Amount	%	Amount	%
4000	<b>Operating income (Notes 6(17) and 7)</b>	\$ 919,767	100	1,179,043	100
5000	<b>Operating costs (Notes 6(5), (13) )</b>	761,998	83	1,020,388	87
	<b>Gross profit</b>	157,769	17	158,655	13
	<b>Operating expenses (Notes 6(13)):</b>				
6100	Marketing expenses	49,128	5	51,571	4
6200	Administrative expenses	75,566	8	90,234	8
6300	R&D expenses	17,085	2	22,091	2
6450	Expected credit loss(reversal of profit) (Note 6(3) and (20))	(1,122)	-	88	-
	<b>Total Operating Expenses</b>	140,657	15	163,984	14
	<b>Operating profit (loss)</b>	17,112	2	(5,329)	(1)
	<b>Non-operating income and expenses (Notes 6(19) and 7)</b>				
7100	Interest income	1,018	-	92	-
7010	Other income	1,790	-	309	-
7020	Other gains and losses	(33,583)	(3)	33,397	3
7050	Financing costs	(23,788)	(3)	(17,385)	(1)
	<b>Total non-operating income and expenses</b>	(54,563)	(6)	16,413	2
7900	<b>Net profit before tax</b>	(37,451)	(4)	11,084	1
7950	<b>Less: Income tax expenses (Note 6(14))</b>	(7,725)	(1)	17,676	1
	<b>Net profit for the period</b>	(29,726)	(3)	(6,592)	-
8300	<b>Other comprehensive income(Note6(14) and (15))</b>				
8360	<b>Items that may subsequently be reclassified to profit or loss</b>				
8361	Exchange difference on translation of foreign operating institutions	(8,685)	(1)	64,473	5
8399	Less: Income tax related to items that may be reclassified	(1,737)	-	12,893	1
	<b>Total items that may subsequently be reclassified to profit or loss</b>	(6,948)	(1)	51,580	4
8300	<b>Other comprehensive profit and loss for the period</b>	(6,948)	(1)	51,580	4
	<b>Total comprehensive profit and loss for the period</b>	<u><u>\$ (36,674)</u></u>	<u><u>(4)</u></u>	<u><u>44,988</u></u>	<u><u>4</u></u>
	<b>Earnings per share (Note 6(16))</b>				
9750	<b>Basic earnings per share (Unit: NT\$)</b>	<u><u>\$ (0.18)</u></u>		<u><u>(0.04)</u></u>	

Please refer to notes to the consolidated financial report.

Hsu, Ming-Hsuan  
President

Hsu, Chun-Jan  
General Manager

Chang, Chun-Ming  
Accounting Supervisor

Only reviewed, not audited in accordance with auditing standards  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Quarters Ended March 31, 2023 and 2022**

Unit: NT\$1,000

	Capital stock- Common stocks	Capital Surplus	Legal Capital Reserve	Retained Earnings Special Capital Reserve	Unappropriat ed Earnings	Others Exchange difference on translation of foreign operating institutions	Treasury Stocks	Total
<b>BALANCE, JANUARY 1, 2022</b>	\$ 1,696,233	56,029	64,642	157,393	253,142	(184,067)	(19,910)	2,023,462
Appropriations of earnings:								
Cash dividends to shareholders – common stocks	-	-	-	-	(42,999)	-	-	(42,999)
Cash dividends from capital surplus	-	(42,999)	-	-	-	-	-	(42,999)
Net loss of the period	-	-	-	-	(6,592)	-	-	(6,592)
Other comprehensive income (loss) of the period	-	-	-	-	-	51,580	-	51,580
Total comprehensive income (loss) of the period	-	-	-	-	(6,592)	51,580	-	44,988
Reacquire of treasury stock	-	-	-	-	-	-	(20)	(20)
<b>BALANCE, March 31, 2022</b>	<b>\$ 1,696,233</b>	<b>13,030</b>	<b>64,642</b>	<b>157,393</b>	<b>203,551</b>	<b>(132,487)</b>	<b>(19,930)</b>	<b>1,982,432</b>
<b>BALANCE, JANUARY 1, 2023</b>	\$ 1,696,233	13,030	72,622	184,067	396,080	(63,404)	(19,930)	2,278,698
Appropriations of earnings:								
Cash dividends to shareholders – common stocks	-	-	-	-	(109,605)	-	-	(109,605)
Net loss of the period	-	-	-	-	(29,726)	-	-	(29,726)
Other comprehensive income (loss) of the period	-	-	-	-	-	(6,948)	-	(6,948)
Total comprehensive income (loss) of the period	-	-	-	-	(29,726)	(6,948)	-	(36,674)
<b>BALANCE, March 31, 2023</b>	<b>\$ 1,696,233</b>	<b>13,030</b>	<b>72,622</b>	<b>184,067</b>	<b>256,749</b>	<b>(70,352)</b>	<b>(19,930)</b>	<b>2,132,419</b>

Please refer to notes to the consolidated financial report.

President: Hsu, Ming-Hsuan

General Manager: Hsu, Chun-Jan

Accounting Supervisor: Chang, Chun-Ming

Only reviewed, not audited in accordance with auditing standards  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**March 31, 2023 and 2022**

Unit: NT\$1,000

	<u>Jan.~Mar. 2023</u>	<u>Jan.~Mar. 2022</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net profit before tax for the period</b>	\$ (37,451)	11,084
<b>Adjustment for:</b>		
Income expenses and losses		
Depreciation expense	51,064	44,322
Amortization fees	7,409	4,930
Expected credit losses(reversal of impairment loss)	(1,122)	88
Net loss on financial assets and liabilities at fair value through profit or loss	(2,342)	(6)
Interest expense	23,788	17,385
Interest income	(1,018)	(92)
Net loss on disposal of property, plant and equipment	(416)	(22)
The amount of property, plant and equipment transferred to be listed as expenses	(43)	-
Unrealized foreign exchange losses(gains)	2,090	(6,367)
Total income expenses and losses	<u>79,410</u>	<u>60,238</u>
Changes in assets/liabilities related to operating activities:		
Notes receivable	600	131
Notes receivable - related parties	-	10
Accounts receivable	316,635	(202,808)
Accounts receivable - related parties	56,042	(5,651)
Other receivables	75,055	126,957
Other receivables — related party	-	19
Inventory	26,659	(9,157)
Prepayments	4,531	(36,953)
Other current assets	<u>(10,281)</u>	<u>(19,091)</u>
Total net changes in assets related to operating activities	<u>469,241</u>	<u>(146,543)</u>
Net change in liabilities related to operating activities:		
Notes Payable and Accounts Payable	(102,385)	(95,537)
Notes Payable and Accounts Payable – related parties	-	(345)
Other payables	(30,047)	25,311
Other current liabilities	<u>(437)</u>	<u>(982)</u>
Total Net Changes in Liabilities Related to Operating Activities	<u>(132,869)</u>	<u>(71,553)</u>
Total Net Changes in Assets and Liabilities Related to Operating Activities	<u>336,372</u>	<u>(218,096)</u>
Total adjustment	<u>415,782</u>	<u>(157,858)</u>



Only reviewed, not audited in accordance with auditing standards  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**March 31, 2023 and 2022(Continued)**

Unit: NT\$1,000

	<u>Jan.~Mar. 2023</u>	<u>Jan.~Mar. 2022</u>
Cash (outflow) inflow from operations	378,331	(146,774)
<b>Interest charged</b>	1,018	92
<b>Interest paid</b>	(22,568)	(16,134)
Income tax paid	(12,567)	(22,496)
<b>Net cash outflow from operating activities</b>	<u>344,214</u>	<u>(185,312)</u>
<b>CASH FLOW FROM INVESTMENT</b>		
Acquisition of financial assets at fair value through profit or loss	(5,861)	(5,538)
Disposal of financial assets at fair value through profit or loss	360	49,272
Acquisition of investment using equity method	(2,400)	-
Acquisition of property, plant and equipment	(13,845)	(48,950)
Disposal of property, plant and equipment price	2,252	272
Other receivables-Additional related parties	2,244	-
Acquisition of intangible assets	-	(350)
Other financial assets – Current, decrease(increase)	(5,677)	44,479
Other non-current assets, decrease(increase)	(7,561)	1,709
Advance payment for equipment(increase)	(14,936)	(1,863)
<b>Net Cash Outflow From Investment</b>	<u>(45,424)</u>	<u>39,031</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Short-term loans, increase	234,545	496,314
Repayment of short-term loans	(178,664)	(322,763)
Long-term loans	-	1,377,500
Repayment of long-term loans	(54,137)	(1,422,435)
Repayment of lease principal	(7,013)	(5,767)
Other non-current liabilities(decrease)	(278)	(947)
Cost of reacquiring treasury stock	-	(20)
<b>Net cash inflow from financing activities</b>	<u>(5,547)</u>	<u>121,882</u>
Effect of exchange rate changes on cash and cash equivalents	(2,369)	41,774
Increase in cash and cash equivalents for the period	290,874	17,375
Cash and equivalent cash, beginning balance	539,333	375,191
Cash and equivalent cash, ending balance	<u><u>\$ 830,207</u></u>	<u><u>392,566</u></u>

Please refer to notes to the consolidated financial report.

Hsu, Ming-Hsuan

Hsu, Chun-Jan

Chang, Chun-Ming

**President**

**General Manager**

**Accounting Supervisor**

Only reviewed, not audited in accordance with auditing standards

**Ching Feng Home Fashions Co., Ltd.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Quarters Ended March 31, 2023 and 2022**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

**ITEM 1 - GENERAL**

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

**ITEM 2 - DATES AND PROCEDURES FOR THE APPROVAL OF FINANCIAL REPORTS**

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 11, 2023.

**ITEM 3 - APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

1. Initial application of the amendments and interpretations endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The consolidated company has started to apply the following newly revised International Financial Reporting Standards from January 1, 2023, and there is no significant impact on consolidated financial reports.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Income Tax related to Assets and Liabilities Arising from a Single Transaction"

2. Newly issued and revised standards and interpretations not yet approved by the Financial Supervisory Commission.

The standards and interpretations that have been issued and revised by the International Accounting Standards Board but have not yet been endorsed by the Financial Supervisory Commission may be of interest to the consolidated company as follows:

New, Revised or Amended Standards	Amendments	Effective date Issued by the IAS Board
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The current IAS 1 stipulates that liabilities for which the company does not have an unconditional right to defer settlement for at least twelve months after the reporting period shall be classified as current. The amendment deletes the requirement that the right should be unconditional and instead it requires that the right must exist and be substantive at the end of the reporting period.  The amendments also clarified the classification	January 1, 2024

	requirements for the debts that the enterprise may pay off by converting them into equity.	
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 IAS 1 amendments, the new amendments clarify that only covenants complied with on or before the reporting date will affect the classification of liabilities as current or non-current.</p> <p>Covenants (ie. future terms) that the company must comply with after the reporting date do not affect the classification of liabilities at that date. However, when non-current liabilities are subject to future contractual terms, companies need to disclose information to help users of financial statements understand the risk that such liabilities may be repaid within twelve months of the reporting date</p>	January 1, 2024

The consolidated company is assessing the impact of the above-mentioned standards and interpretations on the consolidated company’s financial position and operating results, and the relevant impact will be disclosed when the assessment is completed.

The consolidated company expects that the following newly issued and revised standards that have not been endorsed will not have a significant impact on the consolidated financial reports.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 "Contracts of Insurance" and Amendments to IFRS 17
- Amendments to IAS 16 “Requirements for Sale and Leaseback Transactions”

#### **ITEM – 4 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Statement of Compliance**

The consolidated financial reports were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. This consolidated financial report does not include all the necessary information that should be disclosed in the annual consolidated financial report prepared in accordance with International Financial Reporting Standards, and International Accounting Standards, Interpretations and other announcements(hereinafter referred to as International Financial Reporting Standards endorsed and issued into effect by the Financial Supervisory Commission.)

The significant accounting policies adopted in this consolidated financial report are the same as those in 2022 consolidated financial report. For relevant information, please refer to Note 4 of 2022 consolidated financial report.

## 2. Consolidation Basis

### 1) Subsidiaries Included in Consolidated Financial Reports:

Company that Makes the Investment	Subsidiary	Nature	12.31.2023	% 12.31.2022	03.31.2022	Note
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Buy & sell of blinds, pleated curtains	100.00%	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Lamae' Global Home Fashion Co.,Ltd.	Investment	100.00%	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Investment	100.00%	100.00%	100.00%	Note
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	International trade	100.00%	100.00%	100.00%	Note
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Plastic bags, etc.	100.00%	100.00%	100.00%	Note
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited.	Production and processing of plastic and alu. Blinds, Faux wood shutters	100.00%	100.00%	100.00%	Note
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Cutting, assembly and packaging of curtains and textiles	100.00%	100.00%	100.00%	Note
Ching Feng Home Fashions Co., Ltd.	Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	100.00%	100.00%	100.00%	Note
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Manufacture and sale of blinds, pleated blinds.	100.00%	100.00%	100.00%	Note
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	Investment(Investment in China)	100.00%	100.00%	100.00%	
Sincere Capital Limited	Sun Ocean Investment Limited	Investment	100.00%	100.00%	100.00%	Note
New Nice Home Fashion L.L.C.	Fu Yue Window Decoration Technology(Zhenjing)	Manufacture, process, and assembly of blinds.	100.00%	100.00%	100.00%	
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Manufacture and assembly of blinds	100.00%	100.00%	100.00%	Note
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Fu Yue Window Decoration Technology(Zhenjing)	Buy & sell of blinds, pleated curtains	100.00%	100.00%	100.00%	Note

Note: It is not a significant subsidiary whose financial reports were not reviewed.

### 2) Subsidiaries not included in the consolidated financial report: None

## 3. Investing in affiliated companies

Affiliated companies are those in which the consolidated company has significant influence over its financial and operating policies, but is not a controller or jointly controller.

The consolidated company adopts the equity method to deal with the interests of affiliated companies. Under the equity method, the original acquisition is recognized at cost, and the investment cost includes transaction costs. The carrying amount of the investment in an affiliated company includes the goodwill identified at the time of investment, less any accumulated impairment losses.

From the date of significant influence to the date of losing significant influence, after making adjustments consistent with the accounting policies of the consolidated company, the Company recognizes the profit or loss and other comprehensive profit or loss of each invested affiliated company according to the ratio of equity. When the equity changes of non-profit and loss and other comprehensive profit and loss of the affiliated enterprises do not affect the shareholding ratio of the consolidated company, the consolidated company will recognize the equity changes under the shares of the affiliated company that are attributable to the consolidated company as capital reserve in proportion to shareholding.

Unrealized gains and losses arising from transactions between the Company and affiliated companies are recognized in the financial statements only to the extent that they are not related to investors' rights and interests in the affiliated company.

When the loss of the affiliated company that should be recognized in proportion by the consolidated company is equal to or exceeds its equity in the affiliated company, it will stop recognizing its loss. Additional losses and related liabilities are recognized only within the scope of statutory obligations, constructive obligations or payments made on behalf of the investee company.

#### 4. Income Tax

The consolidated company measures and discloses the income tax expenses of the interim period in accordance with the provisions of paragraph B12 of the International Accounting Standard(IAS) 34 “Interim Financial Reporting”.

Income tax expense is measured by multiplying the net profit before tax in the interim reporting period by the company’s best estimate of the estimated effective tax rate for the whole year, and is fully recognized as current income tax expense.

To directly recognize income tax expenses in equity items or other comprehensive profit and loss items is to measure the temporary differences between the carrying amounts of relevant assets and liabilities for financial reporting purposes and their tax bases at the applicable tax rate when it is expected to be realized or settled.

#### ITEM 5 - MAJOR SOURCES OF UNCERTAINTY IN SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the consolidated financial report in accordance with International Accounting Standard(IAS) 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Taiwan, the consolidated company must make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Major sources of making significant judgments and estimating uncertainty when adopting the accounting policies are consistent with Note 5 of 2022 consolidated financial report.

#### ITEM 6 – MAJOR LINE ITEMS ON BALANCE SHEET

##### 1. Cash and cash equivalents

	<u>3.31.2023</u>	<u>12.31.2022</u>	<u>3.31.2022</u>
Cash on hand	\$ 1,973	2,628	1,337
Check and demand deposit	273,895	183,891	93,335
Time deposits	106,575	113,540	-
Foreign currency deposit	447,764	239,274	297,894
Cash and cash equivalents listed in the statement of cash flow	<u>\$ 830,207</u>	<u>539,333</u>	<u>392,566</u>

Please refer to Note 6 (20) for the exchange rate risk and sensitivity analysis of the consolidated company's financial assets and liabilities.

## 2. Financial Assets and Liabilities at Fair Value through Profit or Loss

	<u>3.31.2023</u>	<u>12.31.2022</u>	<u>3.31.2022</u>
Designated financial assets at fair value through profit or loss:			
Fund	\$ 18,627	16,471	26,027
Foreign bonds	5,636	-	-
Total	<u>\$ 24,263</u>	<u>16,471</u>	<u>26,027</u>
Designated financial liabilities at fair value through profit or loss:			
Forward exchange contracts	<u>\$ -</u>	<u>51</u>	<u>-</u>

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

	<u>12.31.2022</u>		
	<u>Amount(\$1,000)</u>	<u>Currency</u>	<u>Expiry Date</u>
Exchange bought	US\$ 1,000	US\$ to NT\$	1.16.2023
Forward exchange swap			

Please refer to Note 6 (19) for the amount recognized in profit or loss based on remeasurement at fair value.

On March 31, 2023 and 2022, the consolidated company did not adopt hedge accounting, and financial assets measured at fair value through profit and loss and derivatives of financial liabilities held for trading.

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

## 3. Notes Receivable, Notes Receivable from Related Parties, Accounts Receivable and Accounts Receivable from Related Parties

	<u>3.31.2023</u>	<u>12.31.2022</u>	<u>3.31.2022</u>
Notes receivable	<u>\$ -</u>	<u>600</u>	<u>15</u>
Accounts receivable - measured at amortized cost	\$ 1,338,858	1,655,493	1,222,321
Accounts receivable - related parties	93,848	149,890	134,127
Less: Allowance for losses	(516)	(520)	(775)
	<u>\$ 1,432,190</u>	<u>1,804,863</u>	<u>1,355,673</u>

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

Regarding notes receivable, notes receivable from related parties, accounts receivable and accounts receivable from related parties, the expected credit losses is as follows:

	<b>March 31, 2023</b>		
	<b>Carrying Amount – Notes Receivable, A/Cs Receivable</b>	<b>Expected Credit Loss – Weighted Average</b>	<b>Expected Credit Losses during Allowance Period</b>
Not overdue	\$ 1,337,890	-	-
Less than 90 days overdue	94,075	-	-
91 days to 180 days overdue	466	51.72%	241
181 days to 270 days overdue	171	100%	171
Above 270 days overdue	104	100%	104
	<b><u>\$ 1,432,706</u></b>		<b><u>516</u></b>
	<b>12.31.2022</b>		
	<b>Carrying Amount – Notes Receivable, A/Cs Receivable</b>	<b>Expected Credit Loss – Weighted Average</b>	<b>Expected Credit Losses during Allowance Period</b>
Not overdue	\$ 1,547,218	-	-
Less than 90 days overdue	258,423	0.07%	178
91 days to 180 days overdue	237	100%	237
181 days to 270 days overdue	-	-	-
Above 270 days overdue	105	100%	105
	<b><u>\$ 1,805,983</u></b>		<b><u>520</u></b>
	<b>March 31, 2022</b>		
	<b>Carrying Amount – Notes Receivable, A/Cs Receivable</b>	<b>Expected Credit Loss – Weighted Average</b>	<b>Expected Credit Losses during Allowance Period</b>
Not overdue	\$ 1,303,756	-	-
Less than 90 days overdue	51,912	-	-
91 days to 180 days overdue	22	9.09%	2
181 days to 270 days overdue	-	-	-
Above 270 days overdue	773	100%	773
	<b><u>\$ 1,356,463</u></b>		<b><u>775</u></b>

Statement of Changes in Allowance for Losses - Notes Receivable - Related Parties, and Accounts Receivable - Related Parties:

	Jan.~Mar. 2023	Jan.~Mar. 2022
Opening balance	\$ 520	3,325
Recognition of impairment losses	-	88
Amount written off due to irrecoverableness	-	(2,654)
Amount affected by exchange rate	(4)	16
Ending balance	<u>\$ 516</u>	<u>775</u>

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

March 31, 2023						
Sold to	Derecognized Amount	Quota	Quota Used	Amount - other Receivables Transferred	Interest	Other Important Matters
Cathay United Bank	<u>\$ 146,587</u>	USD 15,000,000	<u>-</u>	<u>146,587</u>	5.28%~5.87%	-

  

12.31.2022						
Sold to	Derecognized Amount	Quota	Quota Used	Amount - other Receivables Transferred	Interest	Other Important Matters
Cathay United Bank	<u>\$ 219,172</u>	USD 15,000,000	<u>-</u>	<u>219,172</u>	0.89%~5.15%	-

  

March 31, 2022						
Sold to	Derecognized Amount	Quota	Quota Used	Amount - other Receivables Transferred	Interest	Other Important Matters
Cathay United Bank	<u>\$ 45,201</u>	USD 15,000,000	<u>36,158</u>	<u>9,043</u>	0.89%~1.35%	-

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

#### 4. Other Receivables

	3.31.2023	12.31.2022	3.31.2022
Tax refund receivable	\$ 67,112	68,729	23,711
Unused amount of sold receivables	146,587	219,172	9,043
Others	2,766	3,619	5,670
	<u>\$ 216,465</u>	<u>291,520</u>	<u>38,424</u>

On March 31, 2023, December 31, 2022, and March 31, 2022, the consolidated company's other receivables were not used as guarantees for long-term, short-term loans and financing.



## 5. Inventory

	<u>3.31.2023</u>	<u>12.31.2022</u>	<u>3.31.2022</u>
Raw materials	\$ 201,866	172,789	201,656
Supplies	217,744	168,826	146,197
Work-in process, semi-finished goods	108,994	134,162	162,595
Finished goods	404,334	483,820	393,075
	<u><b>\$ 932,938</b></u>	<u><b>959,597</b></u>	<u><b>903,523</b></u>

### Cost of Goods Sold:

	<u>Jan.~Mar. 2023</u>	<u>Jan.~Mar. 2022</u>
Inventory sold	\$ 769,252	1,033,344
Losses to reduce inventory to net realizable value	<u>(7,254)</u>	<u>(12,956)</u>
Total	<u><b>\$ 761,998</b></u>	<u><b>1,020,388</b></u>

On March 31, 2023, December 31, 2022, and March 31, 2022, the consolidated company's inventory was not used as guarantees for long-term, short-term loans and financing.

## 6. Property, plant and equipment

### Changes of Property, plant and equipment:

	Land	Houses & Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost or recognized								
Balance on 1/1/2023	\$ 459,076	1,190,545	1,051,818	15,706	7,818	289,460	216,605	3,231,028
Add	-	175	2,884	714	37	2,300	7,735	13,845
Disposal	-	(39)	(12,304)	(404)	(29)	(10,763)	-	(23,539)
Re-classification	-	-	128,844	-	-	-	(108,754)	20,090
Impact of exchange rate changes	52	(969)	905	9	(6)	(93)	(1,124)	(1,226)
Balance on 3/31/2023	<u><b>\$ 459,128</b></u>	<u><b>1,189,712</b></u>	<u><b>1,172,147</b></u>	<u><b>16,025</b></u>	<u><b>7,820</b></u>	<u><b>280,904</b></u>	<u><b>114,462</b></u>	<u><b>3,240,198</b></u>
Balance on 1/1/2022	\$ 457,836	1,153,835	986,541	15,006	7,493	257,692	23,317	2,901,720
Add	-	3,079	11,467	530	17	14,229	27,641	56,963
Disposal	-	(359)	(17,231)	(495)	(44)	(8,071)	-	(26,200)
Re-classification	-	-	-	-	-	-	46,437	46,437
Impact of exchange rate changes	623	9,432	25,042	397	259	681	1,085	37,519
Balance on 3/31/2022	<u><b>\$ 458,459</b></u>	<u><b>1,165,987</b></u>	<u><b>1,005,819</b></u>	<u><b>15,438</b></u>	<u><b>7,725</b></u>	<u><b>264,531</b></u>	<u><b>98,480</b></u>	<u><b>3,016,439</b></u>
Depreciation and Impairment Loss								
Balance on 1/1/2023	\$ -	288,424	536,561	9,161	5,177	70,050	-	909,373
Depreciation of the year	-	8,920	22,423	288	191	8,109	-	39,931
Disposal	-	(39)	(10,504)	(371)	(29)	(10,760)	-	(21,703)
Re-classification	-	-	(43)	-	-	-	-	(43)
Impact of exchange rate changes	-	19	665	11	6	(61)	-	640
Balance on 3/31/2023	<u><b>\$ -</b></u>	<u><b>297,324</b></u>	<u><b>549,102</b></u>	<u><b>9,089</b></u>	<u><b>5,345</b></u>	<u><b>67,338</b></u>	<u><b>-</b></u>	<u><b>928,198</b></u>
Balance on 1/1/2022	\$ -	263,024	505,064	8,114	4,382	55,140	-	835,724
Depreciation of the year	-	8,524	16,585	326	195	8,606	-	34,236
Disposal	-	(359)	(16,981)	(495)	(44)	(8,071)	-	(25,950)
Re-classification	-	(12,825)	12,562	25	224	14	-	-
Impact of exchange rate changes	-	2,270	14,711	194	169	618	-	17,962
Balance on 3/31/2022	<u><b>\$ -</b></u>	<u><b>260,634</b></u>	<u><b>531,941</b></u>	<u><b>8,164</b></u>	<u><b>4,926</b></u>	<u><b>56,307</b></u>	<u><b>-</b></u>	<u><b>861,972</b></u>
Carrying amount:								
01/01/2023	<u><b>\$ 459,076</b></u>	<u><b>902,121</b></u>	<u><b>515,257</b></u>	<u><b>6,545</b></u>	<u><b>2,641</b></u>	<u><b>219,410</b></u>	<u><b>216,605</b></u>	<u><b>2,321,655</b></u>
03/31/2023	<u><b>\$ 459,128</b></u>	<u><b>892,388</b></u>	<u><b>623,045</b></u>	<u><b>6,936</b></u>	<u><b>2,475</b></u>	<u><b>213,566</b></u>	<u><b>114,462</b></u>	<u><b>2,312,000</b></u>
01/01/2022	<u><b>\$ 457,836</b></u>	<u><b>890,811</b></u>	<u><b>481,477</b></u>	<u><b>6,892</b></u>	<u><b>3,111</b></u>	<u><b>202,552</b></u>	<u><b>23,317</b></u>	<u><b>2,065,996</b></u>
03/31/2022	<u><b>\$ 458,459</b></u>	<u><b>905,353</b></u>	<u><b>473,878</b></u>	<u><b>7,274</b></u>	<u><b>2,799</b></u>	<u><b>208,224</b></u>	<u><b>98,480</b></u>	<u><b>2,154,467</b></u>

- 1) Please refer to Note 6 (19) for details on gains and losses of disposal.
- 2) Guarantees  
Please refer to Note 8 for details of the guarantees for long-term and short-term loans and financing on March 31, 2023, December 31, 2022, and March 31, 2022.

## 7. Right-of-use assets

The consolidated company leases land, houses and buildings, machinery and equipment, and transportation equipment, etc. The details of changes in the cost, depreciation, and impairment losses of recognized right-of-use assets are as follows:

	Land	Houses & Buildings	Machinery Equipment	Transportation Equipment	Total
Cost of right-of-use assets:					
Balance on 1/1/2023	\$ 560,866	141,298	20,895	3,669	726,728
Increase	-	-	2,962	-	2,962
Decrease	(355)	(828)	(2,981)	-	(4,164)
Impact of exchange rate changes	(4,349)	(472)	(83)	-	(4,904)
Balance on 03/31/2023	<b>\$ 556,162</b>	<b>139,998</b>	<b>20,793</b>	<b>3,669</b>	<b>720,622</b>
Balance on 1/1/2022	\$ 510,541	125,482	12,222	14,539	662,784
Increase	1,393	-	-	901	2,294
Decrease	(519)	-	(1,418)	(856)	(2,793)
Impact of exchange rate changes	16,868	4,286	244	257	21,655
Balance on 03/31/2022	<b>\$ 528,283</b>	<b>129,768</b>	<b>11,048</b>	<b>14,841</b>	<b>683,940</b>
Accumulated Depreciation					
Balance on 1/1/2023	\$ 69,689	61,054	14,200	1,037	145,980
Depreciation	4,543	4,839	1,445	306	11,133
Decrease	(355)	(828)	(2,981)	-	(4,164)
Impact of exchange rate changes	(526)	(398)	(48)	-	(972)
Balance on 03/31/2023	<b>\$ 73,351</b>	<b>64,667</b>	<b>12,616</b>	<b>1,343</b>	<b>151,977</b>
Balance on 1/1/2022	\$ 47,791	40,023	4,598	9,076	101,488
Depreciation	4,349	3,708	949	1,080	10,086
Decrease	(519)	-	(917)	(856)	(2,292)
Impact of exchange rate changes	1,526	1,376	87	156	3,145
Balance on 03/31/2022	<b>\$ 53,147</b>	<b>45,107</b>	<b>4,717</b>	<b>9,456</b>	<b>112,427</b>
Carrying amount:					
01/01/2023	<b>\$ 491,177</b>	<b>80,244</b>	<b>6,695</b>	<b>2,632</b>	<b>580,748</b>
03/31/2023	<b>\$ 482,811</b>	<b>75,331</b>	<b>8,177</b>	<b>2,326</b>	<b>568,645</b>
01/01/2022	<b>\$ 462,750</b>	<b>85,459</b>	<b>7,624</b>	<b>5,463</b>	<b>561,296</b>
03/31/2022	<b>\$ 475,136</b>	<b>84,661</b>	<b>6,331</b>	<b>5,385</b>	<b>571,513</b>

## 8. Intangible Assets

Changes of intangible assets of the consolidated company:

	Goodwill	Technical Know-how	Computer Software	Total
Carrying amount:				
01/01/2023	\$ 69,070	31,490	15,822	116,382
03/31/2023	\$ 68,452	27,307	15,062	110,821
01/01/2022	\$ 62,219	42,549	17,672	122,440
03/31/2022	\$ 64,352	40,340	17,243	121,935

There is no significant addition, disposal, impairment, or reversal of the intangible assets of the consolidated company from January 1 to March 31, 2022 and 2023. Please refer to Note 12 for details of the amortization in the current period. The change in the amount of goodwill is mainly due to the impact of exchange rate changes.

For other relevant information, please refer to Note 6(8) of 2022 Consolidated Financial Report.

## 9. Other non-current assets

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

	3.31.2023	12.31.2022	3.31.2022
Refundable deposits	\$ 8,386	6,452	6,903
Other financial assets - non-current	19,630	19,724	24,785
Others	32,054	18,246	42,822
	<u>\$ 60,070</u>	<u>44,422</u>	<u>74,510</u>

On March 31, 2023, December 31, 2022, and March 31, 2022, part of other non-current assets of the consolidated company has been used as guarantees for long-term and short-term loans and financing. Please refer to Note 8.

## 10. Short-term Loan

	3.31.2023	12.31.2022	3.31.2022
Letter of Credit loan	\$ 58,473	37,592	330,051
Unsecured bank loan	325,000	100,000	168,378
Secured bank loan	-	190,000	90,000
Total	<u>\$ 383,473</u>	<u>327,592</u>	<u>588,429</u>
Unused quota	<u>\$ 981,027</u>	<u>989,658</u>	<u>959,709</u>
Interest rate	<u>1.87%~2.61%</u>	<u>1.94%~2.59%</u>	<u>0.87%~1.93%</u>

1) Borrowing and repayment of short term loans

The newly increased amounts from January 1 to March 31, 2022 and 2023 are NT\$234,545,000 and NT\$496,314,000 respectively, and the repaid amounts are NT\$178,664,000 and NT\$322,763,000 respectively.

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

	<b>3.31.2023</b>	<b>12.31.2022</b>	<b>3.31.2022</b>
Taiwan	1.87%~2.61%	1.94%~2.59%	0.87%~1.93%

On March 31, 2023, December 31, 2022, and March 31, 2022, the maturity dates of short-term loans of the consolidated company are December, 2023, December 2023 and November, 2022 respectively.

2) Collateral for bank loans

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

# 11. Long-term Loans

The details, conditions and terms of the long-term loan of the consolidated company:

<b>March 31, 2023</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Expiration Date</b>	<b>Amount</b>
Unsecured bank loan	NTD	1.55%~5.65%	116.10	\$ 2,674,105
Secured bank loan	NTD	0.68%~3.33%	124.7	<u>663,169</u>
				3,337,274
Less: Amount due within 1 year				<u>(224,695)</u>
Total				<b><u>\$ 3,112,579</u></b>
Unused quota				<b><u>\$ 1,046,290</u></b>

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Expiration Date</b>	<b>Amount</b>
Unsecured bank loan	NTD	1.55%~5.65%	116.10	\$ 2,703,755
Secured bank loan	NTD	0.68%~3.33%	124.7	<u>686,688</u>
				3,390,443
Less: Amount due within 1 year				<u>(219,627)</u>
Total				<b><u>\$ 3,170,816</u></b>
Unused quota				<b><u>\$ 937,969</u></b>

<b>March 31, 2022</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Expiration Date</b>	<b>Amount</b>
Unsecured bank loan	NTD	1.20%~2.10%	116.1	\$ 1,806,489
Secured bank loan	NTD	0.43%~3.19%	124.7	<u>761,215</u>
				2,567,704
Less: Amount due within 1 year				<u>(214,298)</u>
Total				<b><u>\$ 2,353,406</u></b>
Unused quota				<b><u>\$ 1,783,686</u></b>

1) Borrowing and Repayment

From January 1 to March 31, 2023, there are no new long-term loans; from January 1 to March 31, 2022, the new long-term was 1,377,500,000, the interest rate was 1.98%, and the maturity date is January 2027; the repayment amounts from January 1 to March 31, 2022 and 2023 were 54,137,000 and 1,422,435,000 respectively.

2) Collateral for bank loans

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

3) Special agreement on the joint credit contract

On November 30, 2021, the consolidated company signed a joint loan credit contract with Taiwan Cooperative Bank, Entie Commercial Bank, Taiwan Business Bank, Hua Nan Bank, First Commercial Bank, The Shanghai Commercial & Savings Bank, Cathay United Bank, Taichung Bank and Shin Kong Bank.

The joint credit contract renewed by the consolidated company with the banks in 2021 restricts that the consolidated financial report after 2021 must meet the following conditions:

- A. Current ratio: not less than 140%.
- B. Debt ratio: not higher than 230%.
- C. Interest coverage ratio: not less than 6 times.
- D. Net worth: not less than NT\$1,800,000,000.

The above-mentioned financial ratios and conditions shall be calculated based on the annual consolidated financial report audited and certified by an accountant recognized by the banks.

In accordance with the joint credit contract, the consolidated company took the consolidated financial reports of 2022 and 2021 as the calculation basis, and none of them violated the restrictions.

## 12. Lease liability

The carrying amounts of the consolidated company's lease liabilities are as follows:

	<b>3.31.2023</b>	<b>12.31.2022</b>	<b>3.31.2022</b>
Current	<b>\$ 23,580</b>	<b>23,187</b>	<b>22,815</b>
Non-current	<b>\$ 70,325</b>	<b>74,943</b>	<b>86,727</b>

For maturity analysis, please refer to Note 6 (20) Financial Instruments.

The amounts recognized in profit or loss:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Interest on the lease liability	<b>\$ 852</b>	<b>1,000</b>
Short-term rent	<b>\$ 258</b>	<b>48</b>
Rent on leases of low-value assets (Excluding short-term leases of low-value assets)	<b>\$ 385</b>	<b>465</b>

The amounts recognized in cash flow:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Total cash outflows for leases	<b>\$ 8,508</b>	<b>7,280</b>

1) Leasing of land, houses and buildings

The consolidated company leases land, houses and buildings as offices and warehouses. The lease is usually one to fifty years. Some leases include the option to extend term for additional periods.

2) Other lease

The lease the consolidated company's leased machinery and transportation equipment is one to five years, and some lease contracts stipulate that the consolidated company has the option to purchase the leased assets when the lease expires. In some contracts, the residual value of the leased assets will be guaranteed by the consolidated company when the lease expires.

In addition, the consolidated company leases computer equipment for a period of one to three years. These leases are short-term and/or low-value assets. The consolidated company chooses to apply for the recognition of exemption and does not recognize the as right-of-use assets and lease liabilities.

### 13. Employee Benefits

1) Allocation of defined benefit plan:

According to the pension allocation method, the company has allocated the following pension expenses to Bureau of Labor Insurance:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Operating cost	\$ 1,464	1,448
Promotional expenses	307	315
Management costs	1,090	533
Research and development costs	297	293
Total	<b>\$ 3,158</b>	<b>2,589</b>

The pensions of other subsidiaries are determined in accordance with local laws. The pension expenses recognized from January 1 to March 31, 2022 and 2023 are 4,853,000 and 4,235,000, respectively.

#### 14. Income tax

##### 1) Income tax expense

The income tax expenses for the year are as follows:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Current income tax expenses		
Generated in the current period	\$ 12,028	2,294
Adjustment of the income tax of previous periods	-	15,382
	<u>12,028</u>	<u>17,676</u>
Deferred income tax expense		
Occurrence and reversal of temporary differences	(19,753)	-
Income tax expenses	<u><u>\$ (7,725)</u></u>	<u><u>17,676</u></u>

The adjustment of the income tax of the period from January to March, 2022 refers to the amount of additional tax payable for years of 2018, 2019, and 2020 determined by the taxation agency in the period.

The income tax income (expenses) recognized under other comprehensive income:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Items not reclassified to profit or loss:		
Exchange difference arising from translating the financial statements of a foreign operation	<u><u>\$ (1,737)</u></u>	<u><u>12,893</u></u>

The company's income tax return has been approved by the tax collection agency until 2020.

#### 15. Capital and other equities

Except for the following matters, there will be no major changes in the capital and other equity of the consolidated company from January 1 to March 31, 2022 and 2023. For relevant information, please refer to Note 6 (15) to 2022 consolidated financial report.

##### 1) Capital surplus

The consolidated company's capital surplus is as follows:

	<b>3.31.2023</b>	<b>12.31.2022</b>	<b>3.31.2022</b>
Additional paid-in capital	<u><u>\$ 13,030</u></u>	<u><u>13,030</u></u>	<u><u>13,030</u></u>

The company's Board of Directors passed a resolution on March 18, 2022 and reported to the shareholders' meeting on June 27, 2022 to distribute cash dividends from capital reserves at NT\$0.255 per share for a total of NT\$42,999,000,

## 2) Retained earnings

According to Articles of Incorporation, if the consolidated 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 consolidated company, and the Board of Directors shall prepare a proposal for surplus distribution and submit it to the shareholders' meeting for approval. The distribution of dividends and bonuses or all or part of the legal reserve in the form of cash requires the attendance of more than two-thirds of the directors, and the approval of more than half of the directors present, and reports to the shareholders meeting.

Ching Feng Home Fashions 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 consolidated 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 consolidated company's latest debt ratio, quick ratio and cash flow, and shall be proposed by the Board of Directors.

### (1) Special reserve

In accordance with the regulations of the Financial Supervisory Commission, when the company distributes distributable earnings, for the difference between the net deduction of other shareholders' equity recorded in the current year and the balance of the special surplus reserve mentioned in the previous paragraph, the special reserve should be set aside from the net profit of the current period plus items other than the net profit from the current period, and the undistributed surplus in the previous periods, for the reduction of other shareholders' equity in the current year. For the reduction of other shareholders' equity accumulated in the previous periods, the special reserve should be set aside from the undistributed surplus in the previous period, and shall not be distributed. Afterwards, if the reduced amount of other shareholders' equity is reversed, then the reversed portion may be distributed.

### (2) Appropriation of retained earning

On March 14, 2023, the company's Board of Directors resolved the amount of cash dividends and also proposed the amount of stock dividends for 2022 earnings distribution; The amount of cash dividends was reported to the shareholders' meeting on June 27, 2022. The amount of dividends distributed to shareholders is as follows:

	2022		2021	
	Payout Ratio(NT\$)	Amount	Payout Ratio(NT\$)	Amount
Dividends distributed to shareholders of common stocks				
Cash	\$0.65	109,605	0.255	42,999
Stocks	\$0.25	42,156	-	-
		<u>\$ 151,761</u>		<u>42,999</u>



3) Other equities(net amount after tax)

	<b>Exchange Difference Arising from Translating Financial Statements of a Foreign Operation</b>
January 1, 2023	(63,404)
Exchange difference of net assets arising from translating financial statements of a foreign operation	<u>(6,948)</u>
Balance on March 31, 2023	<u><b>\$ (70,352)</b></u>
January 1, 2022	\$ (184,067)
Exchange difference of net assets arising from translating financial statements of a foreign operation	<u>51,580</u>
Balance on March 31, 2022	<u><b>\$ (132,487)</b></u>

**16. Earnings per share**

1) Primary earnings per share

(1) Net profit attributable to shareholders of common stocks of the consolidated company:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Net loss attributable to shareholders of common stocks	<u><b>\$ (29,726)</b></u>	<u><b>(6,592)</b></u>

(2) Weighted average shares outstanding(1000 shares)

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Common stock outstanding on January 1	169,623	169,623
The impact of treasury stocks	<u>(1,000)</u>	<u>(1,000)</u>
Weighted average shares outstanding as of March 31.	<u><b>168,623</b></u>	<u><b>168,623</b></u>
Primary earnings per share (NT\$)	<u><b>\$ (0.18)</b></u>	<u><b>(0.04)</b></u>

The consolidated company had a net loss after tax from January 1 to March 31, 2022 and 2023. The inclusion of potential ordinary shares will have an anti-dilution effect, so diluted earnings per share were not calculated.

## 17. Revenue from contracts with customers

### 1) Breakdown of income

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Markets:		
USA	\$ 755,087	774,583
Europe	104,794	363,643
Taiwan	32,180	29,142
Others	<u>27,706</u>	<u>11,675</u>
	<b><u>\$ 919,767</u></b>	<b><u>1,179,043</u></b>

### 2) Balance of contracts

	<b>3.31.2023</b>	<b>12.31.2022</b>	<b>3.31.2022</b>
Notes Receivable and Accounts	\$ 1,432,706	1,805,983	1,356,463
Less: Allowance for losses	<u>(516)</u>	<u>(520)</u>	<u>(775)</u>
Total	<b><u>\$ 1,432,190</u></b>	<b><u>1,805,463</u></b>	<b><u>1,355,688</u></b>

The contracts with customers are all short-term ones, and the sales targets are mainly branded manufacturers or large wholesale companies. Please refer to Note 6 (3) for the disclosure of accounts receivable and its impairment.

## 18. Compensation to Employees and Directors

According to 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 recipients of the stock or cash payment include employees of affiliated companies who meet certain conditions.

The company has a net loss before tax from January 1 to March 31, 2023. Thus no compensation to employees and directors are estimated.

The estimated compensation to employees and directors for period from January 1 to March 31, 2022 is NT\$227,000 and NT\$113,000 respectively. It is calculated by multiplying the net profit before tax before deducting the compensation of employees and directors by the distribution ratio stipulated in the company's Articles of Incorporation, and present it as operating costs or operating expenses for the period. If there is a difference between the actual distribution and the estimated amount in the next year, it will be treated as the changes in accounting estimates for accounting purpose, and the difference will be recognized as profit or loss for the next year. For relevant information, please refer to Market Observation Post System.

## 19. Non-operating Income and Expenses

### 1) Interest income

The details of the consolidated company's interest income are as follows:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Interest income from deposits in banks	<b>\$ 1,018</b>	<b>92</b>

### 2) Other income

The details of other income of the consolidated company are as follows:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Rental income	\$ 281	57
Other income	1,509	252
Total	<b>\$ 1,790</b>	<b>309</b>

### 3) Other gains and losses

The consolidated company's other gains and losses are as follows:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Losses of disposal of property, plant and equipment losses	\$ 416	22
Foreign exchange (losses) gains	(19,139)	31,522
Net gains on financial assets (liabilities) at fair value through profit or loss	2,342	6
Other gains and losses	(17,202)	1,847
Total	<b>\$ (33,583)</b>	<b>33,397</b>

### 4) Finance cost

The details of the consolidated company's finance costs are as follows:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Interest expense	\$ 21,838	15,281
Add: Interest of below-market interest rate loan	1,098	1,327
Interest of Lease liabilities	852	1,000
Less: interest capitalization	-	(223)
Net finance cost	<b>\$ 23,788</b>	<b>17,385</b>

## 20. Financial Instruments

Except as described below, there has been no significant change in the fair value of the consolidated company's financial instruments and exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to Note 6(20) of 2022 Consolidated Financial Report.

### 1) Credit risk

#### (1) Risk of credit risk

The carrying amount of financial assets is the maximum amount of credit risk.

#### (2) Concentration of credit risk

In order to reduce the credit risk of accounts receivable, the consolidated company continuously evaluates the financial status of customers, and regularly evaluates the possibility of recovering accounts receivable and has allowance for impairment losses. The impairment losses are always within the expectations of the management.

As of March 31, 2023, December 31, 2022, March 31, 2022, 86%, 91% and 89% of the consolidated company's accounts receivable balance came from several major customers, which made the consolidated company have significant concentration of credit risk.

#### (3) Credit risk of accounts receivable

Please refer to Note 6 (3) for details of the credit risk and impairment allowance of notes receivable and accounts receivable. Other financial assets measured at cost after amortization are mainly cash, other receivables and other financial assets. For relevant information, please refer to Note 6(4).

The other financial assets measured by the amortized cost mentioned above are all financial assets with low credit risk, so the allowance for losses is measured by the expected credit loss of twelve months. Please refer to Note 4 (7) for the information on how the consolidated company determines that the credit risk has been reduced.

The changes in the allowance for loss of other receivables from related parties are as follows:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Opening balance	\$ 8,094	-
Reversal of impairment loss	(1,122)	-
Ending balance	<u><u>\$ 6,972</u></u>	<u><u>-</u></u>

## 2) Liquidity risk

The following table presents the maturity dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	Carrying Amount	Cash Flow of Contracts	Within 6 Months	6-12 Months	More Than 1 Year
<b>March 31, 2023</b>					
Non-derivative financial liabilities					
Bank loan	\$ 3,720,747	3,871,777	1,983,000	134,92	1,753,852
Notes payable, accounts payable and other payables	896,433	896,433	896,433	-	-
Lease liability	93,905	122,806	15,730	14,22	92,848
Total	<u>\$ 4,711,085</u>	<u>4,891,016</u>	<u>2,895,160</u>	<u>149,14</u>	<u>1,846,700</u>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Bank loan	\$ 3,718,035	4,070,445	472,130	151,40	3,446,903
Notes payable, accounts payable and other payables	919,138	919,138	919,138	-	-
Lease liability	98,130	124,206	11,730	14,49	97,971
Derivative financial liabilities					
Currency exchange contract:					
Flow Out	51	51	51	-	-
Total	<u>\$ 4,735,354</u>	<u>5,113,840</u>	<u>1,403,060</u>	<u>165,90</u>	<u>3,544,874</u>
<b>March 31, 2022</b>					
Non-derivative financial liabilities					
Bank loan	\$ 3,156,133	3,331,428	577,540	269,37	2,484,514
Notes payable, accounts payable and other payables	861,249	861,249	861,249	-	-
Lease liability	109,542	138,584	13,510	12,78	112,280
Total	<u>\$ 4,126,924</u>	<u>4,331,261</u>	<u>1,452,310</u>	<u>282,15</u>	<u>2,596,794</u>

The consolidated company does not expect that the cash flow of maturity analysis will be significantly earlier, or the actual amount will be significantly different.

## 3) Market risk

### (1) Risk of foreign exchange rate

Financial assets and liabilities of the consolidated company exposed to significant foreign exchange risks (excluding monetary items denominated in non-functional currency and have been written off in the consolidated financial report):

Unit: US\$1,000/NT\$1,000

	3.31.2023			12.31.2022			3.31.2022		
	US\$	Rate	NT\$	US\$	Rate	NT\$	US\$	Rate	NT\$
Financial assets									
Momentary item									
US Dollars	\$ 33,949	30.450	1,033,747	22,378	30.725	687,841	26,393	28.626	755,526
Financial liabilities									
Momentary item									
US Dollars	11,518	30.450	350,723	12,948	30.725	397,827	24,159	28.626	691,576

The foreign exchange risk of the consolidated company's monetary items mainly comes from cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables denominated in foreign currencies. Foreign exchange risk occurs on transaction and translation. On March 31, 2022 and 2023, when the NT dollar depreciates or appreciates by 1% against the US dollar, and all other factors remain unchanged, the net profit before tax from January 1 to March 31, 2022 and 2023 will increase or decrease by NT\$6,830,000 and NT\$639,000 respectively. The analysis of the two periods was conducted using the same basis.

The consolidated company has a wide variety of functional currencies, so the exchange gains and losses of monetary items are disclosed in a consolidated manner. The foreign exchange losses (including realized and unrealized) from January 1 to March 31, 2022 and 2023 are (NT\$19,139,000) and NT\$31,522,000 respectively.

(2) Interest rate risk

Please refer to the note of the liquidity risk management for the interest rate risk of the consolidated company's financial assets and financial liabilities. The sensitivity analysis is determined based on the interest rate risk of derivative and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. This is the assessment of the management about reasonably possible range of interest rate changes

If the interest rate is increased or decreased by 1% with all other variables remaining unchanged, the consolidated company's net profit for the period from January 1 to March 31, 2022 and 2023 will be decreased or increased by NT\$5,440,000 and NT\$4,997,000 respectively. The main reason is the floating interest rates on loans, time deposits and demand deposits.

4) Information on fair value

(1) Types and fair values of financial instruments

The consolidated company's financial assets and liabilities measured at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amounts and fair values of financial assets and financial liabilities are listed below. It includes fair value hierarchies. For financial instruments and lease liabilities, if the carrying amount not measured at fair value is a reasonable approximation to fair value, there is no requirement to disclose the information about fair value.

March 31, 2023					
Carrying AMT	Fair Value				Total
	Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value through profit or loss</b>					
Fund	\$ 18,627	18,627	-	-	18,627
Foreign bonds	5,636	5,636	-	-	5,636
Sub-total	24,263	24,263	-	-	24,263
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalent	830,207	-	-	-	-
Notes receivable, accounts receivable and others	1,655,627	-	-	-	-
Other financial assets - current	170,552	-	-	-	-
Sub-total	2,656,386	-	-	-	-
Total	\$ 2,680,649	24,263	-	-	24,263
<b>Financial liabilities measured at fair value through profit or loss</b>					
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	\$ 3,720,747	-	-	-	-
Notes payable, accounts payable and others	896,433	-	-	-	-
Rental liabilities	93,905	-	-	-	-
Sub-total	4,711,085	-	-	-	-
Total	\$ 4,711,085	-	-	-	-
12.31.2022					
Carrying AMT	Fair Value				Total
	Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value through profit or loss</b>					
Fund	\$ 16,471	16,471	-	-	16,471
Sub-total	16,471	16,471	-	-	16,471
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalent	539,333	-	-	-	-
Notes receivable, accounts receivable and others	2,105,077	-	-	-	-
Other financial assets - current	164,875	-	-	-	-
Sub-total	2,809,285	-	-	-	-
Total	\$ 2,825,756	16,471	-	-	16,471
<b>Financial liabilities measured at fair value through profit or loss</b>					
Foreign exchange contracts	\$ 51	51	-	-	51
Sub-total	51	51	-	-	51
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	3,718,035	-	-	-	-
Notes payable, accounts payable and others	919,138	-	-	-	-
Rental liabilities	98,130	-	-	-	-
Sub-total	4,735,303	-	-	-	-
Total	\$ 4,735,354	51	-	-	51
March 31, 2022					
Carrying AMT	Fair Value				Total
	Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value through profit or loss</b>					
Fund	\$ 26,027	26,027	-	-	26,027
Sub-total	26,027	26,027	-	-	26,027
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalent	392,566	-	-	-	-
Notes receivable, accounts receivable and others	1,394,112	-	-	-	-
Other financial assets - current	264,925	-	-	-	-
Sub-total	2,051,603	-	-	-	-
Total	\$ 2,077,630	26,027	-	-	26,027
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	\$ 3,156,133	-	-	-	-
Notes payable, accounts payable and others	861,249	-	-	-	-
Rental liabilities	109,542	-	-	-	-
Sub-total	4,126,924	-	-	-	-
Total	\$ 4,126,924	-	-	-	-

- (2) Valuation techniques for financial instruments that are not measured at fair value  
The methods and assumptions used by the consolidated company to estimate financial instruments not measured at fair value are as follows:
- A. Financial assets measured at amortized cost  
If there is a public quotation in an active market, the market price will be used as the fair value; if there is no market price, the evaluation method will be used for estimation or use the counterparty's quotation as the fair value.
  - B. Financial assets and liabilities measured at amortized cost  
If there is a quotation from a transaction or a market maker, the most recent transaction price and quotation shall be used as the basis for assessing the fair value. If there is no market price for reference, it shall be estimated by evaluation method. The estimates and assumptions used in the valuation method are to estimate the fair value using the discounted value of the cash flow.
- (3) Valuation techniques for financial instruments that are measured at fair value
- A. Non-derivative financial instruments  
If there is a public quotation in an active market for financial instruments, the public quotation from the active market shall be used as the fair value. The market prices announced by major exchanges and the over-the-counter government bond trading centers that are judged to be the trading centers for popular bonds are used as the fair value of equity instruments and debt instruments with a public quotation from an active market.  
  
If the public quotations of financial instruments can be obtained timely and frequently from exchanges, brokers, underwriters, industry associations, pricing agencies or competent authorities, and the prices are actually and frequently quoted at the market, then it is considered a public quotation from an active market for the financial instruments.
  - B. Derivative financial instruments  
  
It is evaluated based on an evaluation model widely accepted and recognized, such as discount method and option pricing model. The fair value of derivative instruments is calculated based on the public quotation. When public quotations cannot be obtained, evaluation methods are used for estimation, and the estimates and assumptions used will be based on the quotation information of financial institutions.
- (4) Transfer of levels
- During period from January 1 to March 31, 2022 and 2023, there will be no transfer of levels for financial instruments held by the consolidated company.

## **21. Financial Risk Management**

The objectives and policies of the consolidated company's financial risk management have not changed significantly from those disclosed in Note 6 (21) of 2022 consolidated financial report.



## 22. Capital Management

The objectives, policies, and procedures of the consolidated company's capital management are consistent with those disclosed in 2022 consolidated financial report; and the aggregated quantitative data for capital management items have not changed significantly from those disclosed in 2022 consolidated financial report. For relevant information, please refer to Note 6 (22) of the 2022 Consolidated Financial Report.

## 23. Non-cash Investing and Financing Activities

The consolidated company's non-cash investing and financing activities during the period from January 1 to March 31, 2022 and 2023 are as follows:

	01.01.2023	Cash Flow	Changes of Non-Cash			03.31.2022
			Change of Foreign Exchange	Changes of Rental Payment	Changes in Deferred Government Subsidies	
Long-term loans	\$ 3,390,443	(54,137)	-	(130)	1,098	3,337,274
Short-term loan	327,592	55,881	-	-	-	383,473
Lease liability	98,130	(7,013)	2,962	(174)	-	93,905
Total liabilities from financing activities	<u>\$ 3,816,165</u>	<u>(5,269)</u>	<u>2,962</u>	<u>(304)</u>	<u>1,098</u>	<u>3,814,652</u>

	01.01.2022	Cash Flow	Changes of Non-Cash			03.31.2022
			Change of Foreign Exchange	Changes of Rental Payment	Changes in Deferred Government Subsidies	
Long-term loans	\$ 2,609,907	(44,935)	-	1,405	1,327	2,567,704
Short-term loan	404,575	173,551	-	10,303	-	588,429
Lease liability	109,228	(5,767)	2,294	3,787	-	109,542
Total liabilities from financing activities	<u>\$ 3,123,710</u>	<u>122,849</u>	<u>2,294</u>	<u>15,495</u>	<u>1,327</u>	<u>3,265,672</u>

## ITEM 7 - RELATED PARTY TRANSACTIONS

### 1. Name and Relationship of Related Parties

#### 1) Name and relationship of related parties

The related parties who had transactions with the consolidated company during the period covered by this consolidated financial report are as follows:

Name of Related Parties	Relationship to the Consolidated Company
Osaley Home Fashions Co., Ltd. (OSL)	Its President and the President of the consolidated company are relatives within three generations.
Hung, Chiung-Yao	Key management personnel of the consolidated company
Hsu, Ming-Hsuan	Key management personnel of the consolidated company
Hsu, Chun-Jan	Key management personnel of the consolidated company
Directors, general manager and deputy general managers	

## 2. Significant Transactions with Related Parties

### 1) Operating income

Major sales to related parties:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Other related parties	<b><u>\$ 191</u></b>	<b><u>30,488</u></b>

The sales conditions for sales to related parties are not significantly different from the general sales prices. Its payment term is not significantly different from that of general dealers

### 2) Accounts Receivables

Accounts Receivable - related parties:

<b>Receivables</b>	<b>Type of Related Party</b>	<b>3.31.2023</b>	<b>12.31.2022</b>	<b>3.31.2022</b>
Notes receivable	Other related parties	<b><u>\$ 93,848</u></b>	<b><u>149,890</u></b>	<b><u>134,127</u></b>
Accounts receivable-OSL	Other related parties	\$ 13,944	16,188	-
Less: Allowance for loss		(6,972)	(8,094)	-
		<b><u>\$ 6,972</u></b>	<b><u>8,094</u></b>	<b><u>-</u></b>

The collection conditions of the above-mentioned accounts receivable are not significantly different from those of non-related parties. Please refer to Note 6(3) and (20) for relevant impairment assessment methods.

The above-mentioned “Other receivables-OSL” is the overdue receivables of goods sold, which are regarded as financing funds and transferred to other receivables and advances.

### 3) Other assets

The details of payments made by the consolidated company for related parties are as follows:

<b>Items</b>	<b>Type of Related Party</b>	<b>3.31.2023</b>	<b>12.31.2022</b>	<b>3.31.2022</b>
Other current assets-OSL	Other related parties	<b><u>\$ 19,769</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

### 4) Leases

The consolidated company leased land, factories, offices and parking spaces from key personnel of the management team in January 2017. Interest expenses of NT\$3,000 each are recognized during the periods from January 1 to March 31, 2022 and 2023, As of March 31, 2023, December 31, 2022, and March 31, 2022, the balance of lease liabilities is NT\$655,000, NT\$697,000 and NT\$823,000 respectively.

### 3. Transactions with Key Management Personnel

The compensation of key management personnel includes:

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Short-term employee benefits	\$ 10,708	11,220
Post-employment benefits	<u>225</u>	<u>235</u>
	<b><u>\$ 10,933</u></b>	<b><u>11,455</u></b>

### ITEM 8 - PLEDGED ASSETS

The carrying amount of the assets pledged:

<b>Name of Assets</b>	<b>Pledged for</b>	<b>3.31.2023</b>	<b>12.31.2022</b>	<b>3.31.2022</b>
Fixed certificates of deposits and restricted deposits (listed as other financial assets)	Long-term and short-term loans and line of credit	\$ 139,254	126,569	259,648
Property, plant and equipment	Long-term and short-term loans and line of credit	1,291,719	1,304,661	1,329,234
Fixed certificates of deposits (listed as other non-current assets)	Long-term and short-term loans and line of credit	19,630	19,724	24,785
		<b><u>\$ 1,450,603</u></b>	<b><u>1,450,954</u></b>	<b><u>1,613,667</u></b>

### ITEM 9 -MAJOR CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

1. The major contractual commitments that have not been fully recognized are as follows:

The contracts signed for the purchase of property, plant and equipment, but have not been yet fully recognized are as follows:

	<b>3.31.2023</b>	<b>12.31.2022</b>	<b>3.31.2022</b>
Contract price	<b><u>\$ 248,478</u></b>	<b><u>374,713</u></b>	<b><u>505,420</u></b>
Unpaid amount	<b><u>\$ 67,081</u></b>	<b><u>116,225</u></b>	<b><u>324,622</u></b>

2. Others

- 1) On March 31, 2023, December 31, 2022, and March 31, 2022, the consolidated company issued guaranteed notes for the security of long-term and short-term loan secure of NT\$3,529,125,000, NT\$3,529,121,000 and NT\$3,695,875,000 respectively.
- 2) As of March 31, 2023, December 31, 2022, and March 31, 2022, the unused balances of letters of credit were NT\$0, NT\$13,789,000, and NT\$74,735,000 respectively.

**ITEM 10 - MAJOR DISASTER LOSSES: NONE.****ITEM 11 - SIGNIFICANT SUBSEQUENT EVENTS: NONE****ITEM 12 - OTHERS**

1. The functions of employee benefits, depreciation, depletion and amortization expenses are summarized as follows:

<b>Function Nature</b>	<b>Jan.~Mar. 2023</b>			<b>Jan.~Mar. 2022</b>		
	<b>Operating Cost</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Operating Cost</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee benefits						
Payroll expense	103,859	47,298	151,157	123,700	69,918	193,618
Labor, medical insurance(*)	6,966	4,943	11,909	2,963	4,731	7,694
Pension	1,629	6,382	8,011	1,619	5,205	6,824
Compensation to directors	-	654	654	-	648	648
Other employee benefits	4,321	2,083	6,404	3,246	2,166	5,412
Depreciation expense	35,027	16,037	51,064	32,830	11,492	44,322
Amortization expense	545	6,864	7,409	-	4,930	4,930

Note: Including local medical, unemployment, work-related injury and maternity insurance of subsidiaries in China.

**2. Seasonality of Business Operation:**

The business operations of the consolidated company are not significantly affected by seasonal or cyclical factors.

## ITEM 13 - MATTERS DISCLOSED IN THE NOTES

### 1. Information on Major Transactions

For the period from January 1 to March 31, 2023, the information which the consolidated company has to re-disclose about major transactions in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers as follows:

#### 1) Lending funds to others:

Unit: NT\$1,000

No. *1	Lender	Borrower	Account	A Related Party	Highest Amount in the Period	Ending Balance	Actual Amount	Interest	Nature *2	Transaction between both parties	Reasons for the short-term financing	Allowance for bad debt	Collateral		Limit for an Each Borrower *3	Total Limit of Loan *3
													Title	Value		
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Other Receivables – Related Party	Yes	91,350	91,350	57,855	-	2	-	Working capital turnover	-	-	-	852,968	852,968
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Other Receivables – Related Party	Yes	121,800	85,260	24,360	-	2	-	To build plant and purchase equipment	-	-	-	852,968	852,968
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	79,170	30,450	-	-	2	-	Working capital turnover	-	-	-	852,968	852,968
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	Other Receivables – Related Party	Yes	30,450	30,450	-	-	2	-	Working capital turnover	-	-	-	852,968	852,968
0	Ching Feng Home Fashions Co., Ltd.	Osaley Home Fashions Co., Ltd. (OSL)	Other Receivables – Related Party	Yes	31,763	31,763	13,944	-	1	178,236	Working capital turnover	6,972	-	-	178,236	852,968
1	Ching Feng Vietnam Company Limited	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	9,135	9,135	-	-	2	-		-	-	-	195,348	195,348

Note 1: The method of filling in the serial number is as follows:

- 1) Fill in 0 for the consolidated company.
- 2) The subsidiary is numbered sequentially starting from 1.

Note 2: Nature of the loan:

- If there are business connections between both parties, fill in 1.
- If there are reasons for the short-term financing, fill in 2.

Note 3: The total amount lent by the consolidated company and its subsidiaries to those with business connections shall not exceed 40% of the net value of the consolidated company's latest financial report. For each borrower, the amount shall not exceed the amount of business transactions in the previous year when both parties entered the contract of loan. The total amount of funds lent to those who have the needs for short-term financing shall be limited to 15% of the net value of the lender's most recent financial report. The total amount of funds lent to each single borrower shall be limited to 10% of the net value of the lender's most recent financial report. To foreign subsidiaries which the consolidated company holds 100% direct and indirect control, the total amount of funds lent is limited to 40% of the net value of the most recent financial report of the consolidated company.

Note 4: The above transactions have been written off when preparing the consolidated financial report.

2) Endorsement and Guarantee:

Unit: NT\$1,000

No. #1	Company that Gives Endorsement and Guarantee	Guaranteed Company *2		Limit to a Single Enterprise #3	Highest Amount of the Period	Ending Balance	Actual Amount	Endorsement & Guarantee with Securities	Ratio of Accumulated Endorsement & Guarantee to the Net Value of The Latest Financial Statement	Limit of Endorsement and Guarantee #3	Parent company to the subsidiary	Subsidiary to the Parent Company	For Mainland China
		Name	Relation- ship										
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited.	3	1,066,210	66,594	66,594	27,417	-	3.12%	2,132,419	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co./Ching Feng Vietnam Company	3	1,066,210	125,454	125,454	-	-	5.88%	2,132,419	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	3	1,066,210	60,900	60,900	3,045	-	2.86%	2,132,419	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	3	1,066,210	246,645	246,645	-	-	11.57%	2,132,419	Y	N	Y
0	Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	3	1,066,210	7,136	7,136	-	-	0.33%	2,132,419	Y	N	N

Note 1: The method of filling in the serial number is as follows:

- 1) Fill in 0 for the consolidated company.
- 2) The subsidiary is numbered sequentially starting from 1.

Note 2: There are 7 types of relationship between the endorser and the endorsed guarantor, just mark the type:

- (1) There are business connections between both parties.
- (2) The endorser holds more than 50% direct and indirect control of the endorsed guarantor.
- (3) The endorsed guarantor holds more than 50% direct and indirect control of the endorser.
- (4) The endorser holds more than 90% direct and indirect control of the endorsed guarantor, and vice versa.
- (5) The contract in a project requires companies in the same industry or co-contractors to guarantee each other according to the contract.
- (6) A company that is endorsed and guaranteed by all shareholders in accordance with their shareholding ratio due to a joint venture.
- (7) Joint and several guarantees for performance guarantees of pre-sale housing contracts in accordance with the Consumer Protection Act.

Note 3: The limit of the endorsement and guarantee is calculated as follows:

- (1) According to the operating procedures of endorsement and guarantee, the total amount is limited to the net worth of the consolidated company.
- (2) The limit of the consolidated company's endorsement guarantee for a single enterprise is limited to 50% of the consolidated company's latest net worth.

3) Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies and joint ventures):

Unit: NT\$1000/Share

Company	Type and name of securities	Relation- ship	Account	Ending			Fair Value	Highest holding Ratio	Remarks
				Shares	Par Value	%			
Ching Feng Home Fashions Co., Ltd.	Capital Moderate Allocation Fund	None	Financial assets at fair value through profit or loss	4,631	1,481	- %	1,481	- %	
Ching Feng Home Fashions Co., Ltd.	AllianceBernstein American Income Profolio	None	Financial assets at fair value through profit or loss	5,201	4,531	- %	4,531	- %	
Ching Feng Home Fashions Co., Ltd.	Franklin Gulf Wealthy Bond Fund	None	Financial assets at fair value through profit or loss	4,591	2,231	- %	2,231	- %	
Ching Feng Home Fashions Co., Ltd.	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund	None	Financial assets at fair value through profit or loss	10,901	2,831	- %	2,831	- %	
Ching Feng Home Fashions Co., Ltd.	Nomura Multi-Asset Diversified Income Investment Fund	None	Financial assets at fair value through profit or loss	15,851	5,161	- %	5,161	- %	
Ching Feng Home Fashions Co., Ltd.	Yuanta Global Leaders Balanced Fund	None	Financial assets at fair value through profit or loss	2,031	631	- %	631	- %	
Ching Feng Home Fashions Co., Ltd.	Mega Global Metaverse Tech Fund	None	Financial assets at fair value through profit or loss	200,001	1,721	- %	1,721	- %	
Ching Feng Home Fashions Co., Ltd.	Alltrich Group USD investment corporate bond	None	Financial assets at fair value through profit or loss	101	2,831	- %	2,831	- %	
Ching Feng Home Fashions Co., Ltd.	JPMorgan Chase Bank USD Corporate Bonds	None	Financial assets at fair value through profit or loss	101	2,801	- %	2,801	- %	

Note: It is converted into New Taiwan Dollars at the exchange rate on the closing date of the financial report.

- 4) Accumulative purchase or sale of the same securities amounted to NT\$300 million or more than 20% of paid-in capital: None.
- 5) The amount of real estate acquired is NT\$300 million or more than 20% of the paid-in capital: None.
- 6) The real estate disposed amounted to NT\$300 million or more than 20% of paid-in capital: None
- 7) The purchases, sales with related parties amounted to NT\$100 million or more than 20% of the paid-in capital:

Unit: NT\$1,000

Company That Sells or Purchases	Counterpart	Relationship	Transaction				Why Are Terms Different?		Notes, Accounts Receivable/Payable		Remarks
			Purchase /Sale	Amount	Ratio of Total Purchase/Sale	Credit Period	Unit Price	*2	Balance	Ratio of Total Notes, Accounts Receivable/Payable	
Ching Feng Home Fashions Co., Ltd.	ALL STRONG	Subsidiary	Sale	(434,734)	(50.36)%	T/T 195 days	Sell at agreed price.	-	1,151,192	76.04%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Sub-Subsidiary	Purchase	139,163	17.91%	T/T 180 days	Sell at agreed price.	--	(89,572)	(11.75)%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited.	Subsidiary	Purchase	149,054	19.18%	T/T 180 days	Sell at agreed price.	-	(96,824)	(13.00)%	
ALL STRONG	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchase	434,734	100.00%	T/T 195 days	Sell at agreed price.	-	(1,151,192)	(100.00)%	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(139,163)	(100.00)%	T/T 180 days	Sell at agreed price.	-	89,572	100.00%	
Ching Feng Vietnam Company Limited.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(149,054)	(100.00)%	T/T 180 days	Sell at agreed price.	-	96,824	100.00%	

Note 1: The above transactions have been written off when preparing the consolidated financial report.

Note 2: The transaction conditions are not different from other transaction.

- 8) Receivables from related parties amounting to NT\$100 million or more than 20% of the paid-in capital:

Unit: NT\$1,000

Companies that List the Accounts as Accounts Receivable	Counterpart	Relationship	Balance of A/C Receivable	Turnover	Overdue Amount		Amount Recovered after the Period *1	Allowance for Bad Debts
					Amount	How to deal with it?		
Ching Feng Home Fashions Co., Ltd.	OSALEY	Other related party	107,792	0.56%	57,558	Actively ask for payment	6,850	6,972
Ching Feng Home Fashions Co., Ltd.	ALL STRONG	Subsidiary	1,151,192	135%	-	-	89,914	-

Note 1: It refers to the amount recovered as of April 20, 2023

- 9) Engaging in derivatives transactions: None
- 10) Business relationship and major transactions between the parent company and the subsidiaries

Unit: NT\$1,000

Unit: NT\$1,000

No.	Company	Counterparty	Relation-ship	Transaction			
				Account	Amount	Terms	Ratio of consolidated total revenue or assets
0	Ching Feng Home Fashions Co., Ltd.	ALL STRONG	1	Sales	434,734	The price is at the normal or negotiated price.	47.27%
			1	A/Cs receivable	1,151,192	The terms of payment are based on the agreement or the general terms of payment	16.52%
		Ching Feng Vietnam Company Limited.	1	Sales	15,700	The price is at the normal or negotiated price.	1.71%
			1	A/Cs receivable	37,177	The terms of payment are based on the agreement or the general terms of payment	0.53%
			1	Purchase	149,054	The price is at the normal or negotiated price.	16.21%
			1	A/Cs Payable	96,824	The terms of payment are based on the	1.39%

0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing)	2	Sales	36,260	agreement or the general terms of payment The price is at the normal or negotiated price.	3.94%
			2	A/Cs Receivable	40,853	The terms of payment are based on the agreement or the general terms of payment	0.59%
			2	Purchase	54,040	The price is at the normal or negotiated price.	5.88%
			2	A/Cs Payable	176,619	The terms of payment are based on the agreement or the general terms of payment	2.54%
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	2	Sales	19,754	The price is at the normal or negotiated price.	2.15%
			2	A/Cs Receivable	74,787	The terms of payment are based on the agreement or the general terms of payment	1.07%
			2	Purchase	139,163	The price is at the normal or negotiated price.	15.13%
			2	A/Cs Payable	89,572	The terms of payment are based on the agreement or the general terms of payment	1.29%

Note 1: The method of filling in the serial number is as follows:

- 1) Fill in 0 for the consolidated company.
- 2) The subsidiary is numbered sequentially starting from 1.

Note 2: The type of relationship is marked as follows:

- 1) Parent company to subsidiary company.
- 2) Subsidiary to parent company.
- 3) Subsidiary to Subsidiary.

Note 3. For the business relationship and major transactions between the parent company and the subsidiaries, only information about sales and accounts receivable is disclosed. Purchases and accounts payable of the counterparty are not described in detail.

## 2. Re-investment (excluding invested companies in China):

For the period from January 1 to March 31, 2023, the consolidated company's reinvested business is as follows:

Unit: NT\$1,000/1000shares

Companies that Make the Investment	Companies that Are Invested	Location	Business Items	Original Investment Amount		Shares Held at the End of the Period			The Current Profit and Loss of the Invested Company	Investment Gains and Losses Recognized in the Current Period *2	Remarks
				End of Current Period	End of Last Year	Shares	%	Carrying Amount *1			
Ching Feng Home Fashions Co., Ltd.	All Strong	USA	Buy & sell of blinds, pleated curtains	202,863	202,863	65	100.00%	300,709	7,130	7,130	Subsidiary
Ching Feng Home Fashions Co., Ltd.	Lamae' Global	Samoa	Investment	1,041,715	1,041,715	35,525	100.00%	851,718	(25,175)	(25,175)	"
Ching Feng Home Fashions Co., Ltd.	Sincere Capital	Samoa	Investment	398,660	339,122	13,084	100.00%	354,160	(3,057)	(3,057)	"
Ching Feng Home Fashions Co., Ltd.	Paradise General	Samoa	International trade	30,690	30,690	437	100.00%	14,642	(114)	(114)	"
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry	Thailand	Manufacture of plastic bags & shopping bags	217,099	217,099	2,000	100.00%	97,568	(15,230)	(15,230)	"
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited.	Vietnam	Production and processing of plastic and alu. Blinds, Faux wood shutters	531,458	531,458	Note 3	100.00%	484,558	13,283	13,283	"
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Taiwan	Cutting, assembly and packaging of curtains and textiles	5,000	5,000	Note 3	100.00%	5,318	74	74	"
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Buy & sell of blinds, pleated curtains	116,955	61,307	Note 3	100.00%	111,036	(240)	(240)	"
Ching Feng Home Fashions Co., Ltd.	nextTB International Co., Ltd.	Taiwan	Wholesale of daily necessities wholesale	2,400	-	240	48.00%	2,400	-	-	Affiliated company
Lamae' Global	New Nice Home Fashion LLC	USA	Investment	1,171,967 (USD38,487,000)	1,182,513 (USD38,487,000)	24,655	100.00%	851,715	(17,856)	(25,175)	Sub-Subsidiary
Sincere Capital	Sun Ocean	Samoa	Investment	410,266 (USD13,473,000)	352,508 (USD11,473,000)	13,473	100.00%	354,158	3,057	3,057	"
Sun Ocean	Sun Ocean Vietnam Co.	Vietnam	Manufacture and assembly of blinds	400,911 (USD13,166,000)	343,075 (USD11,166,000)	Note 3	100.00%	346,858	3,057	3,057	"

Note 1: It is converted into NT dollars based on the exchange rate of the day when the report ends.

Note 2: Converted to New Taiwan dollars using the average exchange rate during the financial reporting period.

Note 3: The invested company is a limited company.

Note 4: The above transactions have been written off when preparing the consolidated financial report.



### 3. Investment in China:

#### 1) Company name, business items and other relevant information:

Unit: NT\$1,000

Name of Invested Company in China	Business Items	Paid-in Capital	Investment Method *1	Accumulative Amount Remitted from Taiwan at the Beginning of the Period	Amount Remitted or Withdrawn in the Period		Accumulative Amount Remitted from Taiwan at the End of the Period	Current Profit and Loss of the Invested Company	Ratio of the Company's Direct or Indirect Investment	Investment Gains and Losses Recognized in the Period *3	Carrying Amount at the End of the Period *4	Investment Income Remitted back as of this Period
					Remitted	Withdrawn						
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Processing, production, assembly and sales of blinds.	559,241 (US\$ 17,000,000)	2	559,241 (USD 17,000,000)	-	-	559,241 (USD 17,000,000)	(17,856)	100.00%	(17,856) (USD 587,000)	402,755 (USD 13,227,000)	-
Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	6,038 (US\$ 200,000)	1	6,038 (USD 200,000)	-	-	6,038 (USD 200,000)	(1)	100.00%	(1)	57	-
Fu Yue Window Decoration Technology(Zhenjing)	Manufacture, process, and assembly of blinds.	434 (RMB 100,000)	2	434 (RMB 100,000)	-	-	434 (RMB 100,000)	(7)	100.00%	(7)	280	-

#### 2) Investment limit in mainland China:

Accumulated Amount Remitted from Taiwan for Investment in China at the End of the Period	Amount Approved by Investment Review Committee, Ministry of Economic Affairs (Notes 2、4、6、8)	Investment Limit for China According to Investment Review Committee, Ministry of Economic Affairs
994,314 (USD32,654,000)	997,390 (USD32,755,000)	Note 6

Note 1: Investment methods are divided into the following three types:

- (1) Directly go to China to engage in the investment.
- (2) Re-invest in China through a foreign subsidiary (New Nice Home Fashion LLC).
- (3) Investing with the invested company's own funds.

Note 2: The amount includes the investment in Xiamen Hao Tang Daily Necessities Co., Ltd. and Hua Meng Home Decoration Industry Co., Ltd., which was approved by the Investment Review Committee of the Ministry of Economic Affairs from 1992 to 1996, totaling US\$14,442. The two companies have been canceled and disposed, and the Investment Review Committee of the Ministry of Economic Affairs has approved the cancellation of the investment amount for Hua Meng Home Decoration Industry Co., Ltd.

Note 3: The average exchange rate during the financial reporting period was used to convert into NT dollars.

Note 4: It is converted into NT dollars based on the exchange rate on the date when the financial report ends.

Note 5: The above transactions have been written off when the consolidated financial report is prepared.

Note 6: According to the "Principles for the Review of Investment or Technical Cooperation in China" amended on 8.29.2008, since the consolidated company has obtained a certificate indicating the compliance with the range of business issued by the Industrial Development Bureau, Ministry of Economic Affairs, there is no need to calculate the investment limit.

Note 7: In March 2012, Mr. Hsu, Pei-Hsiang, the former President of the consolidated company, was approved by the resolution of the Board of Directors to use the equity of Grandtop to pay the overdue accounts receivable of US\$25,454,000. The fund was not remitted from Taiwan.

#### 3) Transactions with mainland investee companies:

For the direct or indirect major transactions between the consolidated company and the invested

companies in China during the period from January 1 to March 31, 2023 (which have been written off when the consolidated financial report is prepared), please refer to the "Information on Major Transactions" and "Business Relationship between Parent and Subsidiary Companies and Major Transactions".

- 4. Major shareholders:** There is no shareholder who holds more than 5% of the shares on March 31, 2023.

#### **ITEM 14 – OPERATING SEGMENTS OF THE CONSOLIDATED COMPANY**

1) General information

The consolidated company is mainly engaged in various blinds, pleated curtains and other curtain products, operating as a single product and segment.

	<b>Jan.~Mar. 2023</b>	<b>Jan.~Mar. 2022</b>
Income		
Income from external customers	\$ 919,767	1,179,043
Interest income	1,018	92
Total	<b><u>\$ 920,785</u></b>	<b><u>1,179,135</u></b>
<b>Profit and Loss of Reportable Segment</b>	<b><u>\$ (29,726)</u></b>	<b><u>(6,592)</u></b>