



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

## **CONSOLIDATED FINANCIAL STATEMENTS With Independent Auditors' Report For the Years Ended December 31, 2024 and 2023**

### **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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# Contents

	<u>Page</u>
I. Cover	1
II. Contents	2
III. Representation Letter	3
IV. Independent Auditors' Report	4
V. Consolidated Balance Sheets	5
VI. Consolidated Statements of Comprehensive Income	6
VII. Consolidated Statements of Changes in Equity	7
VIII. Consolidated Statement of Cash Flows	8
IX. Notes on Consolidated Financial Reports	
Item 1 Company history	9
Item 2 Approval Date and Procedures of the Consolidated Financial Statements	9
Item 3 New standards, amendments and interpretations adopted	9～11
Item 4 Summary of Material Accounting Policies	11～30
Item 5 Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty	30
Item 6 Explanation of Significant Accounts	30～67
Item 7 Related-party Transactions	68～69
Item 8 Assets Pledged as Security	69
Item 9 Significant Commitments and Contingencies	69
Item 10 Losses Due to Major Disasters	69
Item 11 Subsequent Events	69
Item 12 Others	70
Item 13 Other Disclosure Items	
1. Information on Significant Transaction	70～75
2. Information on Investments	75
3. Information on Investment in Mainland China	76～77
4. Major Shareholders	77
Item 14 Segment information	77～78

## **Representation Letter**

The entities that are required to be included in the consolidated financial statements of CHING FENG HOME FASHIONS CO., LTD. for the year ended December 31, 2024, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in accordance with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, CHING FENG HOME FASHIONS CO., LTD. and subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby certified.

CHING FENG HOME FASHIONS CO., LTD.

Hsu, Ming-Hsuan  
Chairman

February 27, 2025

## **Independent Auditors' Report**

To the Board of Directors Ching Feng Home Fashions Co., Ltd. :

### **Opinion**

We have audited the accompanying consolidated financial statements of Ching Feng Home Fashions Co., Ltd., and its subsidiaries (collectively, the “Ching Feng Home Fashions Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively, the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Ching Feng Home Fashions Group as of December 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations approved and published by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matter for the Ching Feng Home Fashions Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

### **1. Revenue Recognition**

For the accounting policy on revenue recognition, please refer to Notes 4 (15) to the consolidated financial report. For the disclosure of revenue, please refer to Note 6 (23).

Explanation of key audit matters:

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

Corresponding audit procedures:

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

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

## **Others**

Ching Feng Home Fashions Co., Ltd. has prepared parent company only financial reports for the years ended December 31, 2024 and 2023, and we have also issued unmodified opinions for reference.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Ching Feng Home Fashions Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ching Feng Home Fashions Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ching Feng Home Fashions Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention of users in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ching Feng Home Fashions Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are:

KPMG, Taiwan  
Chuang, Chun-Wei  
Yu, Chi-Lung  
February 27, 2025

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

		<u>December 31, 2024</u>		<u>December 31, 2023</u>				<u>December 31, 2024</u>		<u>December 31, 2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>						<b>Liabilities and Equity</b>					
<b>Current assets :</b>						<b>Current liabilities :</b>					
1100	Cash and cash equivalents (Note 6(1))	\$ 621,137	8	497,239	7	2100	Short-term loans (Note 6(13) and 8)	\$ 210,000	3	-	-
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	27,611	1	32,561	-	2110	Short-term notes and bills payable (Note 6(14) and 8)	189,858	3	159,846	2
1150	Net notes receivable (Note 6(3))	204	-	-	-	2120	Financial liabilities at fair value through profit or loss - current (Note 6(2))	7,450	-	1,379	-
1170	Net accounts receivable (Note 6(3))	1,563,114	21	1,199,201	18	2150	Notes and Accounts payable	774,967	10	675,961	10
1200	Other receivables (Note 6(4))	172,028	2	376,682	6	2200	Other payables	369,343	5	254,584	4
1220	Current tax assets (Note 6(19))	761	-	-	-	2220	Other payables - related parties (Note 7)	18	-	-	-
130X	Inventories (Note 6(5))	1,148,244	15	904,514	14	2230	Current income tax liabilities (Note (19))	51,150	1	105,454	2
1410	Prepayments	170,502	2	129,504	2	2280	Lease liabilities - current (Note 6(17))	20,866	-	24,240	-
1470	Other current assets (Note 6(7))	224,953	3	127,187	2	2305	Other financial liabilities - current	85,000	1	-	-
1476	Other financial assets - current (Note 8)	157,548	2	194,088	3	2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(15))	232,296	3	264,529	4
<b>Total current assets</b>		4,086,102	54	3,460,976	52	2399	Other current liabilities - Others	5,703	-	5,113	-
<b>Non-current assets :</b>						<b>Total current liabilities</b>		1,946,651	26	1,491,106	22
1511	Financial assets at fair value through profit or loss - non-current (Note 6(2), (16) and 8)	274,648	4	-	-	<b>Non-current liabilities :</b>					
1600	Property, plant and equipment (Notes 6(8) and 8)	2,311,958	30	2,320,303	35	2500	Financial liabilities at fair value through profit or loss - non-current (Note 6(2) and (16))	2,040	-	-	-
1755	Right-of-use assets (Note 6(9))	567,336	7	541,508	8	2530	Bonds payable (Notes 6(2), (16))	277,061	4	-	-
1760	Investment property, net (Note 6(10))	74,653	1	31,290	-	2540	Long-term loans (Note 6(15), 8)	2,420,159	32	2,818,291	42
1780	Intangible assets (Note 6(11))	90,224	1	101,563	2	2569	Current tax liabilities - non-current (Note 6(19))	6,888	-	26,484	1
1840	Deferred income tax assets (Note 6(19))	72,770	1	83,059	1	2570	Deferred income tax liabilities (Note 6(19))	21,706	-	9,688	-
1915	Advance payment for equipment	44,594	1	71,486	1	2580	Lease liabilities - non-current (Note 6(17))	79,759	1	51,908	1
1900	Other non-current assets (Notes 6(12))	55,748	1	42,456	1	2670	Other current liabilities - others	1,348	-	1,383	-
<b>Total non-current assets</b>		3,491,931	46	3,191,665	48	<b>Total non-current liabilities</b>		2,808,961	37	2,907,754	44
						<b>Total liabilities</b>		4,755,612	63	4,398,860	66
						<b>Equity attributable to owners of parent (Notes 6(16) and (20)):</b>					
						3110	Ordinary shares	1,778,389	24	1,738,389	26
						3200	Capital surplus	111,098	1	13,030	-
						3300	Retained earnings	933,806	12	605,012	9
						3400	Other components of equity	(872)	-	(92,700)	(1)
						3500	Treasury Shares	-	-	(9,950)	-
						<b>Total equity attributable to owners of the parent company</b>		2,822,421	37	2,253,781	34
						<b>Total equity</b>		2,822,421	37	2,253,781	34
<b>Total Assets</b>		<u>\$ 7,578,033</u>	<u>100</u>	<u>6,652,641</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 7,578,033</u>	<u>100</u>	<u>6,652,641</u>	<u>100</u>

(Please refer to notes to the consolidated financial report.)



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		For the years ended December 31,			
		2024		2023	
		Amount	%	Amount	%
4000	<b>Operating revenue (Notes 6(23) and 7)</b>	\$ 5,399,082	100	4,547,224	100
5000	<b>Operating costs (Notes 6(5), (18), (21) and 7)</b>	4,085,112	76	3,637,227	80
	<b>Gross profit</b>	1,313,970	24	909,997	20
	<b>Operating expenses (Notes 6(18), (21) and 7):</b>				
6100	Selling and marketing expenses	337,381	6	226,830	5
6200	General and administrative expenses	348,706	6	340,214	7
6300	Research and development expenses	85,874	2	74,691	2
6450	Expected credit losses (gains) (Note 6(3) and (26))	(24,919)	-	24,528	1
	<b>Total operating expenses</b>	747,042	14	666,263	15
	<b>Operating income</b>	566,928	10	243,734	5
	<b>Non-operating income and expenses (Note 6(25)):</b>				
7100	Interest income	24,014	-	9,666	-
7010	Other income	8,516	-	6,849	-
7020	Other gains and losses	40,902	1	(12,785)	-
7050	Financing costs	(94,118)	(1)	(93,060)	(2)
7060	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	-	-	(95)	-
	<b>Total non-operating income and expenses</b>	(20,686)	-	(89,425)	(2)
7900	<b>Net income before tax</b>	546,242	10	154,309	3
7950	<b>Less: Income tax expense (Note 6(19))</b>	130,779	2	50,305	1
	<b>Net income</b>	415,463	8	104,004	2
8300	<b>Other comprehensive income (Note 6(19) and (20)):</b>				
8360	<b>Items that may subsequently be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign operating institutions	99,100	2	(36,620)	(1)
8399	Less: Income tax related to items that may be reclassified subsequently	22,957	-	(7,324)	-
	<b>Total items that may subsequently be reclassified to profit or loss</b>	76,143	2	(29,296)	(1)
8300	<b>Total other comprehensive income (loss)</b>	76,143	2	(29,296)	(1)
	<b>Total comprehensive income (loss)</b>	<u>\$ 491,606</u>	<u>10</u>	<u>74,708</u>	<u>1</u>
	<b>Earnings per share (Note 6(22))</b>				
9750	<b>Basic earnings per share (Unit: NT\$)</b>	<u>\$ 2.39</u>		<u>0.60</u>	
9850	<b>Diluted earnings per share (Unit: NT\$)</b>	<u>\$ 2.37</u>		<u>0.60</u>	

(Please refer to notes to the consolidated financial report.)

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

			Retained earnings			Other equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Treasury Shares	Total Equity
<b>Balance as of 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 :								
Legal reserve	-	-	22,059	-	(22,059)	-	-	-
Reversal of special reserve	-	-	-	(120,663)	120,663	-	-	-
Cash dividends	-	-	-	-	(109,605)	-	-	(109,605)
Stock dividends	42,156	-	-	-	(42,156)	-	-	-
Transfer of treasury shares	-	-	-	-	-	-	9,980	9,980
Net income of the period	-	-	-	-	104,004	-	-	104,004
Other comprehensive income (loss) of the period	-	-	-	-	-	(29,296)	-	(29,296)
Total comprehensive income (loss) of the period	-	-	-	-	104,004	(29,296)	-	74,708
<b>Balance as of December 31, 2023</b>	<b>1,738,389</b>	<b>13,030</b>	<b>94,681</b>	<b>63,404</b>	<b>446,927</b>	<b>(92,700)</b>	<b>(9,950)</b>	<b>2,253,781</b>
Appropriations of earnings :								
Legal reserve	-	-	10,400	-	(10,400)	-	-	-
Special reserve	-	-	-	29,296	(29,296)	-	-	-
Cash dividends	-	-	-	-	(86,669)	-	-	(86,669)
Net income of the period	-	-	-	-	415,463	-	-	415,463
Other comprehensive income (loss) of the period	-	-	-	-	-	76,143	-	76,143
Total comprehensive income (loss) of the period	-	-	-	-	415,463	76,143	-	491,606
Issue of shares	40,000	67,200	-	-	-	-	-	107,200
Equity Component of Convertible Bonds – Share Options	-	21,661	-	-	-	-	-	21,661
Transfer of treasury shares	-	5,820	-	-	-	-	9,950	15,770
Liquidation of subsidiaries	-	-	-	-	-	15,685	-	15,685
Share-based payments	-	3,387	-	-	-	-	-	3,387
<b>Balance as of December 31, 2024</b>	<b>\$ 1,778,389</b>	<b>111,098</b>	<b>105,081</b>	<b>92,700</b>	<b>736,025</b>	<b>(872)</b>	<b>-</b>	<b>2,822,421</b>

(Please refer to notes to the consolidated financial report.)

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

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities :</b>		
Net income before tax	\$ 546,242	154,309
<b>Adjustments :</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	225,358	202,406
Amortization expense	38,105	31,345
Expected credit (gains) losses	(24,919)	24,528
Net losses on financial assets at fair value through profit or loss	9,236	351
Interest expense	94,118	93,060
Interest income	(24,014)	(9,666)
Share-based payments	9,207	-
Share of loss (profit) of associates and joint ventures accounted or using equity method	-	95
Loss (gain) on disposal of property, plant and equipment, net	27,403	369
Loss (gain) on disposal of investments accounted for using equity method	-	(95)
Others	15,637	(43)
Total adjustments to reconcile profit (loss)	<u>370,131</u>	<u>342,350</u>
<b>Changes in assets and liabilities related to operating activities :</b>		
Changes in assets related to operating activities:		
Notes receivable	(204)	600
Accounts receivable	(364,017)	454,205
Accounts receivable - related parties	-	149,890
Other receivables	198,983	(90,042)
Inventories	(243,730)	55,083
Prepayments	(46,663)	(8,055)
Other current assets	<u>(45,569)</u>	<u>(105,421)</u>
Total net changes in assets related to operating activities	<u>(501,200)</u>	<u>456,260</u>
<b>Changes in liabilities related to operating activities :</b>		
Notes and Accounts payable	99,006	(106)
Other payables	114,420	12,006
Other payables - related parties	18	-
Other current liabilities	<u>590</u>	<u>2,350</u>
Total net changes in liabilities related to operating activities	<u>214,034</u>	<u>14,250</u>
Total net changes in assets and liabilities related to operating activities	<u>(287,166)</u>	<u>470,510</u>
Total adjustment	<u>82,965</u>	<u>812,860</u>

**(Continued)**

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

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash inflow generated from operations	\$ 629,207	967,169
Interest charged	20,445	9,666
Interest paid	(88,834)	(89,453)
Income taxes paid	(205,103)	(60,532)
<b>Net cash flows from operating activities</b>	<b>355,715</b>	<b>826,850</b>
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through profit or loss	(387,982)	(17,404)
Disposal of financial assets at fair value through profit or loss	120,282	6,198
Financial liabilities at fair value through profit or loss.	(4,264)	(3,907)
Acquisition of investments accounted for using equity method	-	(2,400)
Disposal of investment accounted for using equity method	-	2,400
Acquisition of property, plant and equipment	(199,152)	(142,134)
Proceeds from disposal of property, plant and equipment	7,555	3,834
Other receivables increased	-	(12,021)
Other receivables - related parties decreased	28,209	-
Acquisition of intangible assets	(3,502)	(1,200)
Acquisition of use-of-right assets	-	(3,395)
Acquisition of investment properties	(22,099)	(31,304)
Other financial assets - current decreased (increased)	36,540	(29,213)
Other non-current assets increased	(20,354)	(35)
Advance payment for equipment increased	(21,195)	(19,313)
<b>Net cash flows used in investing activities</b>	<b>(465,962)</b>	<b>(249,894)</b>
<b>Cash flows from financing activities :</b>		
Short-term loans	820,000	391,028
Repayment of short-term loans	(610,000)	(718,620)
Increase in short-term notes and bills payable	140,012	219,846
Decrease in short-term notes and bills payable	(110,000)	(60,000)
Proceeds from issuing bonds	298,222	-
Long-term loans	95,000	-
Repayment of long-term loans	(528,710)	(311,819)
Payments of lease liabilities	(31,309)	(28,690)
Other financial liabilities increased	85,000	-
Other non-current liabilities decreased	(35)	(29)
Cash dividends paid	(86,669)	(109,605)
Proceeds from issuing shares	107,200	-
Exercise of employee share options	9,950	9,980
<b>Net cash flows from financing activities</b>	<b>188,661</b>	<b>(607,909)</b>
Effects of exchange rate changes	45,484	(11,141)
Net increase (decrease) in cash and cash equivalents	123,898	(42,094)
Cash and equivalent cash, beginning balance	497,239	539,333
Cash and equivalent cash, ending balance	<b>\$ 621,137</b>	<b>497,239</b>

**(Please refer to notes to the consolidated financial report.)**

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

**1. Company history**

Ching Feng Home Fashions Co., Ltd. (hereinafter referred to as the "Company") was established on March 9, 1977 with the approval of the Ministry of Economic Affairs. The registered address is at 373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan. The main business items of the company and its subsidiaries (hereinafter referred to as the "Group") are the manufacturing, processing of various blinds, pleated curtains, and their accessories for export and domestic sales. The company's stock has been officially listed and traded on the Taiwan Stock Exchange since September 11, 2000.

**2. Approval date and procedures of the consolidated financial statements**

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on February 27, 2025.

**3. New standards, amendments and interpretations adopted**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024 :

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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

The Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS21 "Lack of Exchangeability"

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC :

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

<b>New standards or amendments</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS9 and IFRS7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Nature-dependent Electricity Contracts”

#### **4. Summary of material accounting policies**

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

##### **(1) Statement of Compliance**

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

##### **(2) Basis of preparation**

###### **(a) Basis of measurement**

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

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

###### **(b) Functional and presentation currency**

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(3) Basis of consolidation

(a) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent. When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(b) List of subsidiaries in the consolidated financial statements

Subsidiaries Included in Consolidated Financial Reports:



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			Dec. 31, 2024	Dec. 31, 2023	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Buy & sell of blinds, pleated curtains.	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Lamae' Global Home Fashion Co., Ltd.	Investment	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited.	Investment	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	International trade	- %	100.00%	Note 4
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Plastic bags, etc.	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Production and processing of plastic and alu. Blinds, Faux wood shutters	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Manufacture and assembly of blinds and textiles	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	- %	100.00%	Note 2
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Manufacture and sale of blinds, pleated blinds.	100.00%	100.00%	
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	Investment (Investment in China)	100.00%	100.00%	
Sincere Capital Limited	Sun Ocean Investment Limited	Investment	100.00%	100.00%	
New Nice Home Fashion L.L.C.	Grandtop Decorative Product (Zhenjiang) Co., Ltd.	Manufacture, process, and assembly of blinds.	100.00%	100.00%	
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Manufacture and assembly of blinds	100.00%	100.00%	
Grandtop Decorative Product (Zhenjiang) Co., Ltd.	Fu Yue Window Decoration Technology Zhenjiang Co., Ltd.	Buy & sell of blinds, pleated curtains	100.00%	100.00%	
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	Buy & sell of blinds, pleated curtains	100.00%	- %	Note 1
Ching Feng Home Fashions Co., Ltd.	Ching Feng Singapore Pte. Ltd.	Home decor wholesale	- %	- %	Note 3

Note 1 : Real Estate (USA) Inc. is a subsidiary established in January 2024.

Note 2 : The company completed the cancellation procedure in June 2024.

Note 3 : The establishment registration was completed in April 2024. As of the date of this report, the share capital has not yet been remitted.

Note 4 : The company completed the liquidation procedure in September 2024.

(c) Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

(a) Foreign currency transactions

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

- (i) an investment in equity securities designated as at fair value through other comprehensive income;
- (ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (iii) qualified cash flow hedges to the extent that the hedges are effective.

**(b) Foreign operations**

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

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

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

**(5) Classification of current and non-current assets and liabilities**

The Group classifies an asset as current assets under one of the following criteria, and all other assets that are not current assets are classified as non-current assets:

- (a) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (b) It is held primarily for the purpose of trading;
- (c) It is expected to be realized within twelve months after the reporting period; or
- (d) The assets are cash or cash equivalents (as defined in IAS 7), unless the assets are restricted from being exchanged or used to settle a liabilities for at least twelve months after the reporting period.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

The Group classifies a liability as current liabilities under one of the following criteria, and all other liabilities that are not current liabilities are classified as non-current liabilities:

- (a) It is expected to be settled in the normal operating cycle;
- (b) It is held primarily for the purpose of trading;
- (c) It is due to be settled within twelve months after the reporting period; or
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

**(6) Cash and cash equivalents**

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

Bank overdrafts that are repayable on demand and form an integral part of the Group's overall cash management are included as a component item of cash and cash equivalents in the statement of cash flows.

**(7) Financial instruments**

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

**(a) Financial assets**

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

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**(i) Financial assets measured at amortized cost**

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

(ii) Financial assets at fair value through profit or loss

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

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

(iii) Business Model Assessment

The Group assesses the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

- (iv) Assessment whether contractual cash flows are solely payments of principal and interest
- For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Group's claim to cash flows from specified assets(e.g. non-recourse features)

- (v) Impairment of financial assets

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

The following financial assets are measured for loss allowance at the amount of 12-month expected credit losses, while the rest are measured at the amount of lifetime ECLs:

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

Loss allowances for accounts receivable are measured at the amount of lifetime ECLs.

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or overdue exceeding credit risk monitoring indicators ;
- due to economic or contractual reasons related to the financial difficulties of the borrower, the Group grants concessions to the borrower that it would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ;  
or
- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

(vi) Derecognition of financial assets

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

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

(b) Financial liabilities and equity instruments

(i) Classification of debt or equity

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

(ii) Equity instrument

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

(iii) Treasury shares

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

(iv) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

**(v) Financial liabilities**

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

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

**(vi) Derecognition of financial liabilities**

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

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

**(vii) Offsetting of financial assets and liabilities**

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



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(c) Derivative financial instruments

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

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

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(9) Investment in associates

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

The Group 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 adjusting consistent with the accounting policies of the Group, 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 Group, the Group will recognize the equity changes under the shares of the affiliated company that are attributable to the Group 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 Group 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.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(10) Investment property

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

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

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

(11) Property, plant and equipment

(a) Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(b) Subsequent expenditure

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

(c) Depreciation

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

Land is not depreciated.

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

- (i) Buildings and Structures : 5~55 years ;
- (ii) Machinery Equipment : 3~20 years ;
- (iii) Transportation Equipment : 5~25 years ;
- (iv) Office Equipment : 1~20 years ;
- (v) Other Equipment : 2~37 years ◦

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(12) Leases

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

(a) As a lessee

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

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

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

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modification

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

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

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

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

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

**(b) As a lessor**

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

**(13) Intangible assets**

**(a) Recognition and measurement**

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

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

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

(b) Subsequent expenditure

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

(c) Amortization

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

(i) Technical Know-how : 15 years ;

(ii) Computer Software : 3~10 years ;

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

(14) Impairment of non-financial assets

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

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

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

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

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

**(15) Recognition of Revenue**

**(a) Revenue from contracts with customers**

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

**(i) Sale of goods**

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

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

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

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

**(ii) Financing components**

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(16) Government grants

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

(17) Employee benefits

(a) Defined contribution plans

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

(b) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

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

(18) Share-based payments

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

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

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

(19) Income taxes

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

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

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

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

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

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

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

**(20) Business combination**

The Group applies the acquisition method to each business combination, with goodwill measured at the fair value of the consideration transferred at the acquisition date, including any amount attributable to non-controlling interests of the acquiree, less the net amount of identifiable assets acquired and liabilities assumed (generally at fair value). If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation.

Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

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

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

**(21) Earnings per share**

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The potential dilutive ordinary shares of the Group include convertible bonds.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(22) Operating segments

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

**5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

In preparing these Consolidated Financial Statements, management must make judgments and estimates regarding the future (including climate-related risks and opportunities), which will affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

The management continuously reviews estimates and fundamental assumptions, consistent with the Group's risk management and climate-related commitments, and defers the recognition of changes in estimates during the period and in the affected future periods.

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

The following assumptions and estimation uncertainties pose significant risks of causing major adjustments to the carrying amounts of assets and liabilities in the next financial year. The relevant information is as follows:

(1) Valuation of inventories

Since inventories are measured at the lower of cost and net realizable value, the Group assesses, as of the reporting date, the amount of inventory that has been subject to normal loss, become obsolete or outdated, or no longer has market selling value, and writes down the inventory cost to net realizable value. This inventory valuation is primarily based on the estimated demand for products during a specific future period and may be significantly affected by rapid industry changes. For details on inventory valuation and related provisions, please refer to Note 6(5).

**6. Explanation of significant accounts**

(1) Cash and cash equivalents

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash on hand	\$ 1,221	1,009
Check and demand deposit	333,052	208,615
Foreign currency deposit	111,636	284,334
Time deposits	87,228	3,281
Cash equivalents	88,000	-
Total	<b>\$ 621,137</b>	<b>497,239</b>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Please refer to Note 6 (26) for the exchange rate risk and sensitivity analysis of the Group's financial assets and liabilities.

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Financial assets at fair value through profit or loss :		
Fund	\$ 27,611	22,568
Domestic and foreign bonds	261,426	8,311
Stocks listed on domestic markets	-	1,682
Stocks of foreign non-listed companies	13,042	-
Unsecured convertible bonds - call options	180	-
Total	<b>\$ 302,259</b>	<b>32,561</b>
Current	\$ 27,611	32,561
Non-current	274,648	-
Total	<b>\$ 302,259</b>	<b>32,561</b>
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Financial liabilities at fair value through profit or loss :		
Forward exchange contracts	\$ 7,450	-
FX swap contracts	-	1,379
Unsecured convertible bonds- put options	2,040	-
Total	<b>\$ 9,490</b>	<b>1,379</b>
Current	\$ 7,450	1,379
Non-current	2,040	-
Total	<b>\$ 9,490</b>	<b>1,379</b>

Derivative financial instrument transactions are used to avoid risks of exchange rate and interest rate arising from business, financing and investment activities. As of December 31, 2024, and 2023, the Group did not adopt hedge accounting, and financial assets measured at fair value through profit and loss and derivatives of financial liabilities held for trading are as follows:

<b>December 31, 2024</b>			
	<b><u>Amount(in thousands)</u></b>	<b><u>Currency</u></b>	<b><u>Maturity dates</u></b>
Forward exchange sold	US\$ 13,080	USD to NTD	2025.1.10~2025.5.21
<b>December 31, 2023</b>			
	<b><u>Amount(in thousands)</u></b>	<b><u>Currency</u></b>	<b><u>Maturity dates</u></b>
FX swap sold	US\$ 3,000	USD to NTD	2024.1.2~2024.2.26

Please refer to Note 6 (25) for the amount recognized in profit or loss based on remeasurement at fair value.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

The details of the financial assets measured at fair value through profit or loss on December 31, 2024 were used as collateral for short-term borrowings and financing facilities, please refer to Note 8.

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

(3) Notes Receivable and Accounts Receivable

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Notes receivable	<u>\$ 204</u>	<u>-</u>
Accounts receivable - measured at amortized cost	1,563,606	1,201,288
Less: Allowance for losses	<u>(492)</u>	<u>(2,087)</u>
	<u><b>\$ 1,563,114</b></u>	<u><b>1,199,201</b></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 and accounts receivable, the loss allowance is as follows:

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,515,195	-	-
Less than 90 days past due	48,607	1%	484
91 to 180 days past due	8	100%	8
181 to 270 days past due	-	-	-
More than 270 days past due	-	-	-
	<u><b>\$ 1,563,810</b></u>		<u><b>492</b></u>

  

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 2,087	520
Recognition of impairment losses	-	1,590
Amount written off due to irrecoverableness	(1,700)	-
Foreign exchange gains (losses)	105	(23)
Balance at December 31	<u><b>\$ 492</b></u>	<u><b>2,087</b></u>

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

<b>December 31, 2024</b>						
<b>Purchaser</b>	<b>Amount Derecognized</b>	<b>Credit Lines</b>	<b>Amount Advanced- Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Significant Transferring Terms</b>
O-Bank	<u>\$ 225,165</u>	USD 18,000,000	<u>64,000</u>	<u>161,165</u>	2.2643%	-

  

<b>December 31, 2023</b>						
<b>Purchaser</b>	<b>Amount Derecognized</b>	<b>Credit Lines</b>	<b>Amount Advanced- Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Significant Transferring Terms</b>
Cathay United Bank	<u>\$ 341,260</u>	USD 15,000,000	<u>-</u>	<u>341,260</u>	5.28%~6.43%	-

As of December 31, 2024 and 2023, the Group's notes and accounts receivable were not used as guarantees for long-term, short-term loans and financing.

(4) Other Receivables

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Tax refund receivable	\$ 5,282	20,429
Unused amount of sold receivables	161,165	341,260
Other Receivables – Osaley (OSL)(Note)	-	28,209
Less: Allowance for losses	-	(21,109)
Others	5,581	7,893
	<u><b>\$ 172,028</b></u>	<u><b>376,682</b></u>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Other receivables - OSL are overdue accounts receivable arising from the sale of goods and are considered as a form of fund financing in the financial statements. Please refer to Note 6 (23) for the movements in the allowance.

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

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

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

As of December 31, 2024 and 2023, the Group's other receivables were not used as guarantees for long-term, short-term loans and financing.

**(5) Inventories**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Raw materials	\$ 295,255	223,443
Supplies	164,387	154,861
Work-in progress, semi-finished goods	119,256	120,100
Finished goods	569,346	406,110
	<b><u>\$ 1,148,244</u></b>	<b><u>904,514</u></b>

The details of the cost of sales were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Inventory that has been sold	\$ 4,061,860	3,642,129
Write-down of inventories (Reversal of write-downs)	23,252	(4,902)
Total	<b><u>\$ 4,085,112</u></b>	<b><u>3,637,227</u></b>

As of December 31, 2024 and 2023, the Group's inventory were not used as guarantees for long-term, short-term loans and financing.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(6) Investments accounted for using equity method

(a) Associates

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

	<b>December 31, 2023</b>
Carrying amount of individually insignificant associates' equity	<u>\$ -</u>
	<b>For the years ended December 31, 2023</b>
Attributable to the Group:	
Loss from continuing operations	<u>\$ (95)</u>

As of December 31, 2024, the Group did not adopt the investments accounted for using equity method.

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

(7) Other current assets

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Temporary debits	\$ 32,069	32,115
Payment on behalf of others	51,739	3,840
Payment on behalf of others — Osaley (OSL)(Note)	138,655	94,583
Less: Allowance for losses	(6,113)	(9,923)
Others	<u>8,603</u>	<u>6,572</u>
	<u><b>\$ 224,953</b></u>	<u><b>127,187</b></u>

The above Payment on behalf of others - OSL is the advance payment made by the Group on its behalf. Please refer to Note 6 (26) for the changes in allowance for losses.

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

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

	<b>December 31, 2024</b>		
	<b>Gross carrying amounts</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 54,602	-	-
Less than 90 days past due	84,053	-	-
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
More than 270 days past due	-	-	-
	<b>\$ 138,655</b>		<b>-</b>

  

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

(8) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2024 and 2023, were as follows:

	<b>Land</b>	<b>Buildings and Structures</b>	<b>Machinery Equipment</b>	<b>Transportation Equipment</b>	<b>Office Equipment</b>	<b>Other Equipment</b>	<b>Construction in Progress</b>	<b>Total</b>
Cost								
Balance at January 1, 2024	\$ 467,543	1,148,480	1,248,320	16,238	6,856	308,784	83,119	3,279,340
Additions	119,232	3,505	36,117	612	4,242	15,905	19,539	199,152
Disposals	-	-	(352,513)	(3,991)	(430)	(5,586)	-	(362,520)
Reclassification	-	63,656	(1,160)	-	1,206	7,159	(70,861)	-
Reclassification of investment property	-	-	-	-	-	-	(21,495)	(21,495)
Impact of exchange rate changes	1,254	7,804	25,257	533	178	2,730	789	38,545
Balance at December 31, 2024	<b>\$ 588,029</b>	<b>1,223,445</b>	<b>956,021</b>	<b>13,392</b>	<b>12,052</b>	<b>328,992</b>	<b>11,091</b>	<b>3,133,022</b>
Balance at January 1, 2023	\$ 459,076	1,190,545	1,051,818	15,706	7,818	289,460	216,605	3,231,028
Additions	-	1,562	70,739	3,320	2,585	41,211	22,717	142,134
Disposals	-	(37,325)	(41,840)	(2,593)	(3,417)	(20,362)	-	(105,537)
Reclassification	8,211	-	185,142	-	-	-	(153,850)	39,503
Impact of exchange rate changes	256	(6,302)	(17,539)	(195)	(130)	(1,525)	(2,353)	(27,788)
Balance at December 31, 2023	<b>\$ 467,543</b>	<b>1,148,480</b>	<b>1,248,320</b>	<b>16,238</b>	<b>6,856</b>	<b>308,784</b>	<b>83,119</b>	<b>3,279,340</b>



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Accumulated depreciation and Impairment losses:								
Balance at January 1, 2024	\$ -	286,143	579,711	8,371	2,572	82,240	-	959,037
Additions	-	44,204	94,063	1,228	1,585	31,531	-	172,611
Disposals	-	-	(318,117)	(3,610)	(366)	(5,469)	-	(327,562)
Reclassification	-	-	(796)	-	796	-	-	-
Impact of exchange rate changes	-	4,089	11,873	283	84	649	-	16,978
Balance at December 31, 2024	<u>\$ -</u>	<u>334,436</u>	<u>366,734</u>	<u>6,272</u>	<u>4,671</u>	<u>108,951</u>	<u>-</u>	<u>821,064</u>
Balance at January 1, 2023	\$ -	288,424	536,561	9,161	5,177	70,050	-	909,373
Additions	-	35,707	87,079	1,060	837	32,840	-	157,523
Disposals	-	(37,325)	(38,681)	(1,810)	(3,417)	(20,101)	-	(101,334)
Reclassification	-	-	(43)	-	-	-	-	(43)
Impact of exchange rate changes	-	(663)	(5,205)	(40)	(25)	(549)	-	(6,482)
Balance at December 31, 2023	<u>\$ -</u>	<u>286,143</u>	<u>579,711</u>	<u>8,371</u>	<u>2,572</u>	<u>82,240</u>	<u>-</u>	<u>959,037</u>
Carrying value:								
Balance at December 31, 2024	<u>\$ 588,029</u>	<u>889,009</u>	<u>589,287</u>	<u>7,120</u>	<u>7,381</u>	<u>220,041</u>	<u>11,091</u>	<u>2,311,958</u>
Balance at January 1, 2023	<u>\$ 459,076</u>	<u>902,121</u>	<u>515,257</u>	<u>6,545</u>	<u>2,641</u>	<u>219,410</u>	<u>216,605</u>	<u>2,321,655</u>
Balance at December 31, 2023	<u>\$ 467,543</u>	<u>862,337</u>	<u>668,609</u>	<u>7,867</u>	<u>4,284</u>	<u>226,544</u>	<u>83,119</u>	<u>2,320,303</u>

- (a) Please refer to Note 6 (25) for details on gains and losses on disposal.
- (b) As of October 31, 2024, the Group decided to lease its completed building to a third party and reclassify the property as investment property at its carrying amount at the time of change in use.
- (c) Please refer to Note 8 for details of the guarantees for long-term and short-term loans and financing as of December 31, 2024 and 2023.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(9) Right-of-use assets

The Group leases land and buildings, machinery and transportation equipment, etc. The costs, depreciations and impairment loss, are detailed as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Transporta tion Equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 559,966	135,102	15,286	3,669	714,023
Additions	-	45,147	4,236	1,525	50,908
Disposal/Write-off	(132)	(7,658)	(10,464)	(1,321)	(19,575)
Impact of exchange rate changes	30,273	7,744	157	-	38,174
Balance at December 31, 2024	<u><b>\$ 590,107</b></u>	<u><b>180,335</b></u>	<u><b>9,215</b></u>	<u><b>3,873</b></u>	<u><b>783,530</b></u>
Balance at January 1, 2023	\$ 560,866	141,298	20,895	3,669	726,728
Additions	3,761	936	6,364	-	11,061
Disposal/Write-off	(591)	(6,255)	(11,662)	-	(18,508)
Impact of exchange rate changes	(4,070)	(877)	(311)	-	(5,258)
Balance at December 31, 2023	<u><b>\$ 559,966</b></u>	<u><b>135,102</b></u>	<u><b>15,286</b></u>	<u><b>3,669</b></u>	<u><b>714,023</b></u>
Accumulated depreciation losses:					
Balance at January 1, 2024	\$ 87,259	74,912	8,084	2,260	172,515
Depreciation for the year	22,998	21,907	6,334	1,277	52,516
Disposal/Write-off	(132)	(7,658)	(9,759)	(1,321)	(18,870)
Impact of exchange rate changes	5,190	4,761	82	-	10,033
Balance at December 31, 2024	<u><b>\$ 115,315</b></u>	<u><b>93,922</b></u>	<u><b>4,741</b></u>	<u><b>2,216</b></u>	<u><b>216,194</b></u>
Balance at January 1, 2023	\$ 69,689	61,054	14,200	1,037	145,980
Depreciation for the year	18,718	19,305	5,623	1,223	44,869
Disposal/Write-off	(591)	(5,126)	(11,569)	-	(17,286)
Impact of exchange rate changes	(557)	(321)	(170)	-	(1,048)
Balance at December 31, 2023	<u><b>\$ 87,259</b></u>	<u><b>74,912</b></u>	<u><b>8,084</b></u>	<u><b>2,260</b></u>	<u><b>172,515</b></u>
Carrying amounts:					
Balance at December 31, 2024	<u><b>\$ 474,792</b></u>	<u><b>86,413</b></u>	<u><b>4,474</b></u>	<u><b>1,657</b></u>	<u><b>567,336</b></u>
Balance at January 1, 2023	<u><b>\$ 491,177</b></u>	<u><b>80,244</b></u>	<u><b>6,695</b></u>	<u><b>2,632</b></u>	<u><b>580,748</b></u>
Balance at December 31, 2023	<u><b>\$ 472,707</b></u>	<u><b>60,190</b></u>	<u><b>7,202</b></u>	<u><b>1,409</b></u>	<u><b>541,508</b></u>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(10) Investment property

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

The details of the Group's investment property are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 28,375	2,929	31,304
Purchases	9,160	12,939	22,099
Reclassification from property, plant and equipment	-	21,495	21,495
Balance at December 31, 2024	<u>\$ 37,535</u>	<u>37,363</u>	<u>74,898</u>
Balance at January 1, 2023	\$ -	-	-
Purchases	28,375	2,929	31,304
Balance at December 31, 2023	<u>\$ 28,375</u>	<u>2,929</u>	<u>31,304</u>
Accumulated depreciation and Impairment losses:			
Balance at January 1, 2024	\$ -	14	14
Depreciation for the year	-	231	231
Balance at December 31, 2024	<u>\$ -</u>	<u>245</u>	<u>245</u>
Balance at January 1, 2023	\$ -	-	-
Depreciation for the year	-	14	14
Balance at December 31, 2023	<u>\$ -</u>	<u>14</u>	<u>14</u>
Carrying amounts:			
Balance at December 31, 2024	<u>\$ 37,535</u>	<u>37,118</u>	<u>74,653</u>
Balance at January 1, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 28,375</u>	<u>2,915</u>	<u>31,290</u>
Fair value:			
Balance at December 31, 2024		<u>\$ 84,313</u>	
Balance at December 31, 2023		<u>\$ 33,850</u>	

- (a) Please refer to Notes 6(8) for details of the transfer of property, plant and equipment item.
- (b) The Group's investment properties are measured using the cost model. The fair value of the investment properties is determined based on the transaction price of similar properties in the near term announced by the website of Real Estate Price Inquiry Service, Ministry of the Interior.
- (c) As of December 31, 2024 and 2023, the Group's investment properties were not used as guarantees for bank loan and financing.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(11) Intangible assets

The details of changes in the Group's intangible assets are as follows:

	<u>Goodwill</u>	<u>Technical Know-how</u>	<u>Computer Software</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 136,281	173,756	25,679	335,716
Additions	-	-	3,502	3,502
Disposals	-	-	(383)	(383)
Impact of exchange rate changes	5,706	11,803	59	17,568
Balance at December 31, 2024	<u><u>\$ 141,987</u></u>	<u><u>185,559</u></u>	<u><u>28,857</u></u>	<u><u>356,403</u></u>
Balance at January 1, 2023	\$ 136,327	174,729	22,331	333,387
Additions	-	-	1,200	1,200
Disposals	-	-	(720)	(720)
Reclassification	-	-	2,960	2,960
Impact of exchange rate changes	(46)	(973)	(92)	(1,111)
Balance at December 31, 2023	<u><u>\$ 136,281</u></u>	<u><u>173,756</u></u>	<u><u>25,679</u></u>	<u><u>335,716</u></u>
Accumulated amortization and impairment losses:				
Balance at January 1, 2024	\$ 67,249	158,020	8,884	234,153
Amortization for the year	-	16,464	3,850	20,314
Disposals	-	-	(383)	(383)
Impact of exchange rate changes	1,017	11,075	3	12,095
Balance at December 31, 2024	<u><u>\$ 68,266</u></u>	<u><u>185,559</u></u>	<u><u>12,354</u></u>	<u><u>266,179</u></u>
Balance at January 1, 2023	\$ 67,257	143,239	6,509	217,005
Amortization for the year	-	15,977	3,095	19,072
Disposals	-	-	(720)	(720)
Impact of exchange rate changes	(8)	(1,196)	-	(1,204)
Balance at December 31, 2023	<u><u>\$ 67,249</u></u>	<u><u>158,020</u></u>	<u><u>8,884</u></u>	<u><u>234,153</u></u>
Carrying amounts:				
Balance at December 31, 2024	<u><u>\$ 73,721</u></u>	<u><u>-</u></u>	<u><u>16,503</u></u>	<u><u>90,224</u></u>
Balance at January 1, 2023	<u><u>\$ 69,070</u></u>	<u><u>31,490</u></u>	<u><u>15,822</u></u>	<u><u>116,382</u></u>
Balance at December 31, 2023	<u><u>\$ 69,032</u></u>	<u><u>15,736</u></u>	<u><u>16,795</u></u>	<u><u>101,563</u></u>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(a) Amortization

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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating expenses	<b>\$ 20,314</b>	<b>19,072</b>

(b) Impairment test of goodwill

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
LAMAE' GLOBAL HOME FASHION CO., LTD.	<b>\$ 73,721</b>	<b>69,032</b>

The recoverable amounts of cash-generating units of LAMAE' GLOBAL HOME FASHION CO., LTD. based on fair value less disposal costs on December 31, 2024 and 2023 are 468,167 thousand (USD14,276 thousand) and 570,094 thousand (USD18,565 thousand) respectively. Both are higher than its carrying amount, there is no need to recognize impairment loss. The fair value minus disposal cost is estimated by an independent evaluation agency using the value multiplier of comparable companies, and at the same time, taking the control premium and liquidity discount into consideration. Fair value measurements are classified as Level 3 using significant unobservable inputs.

(12) Other non-current assets

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Refundable deposits	\$ 10,195	7,340
Others	45,553	35,116
	<b>\$ 55,748</b>	<b>42,456</b>

As of December 31, 2024 and 2023, the Group's other non-current assets were not used as guarantees for long-term, short-term loans and financing.

(13) Short-term loans

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unsecured bank loans	<b>\$ 210,000</b>	-
Unused short-term credit lines	<b>\$ 1,281,176</b>	<b>1,255,664</b>
Range of interest rate	<b>2.2899%~2.35%</b>	-

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(a) Borrowing and repayment of short-term loans

The newly increased amounts from January 1 to December 31, 2024 and 2023 were 820,000 thousand and 391,028 thousand respectively, and the repaid amounts are 610,000 thousand and 718,620 thousand respectively.

The range of short-term interest rates in each region of the Group are as follows:

	<b>December 31, 2024</b>
Taiwan	2.2899%~2.35%

As of December 31, 2024, the maturity dates of short-term loans of the Group are July, 2025.

As of December 31, 2023, the Group did not apply for short-term loan financing.

(b) Collateral for bank loans

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

(14) Short-term notes and bills payable

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

<b>December 31, 2024</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates</b>	<b>Amount</b>
Commercial papers payable	China Bills Finance Corporation	2.2%	\$ 59,982
	O-Bank	1.738%	129,876
Total			<b><u>\$ 189,858</u></b>

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

Please refer to Note 6 (25) for details on interest expense.

(15) Long-term Loans

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

<b>December 31, 2024</b>			
	<b>Range of interest rate</b>	<b>Expiration Date</b>	<b>Amount</b>
Unsecured bank loans	2.22%~2.8789%	116.7	\$ 2,176,889
Secured bank loans	1.05%~2.255%	124.7	<u>475,566</u>
			2,652,455
Less: current portion			<u>(232,296)</u>
Total			<u><b>\$ 2,420,159</b></u>
Unused long-term credit lines			<u><b>\$ 653,231</b></u>

  

<b>December 31, 2023</b>			
	<b>Range of interest rate</b>	<b>Expiration Date</b>	<b>Amount</b>
Unsecured bank loans	1.8%~6.99%	116.10	\$ 2,512,599
Secured bank loans	0.925%~2.125%	124.7	<u>570,221</u>
			3,082,820
Less: current portion			<u>(264,529)</u>
Total			<u><b>\$ 2,818,291</b></u>
Unused long-term credit lines			<u><b>\$ 697,383</b></u>

(a) Borrowing and repayment of long-term loans

From January 1 to December 31, 2024, the new long-term was 95,000 thousand, the interest rate was 2.3004%~2.8789%, and the maturity date is July 2027; from January 1 to December 31, 2023, there are no new long-term loans; the repayment amounts from January 1 to December 31, 2024 and 2023 were 528,710 thousand and 311,819 thousand respectively.

(b) Collateral for bank loans

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

(c) Special agreement on the joint credit contract

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

The joint credit contract renewed by the Group with the banks in 2023 restricts that the consolidated financial report after 2023 must meet the following conditions:

- A. Current ratio: not less than 140%
- B. Debt ratio: not higher 280%
- C. Interest coverage ratio: not less than 3 times
- D. Net worth: not less than NT\$1,800,000 thousand.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

The above-mentioned financial ratios and conditions shall be calculated based on the annual consolidated financial report audited and certified by an accountant recognized by the banks. In accordance with the joint credit contract, the Group took the consolidated financial reports of 2024 and 2023 as the calculation basis, and none of them violated the restrictions.

(16) Bonds payable

The details of unsecured convertible bonds were as follows:

	<b>December 31, 2024</b>
Total amount of the third domestic unsecured convertible corporate bonds issued	\$ 300,000
Unamortized discounted corporate bonds payable	(22,939)
Ending balance of bonds payable	<u><u>\$ 277,061</u></u>
Embedded derivative	
Embedded derivative - call options, included in financial assets at fair value through profit or loss - non-current	<u><u>\$ 180</u></u>
Embedded derivative - put options, included in financial liabilities at fair value through profit or loss - non-current	<u><u>\$ 2,040</u></u>
Equity component - conversion options, included in capital surplus— stock options	<u><u>\$ 21,661</u></u>
	<b>For the years ended December 31, 2024</b>
Loss on remeasurement of embedded derivatives - call and put options at fair value, included in other gains and losses)	<u><u>\$ 720</u></u>
Interest expense	<u><u>\$ 1,640</u></u>

On October 14, 2024, the Company issued domestic unsecured convertible corporate bonds with a 0% coupon rate. Each bond has a face value of 100 thousand and was issued at 100.5% of the face value, with a total issuance of 3,000 bonds, amounting to a total of 315,000 thousand. The issuance period is three years, from October 14, 2024, to October 14, 2027.

The main rights and obligations of the Company's outstanding unsecured convertible corporate bonds (hereinafter referred to as "the Convertible Bonds") are as follows:

(a) Repayment method

Unless the convertible bonds have been redeemed, repurchased and cancelled, or converted before maturity, the Company shall redeem the bonds at par value in full through a single cash payment within ten business days after the maturity date.



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(b) Conversion method

The bondholders may convert the bonds into ordinary shares of the Company, in accordance with applicable laws and the provisions of the trust agreement, at any time from the day following three months after the issuance date until the maturity date.

(c) Conversion price and adjustment

The conversion price is \$34.8 per share, which is the simple arithmetic average of the closing prices of the Company's ordinary shares on the first business day, as well as the first three and five business days prior to the pricing reference date, whichever is higher, multiplied by a conversion premium rate of 106%.

In the event of any change in the Company's outstanding common shares, the conversion price shall be adjusted in accordance with the formula stipulated in the terms of issuance.

(d) Call option of the Company

The Company would repurchase the bond at par value if, within thirty business days after the closing price of the Company's ordinary shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price for thirty consecutive business days, from the day after three months have passed from the issuance of the bonds to forty days before the maturity date, the Company sends a bond redemption notice and repurchases the outstanding convertible bonds at par value in cash within five business days after the bond redemption record date.

The Company would repurchase the bond at par value if, within thirty business days after the outstanding balance of the convertible bonds falls below 10% of the original issuance amount, from the day after three months have passed from the issuance of the bonds to forty days before the maturity date, the Company sends a bond redemption notice and repurchases the outstanding convertible bonds at par value in cash within five business days after the bond redemption record date.

(e) Put option of bondholders

The repurchase base date for the convertible bonds is set as the second anniversary of the issuance date. The Company shall send a "Put Option Exercise Notice" to bondholders at least forty days before the repurchase base date. Bondholders may submit a repurchase request to the original broker within forty days prior to the repurchase base date. The original broker will then submit the application to the Taiwan Depository & Clearing Corporation (TDCC), which, upon accepting the application, will request the Company to repurchase the bonds at 100% of their face value (put yield 0%) in cash. The Company shall repurchase the convertible bonds in cash within five business days after the repurchase base date upon accepting the repurchase request.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(17) Lease liabilities

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current	<u>\$ 20,866</u>	<u>24,240</u>
Non-current	<u>\$ 79,759</u>	<u>51,908</u>

For the maturity analysis, please refer to Note 6 (26) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	<u>\$ 2,741</u>	<u>3,125</u>
Expenses relating to short-term leases	<u>\$ 988</u>	<u>814</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 1,827</u>	<u>1,691</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u>\$ 36,865</u>	<u>34,320</u>

(a) Leasing of land and buildings

The Group leases land 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 equivalent to the original contract.

(b) Other lease

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

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

(18) Employee benefits

(a) Defined contribution plans

The Group allocates 6.00% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to 11,331 thousand and 11,103 thousand for the years ended December 31, 2024 and 2023, respectively.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Overseas subsidiaries will contribute pension benefits for employees to pension management organization in accordance with the local regulations. The recognized pension expenses for the years ended December 31, 2024 and 2023 were 21,547 thousand and 18,574 thousand respectively.

(19) Income taxes

(a) Income tax

The components of income tax for the years ended December 31, 2024 and 2023 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Current tax expense		
Current period	\$ 120,262	77,307
Adjustment for prior periods	9,010	6,704
	<u>129,272</u>	<u>84,011</u>
Deferred tax expense		
Origination and reversal of temporary differences	1,507	(33,706)
Income tax expense	<b>\$ 130,779</b>	<b>50,305</b>

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<b>\$ (22,957)</b>	<b>7,324</b>

Reconciliation of income tax and profit before tax for 2024 and 2023 is as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Net income before tax	\$ 546,242	154,309
Income tax using the Company's domestic tax rate	109,248	30,862
Effect of tax rates in foreign jurisdiction	46,181	20,943
Non-deductible expenses	6,797	5,324
Tax-exempt income	(1,401)	(176)
Change in unrecognized temporary differences	(38,018)	4,993
Tax incentives	(84)	(18,834)
Recognition of previously unrecognized tax losses	12,080	(558)
Additional tax on undistributed earnings	-	7,751
Others	(4,024)	-
Income tax expenses	<b>\$ 130,779</b>	<b>50,305</b>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(b) Deferred tax assets and liabilities

(i) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2024 and 2023. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Investments accounted for using the equity method	<b><u>\$ 61,114</u></b>	<b><u>37,532</u></b>

(ii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Investment losses accounted for using equity method	\$ 104,310	126,740
Impairment of asset	10,456	10,456
Tax loss	10,758	2,764
Total	<b><u>\$ 125,524</u></b>	<b><u>139,960</u></b>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(iii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

Deferred Tax Liabilities:

	<b>Others</b>
<b>Balance at January 1, 2024</b>	\$ 9,688
Recognized in profit or loss	11,513
Effect of exchange rate	505
<b>Balance at December 31, 2024</b>	<b><u>\$ 21,706</u></b>
<b>Balance at January 1, 2023</b>	\$ 4,755
Recognized in profit or loss	5,044
Effect of exchange rate	(111)
<b>Balance at December 31, 2023</b>	<b><u>\$ 9,688</u></b>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Deferred Tax Assets:

	Write-down of inventories	Allowance for sales return	Exchange Differences on Translation of Foreign Operations	Others	Total
<b>Balance at January 1, 2024</b>	\$ 6,789	18,333	23,175	34,762	83,059
Recognized in profit or loss	(1,660)	10,882	-	784	10,006
Recognized in other comprehensive income	-	-	(22,957)	-	(22,957)
Effect of exchange rate	164	1,458	-	1,040	2,662
<b>Balance at December 31, 2024</b>	<b>\$ 5,293</b>	<b>30,673</b>	<b>218</b>	<b>36,586</b>	<b>72,770</b>
<b>Balance at January 1, 2023</b>	\$ 4,382	8,483	15,851	8,614	37,330
Recognized in profit or loss	2,415	10,005	-	26,330	38,750
Recognized in Other comprehensive income	-	-	7,324	-	7,324
Effect of exchange rate	(8)	(155)	-	(182)	(345)
<b>Balance at December 31, 2023</b>	<b>\$ 6,789</b>	<b>18,333</b>	<b>23,175</b>	<b>34,762</b>	<b>83,059</b>

(c) Assessment of tax

The company's income tax return has been approved by the tax collection agency until the year of 2022.

(20) Capital and other equity

As of December 31, 2024 and 2023, the total value of authorized ordinary shares was amounted to 3,000,000 thousand with par value of \$10 per share. The issued shares are 1,778,389 thousand and 1,738,389 thousand respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the years of 2024 and 2023 was as follows:

(in thousands of shares)	<b>Ordinary Shares</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1	173,839	169,623
Proceeds from issuing shares	4,000	-
Stock dividends	-	4,216
<b>Balance on December 31</b>	<b>177,839</b>	<b>173,839</b>

(a) Issuance of ordinary shares

On August 8, 2024, the company's board of directors resolved to issue 4,000 thousand new shares, each with a face value of NT\$10. This cash capital increase was approved by the Financial Supervisory Commission (FSC) on September 16, 2024, and became effective on October 7, 2024. The actual issuance price was set at \$27.3 per share, with a total issuance value of 109,200 thousand. In accordance with Article 267 of the Company Act, 15% of the newly issued shares were reserved for employee subscription. The remuneration cost and capital surplus recognized by the company for the year 2024 due to proceeds from issuing shares and reserving employee stock options are both 3,387 thousand. The net proceeds from issuing shares, after deducting necessary issuance costs, amount to 107,200 thousand. The capital increase record date is set as November 8, 2024, and all payments for the issued shares have been collected and the change registration has been completed.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

A resolution was passed during the general meeting of shareholders held on May 24, 2023 for the increase capital by 42,156 thousand from retained earnings, issuing 4,216 thousand shares of ordinary shares with a par value of \$10 per share. The Board of Directors further resolved that the capital increase would be effective as of September 16, 2023. All aforementioned ordinary shares have completed the statutory registration procedures.

(b) Capital surplus

The balances of capital surplus as of December 31, 2024 and 2023, were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Additional paid-in capital	\$ 80,230	13,030
Issuance of convertible corporate bond options	21,661	-
Employee subscription remuneration cost from cash capital increase	3,387	-
Compensation cost for employee subscription of treasury shares	<u>5,820</u>	<u>-</u>
	<b><u>\$ 111,098</u></b>	<b><u>13,030</u></b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total ordinary shares outstanding.

(c) Retained earnings

According to the Articles of Incorporation, if the Company has a surplus in the annual settlement, it should first cover losses of previous years. If there is still a surplus, after 10% of the legal reserve, and another sum as special reserve are set aside, together with the unappropriated surplus at the beginning of the period, and the adjusted amount of the unappropriated surplus of the current year, such surplus will be the surplus available for appropriation, but a part of it may be retained depending on the situation of the Company, and the Board of Directors shall prepare a proposal for surplus distribution and submit it to the shareholders' meeting for approval. The distribution of dividends and bonuses or all or part of the legal reserve in the form of cash requires the attendance of more than two-thirds of the directors, and the approval of more than half of the directors' present, and reports to the shareholders meeting.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

(i) Legal reserve

According to the Company Act, the company shall allocate 10% of its after-tax net profit as legal reserve until it equals the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(ii) Special reserve

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

(iii) Earnings distribution

The amounts of cash dividends for the 2023 earnings distribution had been approved, the board meeting held on March 13, 2024, as well as the shareholders' meeting on May 28, 2024. The amounts of cash dividends for the 2022 earnings distribution had been approved, the board meeting held on March 14, 2023, and on May 24, 2023, the shareholders' meeting decided on the amount of stock dividends, were as follows:

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

	<b>For the years ended December 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Dividend per share (NT\$)</b>	<b>Amount</b>	<b>Dividend per share (NT\$)</b>	<b>Amount</b>
Dividends distributed to shareholders of ordinary shares:				
Cash dividends	\$ 0.500	86,669	0.650	109,605
Stock dividends	-	-	0.250	42,156
Total		<b><u>\$ 86,669</u></b>		<b><u>151,761</u></b>

The board of directors of the company proposed the distribution of dividends for the year of 2024 on February 27, 2025. The amount of dividends to be distributed to owners is as follows:

	<b>For the years ended December 31, 2024</b>	
	<b>Amount per share</b>	<b>Total amount</b>
Dividends distributed to shareholders of ordinary shares:		
Cash dividends	\$ 1.800	<b><u>320,110</u></b>

(iv) Treasury shares

In accordance with Article 167-1 of the Company Act, the company repurchased its own shares for the purpose of transferring them to employees, resulting in the following changes in the share capital:

	<b>In thousands of shares</b>	<b>Amount</b>
Balance at January 1, 2024	500	\$ 9,950
Transfer	(500)	(9,950)
Balance at December 31, 2024	-	<b><u>\$ -</u></b>
Balance at January 1, 2023	1,000	\$ 19,930
Repurchase	(500)	(9,980)
Balance at December 31, 2023	<b><u>500</u></b>	<b><u>\$ 9,950</u></b>

The treasury shares held by the company are not entitled to shareholder rights until they are transferred in accordance with the provisions of the Company Act.



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(v) Other equities (net amount after tax)

	<b>Exchange differences on translation of foreign operations</b>
Balance at January 1, 2024	\$ (92,700)
Liquidation of subsidiaries	15,685
Exchange differences on foreign operations	<u>76,143</u>
Balance at December 31, 2024	<b><u>\$ (872)</u></b>
Balance at January 1, 2023	\$ (63,404)
Exchange differences on foreign operations	<u>(29,296)</u>
Balance at December 31, 2023	<b><u>\$ (92,700)</u></b>

(21) Share-based payment

As of December 31, 2024 and 2023, the Group has the following share-based payments transactions, all of which are issued by the Company:

	<b>Equity-settled</b>		<b>Cash capital increase reserved for employee subscription</b>
	<b>Treasury shares transferred to employees</b>		
Grant date	2024.12.6	2023.11.08	2024.9.26
Number of shares granted	500	500	542
Recipients	Employees meeting specific conditions	Employees meeting specific conditions	Full-time employees within the official establishment
Vesting conditions	Immediate vesting	Immediate vesting	Immediate vesting

(a) Measurement parameters of fair value on grant date

	<b>For the years ended December 31,</b>		
	<b>2024</b>		<b>2023</b>
	<b>Treasury shares transferred to employees</b>	<b>Cash capital increase reserved for employee subscription</b>	<b>Treasury shares transferred to employees</b>
Fair value at grant date	11.64	6.25	(Note1)
Share price at grant date	31.60	33.55	17.05
Exercise price	19.96	27.30	19.96

Note 1: The share price at grant date is lower than the exercise price, so the fair value is 0.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(b) Information of treasury shares transfer arrangements

	<b>For the years ended December 31,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Weighted average exercise price (NT \$)</b>	<b>Number of options</b>	<b>Weighted average exercise price (NT \$)</b>	<b>Number of options</b>
Outstanding at January 1	\$ -	-	-	-
Granted during the period	19.96	500	19.96	500
Exercised during the period	19.96	(500)	19.96	(500)
Outstanding at December 31	-	-	-	-
Executable at December 31	-	-	-	-

(c) Employee remuneration expenses

The Group incurred expenses of share-based arrangements in 2023 and 2022 as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Expenses resulting from treasury shares transferred to employees	\$ 5,820	-
Expenses resulting from employee subscriptions resulting from cash capital increase	3,387	-
Total	<u>\$ 9,207</u>	<u>-</u>

(22) Earnings per share

(a) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2024 and 2023 was based on the profit attributable to ordinary shareholders of the Company amounting to 415,463 thousand and 104,004 thousand, and the weighted average number of ordinary shares outstanding of 173,948 thousand and 172,862 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Profit of the Company for the year	<u>\$ 415,463</u>	<u>104,004</u>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(ii) Weighted-average number of ordinary shares (in thousands)

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Issued ordinary shares at January 1	173,839	169,623
Proceeds from issuing shares	590	-
Effect of treasury shares	(481)	(977)
Effect of stock dividends	-	4,216
Weighted average number of ordinary shares at December 31	<b>173,948</b>	<b>172,862</b>
Basic earnings per share (Unit: NT\$)	<b>\$ 2.39</b>	<b>0.60</b>

(b) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2024 and 2023 was based on the profit attributable to ordinary shareholders of the Company amounting to 417,351 thousand and 104,004 thousand, and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 176,167 thousand and 173,057 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company (diluted)

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Profit attributable to ordinary shareholders of the Company (basic)	<b>415,463</b>	<b>104,004</b>
Interest expense and other income or expense on convertible bonds, net of tax	1,888	-
Profit attributable to ordinary shareholders of the Company (diluted)	<b>417,351</b>	<b>104,004</b>

(ii) Weighted-average number of ordinary shares (diluted) (in thousands)

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares outstanding (basic)	173,948	172,862
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	358	195
Effect of conversion of convertible bonds	1,861	-
Weighted average number of ordinary shares outstanding (diluted)	<b>176,167</b>	<b>173,057</b>
Diluted earnings per share (Unit: NT\$)	<b>\$ 2.37</b>	<b>0.60</b>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(23) Revenue from contracts with customers

(a) Details of revenue

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Primary geographical markets		
United States	\$ 4,339,742	3,792,415
Europe	803,303	507,193
Taiwan	128,646	121,070
Others	127,391	126,546
	<b><u>5,399,082</u></b>	<b><u>4,547,224</u></b>

(b) Contract balances

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Notes Receivable and Accounts Receivable	\$ 1,563,810	1,201,288
Less: Allowance for losses	(492)	(2,087)
Total	<b><u>\$ 1,563,318</u></b>	<b><u>1,199,201</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.

(24) Remunerations to employees, directors and supervisors

According to the Articles of Incorporation, the company distributes employee remuneration based on no less than 2% of the current year's profit and no more than 3% as remuneration for directors and supervisors. However, if the company still has accumulated losses, losses shall be covered first. The recipients of the stock or cash payment include employees of affiliated companies who meet certain conditions.

The remunerations to employees recognized for the years ended December 31, 2024 and 2023 were 9,605 thousand and 2,935 thousand respectively. The remunerations to directors and supervisors recognized for the years ended December 31, 2024 and 2023 were 4,802 thousand and 1,468 thousand respectively. It is calculated by multiplying the net profit before tax before deducting the compensation of employees and directors by the distribution ratio stipulated in the company's Articles of Incorporation, and present it as operating costs or operating expenses for the period. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2024 and 2023.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(25) Non-operating income and expenses

(a) Interest income

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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest income from deposits in banks	\$ 16,633	9,666
Interest income from foreign bonds	7,381	-
	<b>\$ 24,014</b>	<b>9,666</b>

(b) Other income

The details of the Group's other income are as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Rental income	\$ 2,622	1,298
Other income	5,894	5,551
	<b>\$ 8,516</b>	<b>6,849</b>

(c) Other gains and losses

The details of the Group's other gains and losses are as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Losses of disposal of property, plant and equipment losses	\$ (27,403)	(369)
Foreign exchange gains	94,627	6,826
Net gains on financial assets (liabilities) at fair value through profit or loss	(9,236)	(351)
Other gains and losses	(17,086)	(18,891)
	<b>\$ 40,902</b>	<b>(12,785)</b>

(d) Finance cost

The details of the Group's finance cost are as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest expense	\$ 86,430	85,835
Add: Interest of below-market interest rate loan	3,307	4,100
Interest of Lease liabilities	2,741	3,125
Corporate bonds interest expense	1,640	-
	<b>\$ 94,118</b>	<b>93,060</b>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(26) Financial instruments

(a) Credit risk

(i) Risk of credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(ii) Concentration of credit risk

In order to reduce the credit risk of accounts receivable, the Group continuously evaluates the financial status of customers, and regularly evaluates the possibility of recovering accounts receivable and has allowance for impairment losses. The impairment losses are always within the expectations of the management. As of December 31, 2024 and 2023, 94% and 94% of the Group's accounts receivable balance came from several major customers, which made the Group have significant concentration of credit risk.

(iii) Credit risk of accounts receivable

Please refer to Note 6 (3) for details of the credit risk and impairment allowance of notes receivable and accounts receivable. Other financial assets at amortized cost includes cash and cash equivalents, other receivables, payment on behalf of others and other financial assets. For relevant information, please refer to Note 6(1), (4), (7).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

The loss allowances of other receivables and payment on behalf of others were determined as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Opening balance	\$ 31,032	8,094
Recognition of impairment losses (reversed profit)	(24,919)	22,938
Ending balance	<b><u>\$ 6,113</u></b>	<b><u>31,032</u></b>

(b) Liquidity risk

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12Months</u>	<u>Over 1 years</u>
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Bank loans	\$ 2,862,455	3,026,021	245,494	267,249	2,513,278
Short-term notes and bills payable	189,858	190,000	190,000	-	-
Notes payable, accounts payable and other payables	1,144,328	1,144,328	1,144,328	-	-
Lease liabilities	100,625	124,761	13,735	9,906	101,120
Other financial liabilities	85,000	85,441	85,441	-	-
Bonds payable	277,061	300,000	-	-	300,000
Derivative financial liabilities					
Forward exchange contract:					
Flow Out	7,450	7,450	7,450	-	-
	<b>\$ 4,666,777</b>	<b>4,878,001</b>	<b>1,686,448</b>	<b>277,155</b>	<b>2,914,398</b>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Bank loans	\$ 3,082,820	3,240,496	174,009	169,898	2,896,589
Short-term notes and bills payable	159,846	160,000	160,000	-	-
Notes payable, accounts payable and other payables	930,545	930,545	930,545	-	-
Lease liabilities	76,148	101,418	15,680	13,285	72,453
Derivative financial liabilities					
FX swap contracts:					
Flow Out	1,379	1,379	1,379	-	-
	<b>\$ 4,250,738</b>	<b>4,433,838</b>	<b>1,281,613</b>	<b>183,183</b>	<b>2,969,042</b>

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

(c) Market risk

(i) Risk of foreign exchange rate

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

		<b>December 31, 2024</b>			<b>December 31, 2023</b>		
		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	32,446	32.794	1,064,034	34,271	30.708	1,052,394
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		18,207	32.794	597,080	15,763	30.708	484,050

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(ii) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets at fair value through profit or loss, accounts and other receivables, loans and borrowings; and accounts and other payables that are denominated in foreign currency. On December 31, 2024 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 December 31, 2024 and 2023 will increase or decrease by 4,670 thousand and 5,683 thousand respectively, the analysis for the two periods was conducted using the same basis.

(iii) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 94,627 thousand and 6,826 thousand, respectively.

(d) Interest rate analysis

Please refer to the note of the liquidity risk management for the interest rate risk of the Group's financial assets and financial liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year.

If the interest rate is increased or decreased by 0.25% with all other variables remaining unchanged, the Group's net profit for the period from January 1 to December 31, 2024 and 2023 will be decreased or increased by 5,897 thousand and 6,378 thousand respectively. The main reason is the floating interest rates on loans, time deposits and demand deposits.

(e) Information on fair value

(i) Types and fair values of financial instruments

The Group'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.



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

	December 31, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Fund	\$ 27,611	27,611	-	-	27,611
Domestic and foreign bonds	261,426	261,426	-	-	261,426
Stocks of foreign non-listed companies	13,042	-	-	13,042	13,042
Unsecured convertible bonds – call option	180	180	-	-	180
Sub-total	<b>302,259</b>	<b>289,217</b>	-	<b>13,042</b>	<b>302,259</b>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	621,137	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,735,346	-	-	-	-
Other current assets	184,281	-	-	-	-
Other financial assets - current	157,548	-	-	-	-
Sub-total	<b>2,698,312</b>	-	-	-	-
Total	<b>\$ 3,000,571</b>	<b>289,217</b>	-	<b>13,042</b>	<b>302,259</b>
<b>Financial liabilities at fair value through profit or loss</b>					
Forward exchange contracts	\$ 7,450	7,450	-	-	7,450
Unsecured convertible bonds - put option	2,040	2,040	-	-	2,040
Sub-total	<b>9,490</b>	<b>9,490</b>	-	-	<b>9,490</b>
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	2,862,455	-	-	-	-
Short-term notes and bills payable	189,858	-	-	-	-
Notes payable, accounts payable and other payables	1,144,328	-	-	-	-
Lease liabilities	100,625	-	-	-	-
Other financial liabilities	85,000	-	-	-	-
Bonds payable	277,061	-	-	-	-
Sub-total	<b>4,659,327</b>	-	-	-	-
Total	<b>\$ 4,668,817</b>	<b>9,490</b>	-	-	<b>9,490</b>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Fund	\$ 22,568	22,568	-	-	22,568
Foreign bonds	8,311	8,311	-	-	8,311
Stocks listed on domestic markets	1,682	1,682	-	-	1,682
Sub-total	<u>32,561</u>	<u>32,561</u>	<u>-</u>	<u>-</u>	<u>32,561</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	497,239	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,575,883	-	-	-	-
Other current assets	88,500	-	-	-	-
Other financial assets - current-	194,088	-	-	-	-
Sub-total	<u>2,355,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,388,271</u>	<u>32,561</u>	<u>-</u>	<u>-</u>	<u>32,561</u>
<b>Financial liabilities at fair value through profit or loss</b>					
FX swap contracts	\$ 1,379	1,379	-	-	1,379
Sub-total	<u>1,379</u>	<u>1,379</u>	<u>-</u>	<u>-</u>	<u>1,379</u>
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	3,082,820	-	-	-	-
Short-term notes and bills payable	159,846	-	-	-	-
Notes payable, accounts payable and other payables	930,545	-	-	-	-
Lease liabilities	76,148	-	-	-	-
Sub-total	<u>4,249,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,250,738</u>	<u>1,379</u>	<u>-</u>	<u>-</u>	<u>1,379</u>

(ii) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions used by the Group 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.

(iii) Valuation techniques for financial instruments measured at fair value

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

A. Financial instruments with standard terms and conditions traded in active market

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 discounted cash flow or option pricing models.

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.

C. Unlisted company stocks at fair value level 3

The fair value is estimated using the market approach, determined by reference to recent financing activities, valuations of similar companies, market conditions, and other economic indicators.

(iv) Transfers between Level 1 and Level 2

There were no transfers of levels in the years ended December 31, 2024 and 2023.

(v) Reconciliation of Level 3 fair values

	<b>At fair value through profit or loss-without public quotation of equity instruments</b>
Balance at January 1, 2024	\$ -
Purchase	<u>13,042</u>
Balance at December 31, 2024	<u><b>\$ 13,042</b></u>

(vi) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

The fair value of the Group is classified as Level 3 with only a single significant unobservable input.

Item	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss - equity instruments without an active market	Transaction price	• No active market trading price	• Not applicable

- (vii) Fair value measurements in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement of financial instruments is reasonable, but using different valuation models or parameters may lead to different valuation results. For fair value measurements in Level 3, changing one or more assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Input value	Upwards or downwards change	Changes in fair value are reflected in current profit and loss	
			Favorable change	Unfavorable changes
<b>December 31, 2024</b>				
Financial assets at fair value through profit or loss - equity instruments without an active market	Transaction price	5%	\$ 499	\$ 821

**(27) Financial risk management**

**(a) Overview**

The Group have exposures to the following risks from its financial instruments:

- (i) credit risk
- (ii) liquidity risk
- (iii) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the accompanying consolidated financial statements.

**(b) Structure of risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(i) Accounts receivable and other receivable

The Group established a credit policy to maintain the quality of accounts receivable and other receivables.

The risk assessment of individual customers involves considering factors such as their financial condition, internal credit ratings within the Group, historical transaction records, and current economic conditions, all of which may affect their ability to make payments. The Group also employs certain credit enhancement tools, such as advance payments, at appropriate times to mitigate the credit risk associated with specific customers.

(ii) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Due to the Group's transaction counterparty and the other party to the performance being reputable banks, there are no significant concerns regarding performance, thus there is no significant credit risk.

(iii) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2024 and 2023, no other guarantees were outstanding.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it maintains sufficient cash to support expected operating expenses for a period of sixty days, including fulfilling financial obligations, while excluding potential impacts that cannot be reasonably anticipated under extreme circumstances, such as natural disasters. For the Group's unused credit line information, please refer to Note 6(13), (15).

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Group is exposed to exchange rate risks arising from sales, purchases, and borrowings denominated in currencies other than the functional currency. The primary currencies in which the Group conducts sales, purchases, and borrowing transactions are the NTD and the USD.

The Group holds receivables denominated in currencies other than the functional currency, and the exchange gains and losses arising from currency fluctuations offset each other with the exchange gains and losses from short-term borrowings denominated in foreign currencies. This mitigates the risk exposure to exchange rate fluctuations for the Group. Interest on borrowings is denominated in the currency of the borrowing principal. Typically, the currency of borrowings aligns with the currency of the cash flows generated by the Group's operations, primarily the NTD and the USD.

For other monetary assets and liabilities denominated in currencies other than the functional currency, temporary imbalances may occur in the short term. The Group manages this by buying or selling foreign currencies at spot rates to ensure that the net exposure remains at an acceptable level.

(ii) Interest rate risk

The Group does not have significant debt with floating interest rates, thus fluctuations in market interest rates do not have a significant impact on future cash flows.

(iii) Other market price risk

The Group has not entered into long-term purchase contracts, except to support anticipated consumption and sales requirements.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(28) Capital management

The board of directors' policy is to maintain a sound capital base to uphold confidence among investors, creditors, and the market, as well as to support the future development of operations. Capital includes the company's share capital, capital surplus, retained earnings, and non-controlling interests. The board monitors the return on capital employed and also manages the level of ordinary share dividends.

The Group monitors its capital structure through regular reviews of the debt-to-equity ratio, allowing management to determine the optimal capital for the Group. By optimizing the balance between liabilities and equity while maintaining a sound capital base, shareholder returns are enhanced. The capital of the Group is represented by the "Total Equity" as listed in the balance sheet, which is equal to total assets minus total liabilities.

The Group's liabilities-to-assets ratio at the end of the reporting period as of December 31, 2024 and 2023, is as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total Liabilities	\$ 4,755,612	4,398,860
Total Assets	7,578,033	6,652,641
Liabilities-to-assets Ratio	62.76%	66.12%

(29) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023, were as follows:

	<b>Non-cash changes</b>						
	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Changes in lease payments</b>	<b>Foreign exchange movement</b>	<b>Changes in deferred government grants</b>	<b>Others</b>	<b>December 31, 2024</b>
Long-term loans	\$ 3,082,820	(433,710)	-	38	3,307	-	2,652,455
Short-term loans	-	210,000	-	-	-	-	210,000
Lease liabilities	76,148	(31,309)	52,639	3,147	-	-	100,625
Bonds payable	-	298,222	-	-	-	(21,161)	277,061
Total liabilities from financing activities	<b><u>\$ 3,158,968</u></b>	<b><u>43,203</u></b>	<b><u>52,639</u></b>	<b><u>3,185</u></b>	<b><u>3,307</u></b>	<b><u>(21,161)</u></b>	<b><u>3,240,141</u></b>

	<b>Non-cash changes</b>						
	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Changes in lease payments</b>	<b>Foreign exchange movement</b>	<b>Changes in deferred government grants</b>		<b>December 31, 2023</b>
Long-term loans	\$ 3,390,443	(311,819)	-	96	4,100		3,082,820
Short-term loan	327,592	(327,592)	-	-	-		-
Lease liabilities	98,130	(28,690)	7,460	(752)	-		76,148
Total liabilities from financing activities	<b><u>\$ 3,816,165</u></b>	<b><u>(668,101)</u></b>	<b><u>7,460</u></b>	<b><u>(656)</u></b>	<b><u>4,100</u></b>		<b><u>3,158,968</u></b>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

**7. Related-party transactions**

**(1) Names and relationship with the Group**

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
OSALEY HOME FASHIONS CO., LTD. (OSL)(Note)	Its chairman and the chairman of the Group are relatives within three generations
Hsu, Ming-Hsuan	Key management personnel of the Group
Hsu, Chun-Jan	Key management personnel of the Group
Hong, Yi-Jing	In close relationship with the chairman of the Group
All directors, the Group's key management personnel, including the general manager and deputy general manager.	

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

**(2) Significant transactions with related parties**

**(a) Sales**

The amounts of significant sales by the Group to related parties were as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	\$ -	<u>452</u>

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.

**(b) Payables from related parties**

The payables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other payables	Other related parties	\$ <u>18</u>	<u>-</u>

**(c) Leases**

The Group leased land, factories, offices and parking spaces from key personnel of the management team in January 2017. Interest expenses for the years ended December 31, 2024 and 2023 are 11 thousand and 16 thousand respectively. As of December 31, 2024 and 2023, the balance of lease liabilities is 533 thousand and 882 thousand respectively.



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(3) Key management personnel transactions

Key management personnel compensation comprised:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 40,178	28,670
Termination benefits	689	629
	<b>\$ 40,867</b>	<b>29,299</b>

**8. Assets pledged as security**

The carrying amounts of assets pledged as security were as follows:

<b>Assets pledged as security</b>	<b>Liabilities secured by pledge</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Fixed certificates of deposits and restricted deposits (listed as other financial assets-current)	Long-term and short-term loans and line of credit	\$ 141,151	194,088
Property, plant and equipment	"	1,145,626	1,184,261
Financial assets at fair value through profit or loss	Short-term loans and line of credit	158,846	-
		<b>\$ 1,445,623</b>	<b>1,378,349</b>

**9. Significant Commitments and Contingencies**

(1) Unrecognized contractual commitments

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Contract price	<b>\$ 20,166</b>	<b>190,204</b>
Unpaid amount	<b>\$ 8,554</b>	<b>58,962</b>

(2) Others

As of December 31, 2024 and 2023, the Group issued guarantee notes for the security of long-term and short-term loan secure of 4,041,270 thousand and 3,953,455 thousand respectively.

**10. Losses due to major disasters: None.**

**11. Subsequent events: None.**

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

**12. Others**

(1) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the years ended December 31, 2024			For the years ended December 31, 2023		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		563,083	284,453	847,536	445,183	228,770	673,953
Labor and health insurance		32,505	24,086	56,591	31,107	22,164	53,271
(Note)							
Pension		6,703	26,175	32,878	6,305	23,372	29,677
Remuneration of directors		-	13,857	13,857	-	8,938	8,938
Other		26,044	12,870	38,914	19,395	10,130	29,525
Depreciation		165,860	59,498	225,358	143,974	58,432	202,406
Amortization		15,552	22,553	38,105	3,696	27,649	31,345

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

(2) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

**13. Other disclosures**

(1) Information on significant transaction:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2024:

(a) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No (Note1)	Lender	Borrower	Account	Related Party	Highest Amount in the Period	Ending Balance	Actual Amount	Interest	Nature (Note2)	Translation between both parties	Reason for the short-term financing	Allowance for bad debt	Collateral		Limit for Each Borrower (Note3)	Total Limit of Loan (Note3)
													Title	Value		
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Other Receivables - Related Party	Yes	32,794	-	-	-	2	-	Working capital turnover	-	-	-	282,242	423,363
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Other Receivables - Related Party	Yes	65,588	32,794	9,838	-	2	-	To build plant and purchase equipment	-	-	-	282,242	423,363
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Other Receivables - Related Party	Yes	65,588	32,794	-	-	2	-	Working capital turnover	-	-	-	282,242	423,363
0	Ching Feng Home Fashions Co., Ltd.	Osaley Home Fashions Co., Ltd.	Other Receivables	No	59,436	-	-	-	2	-	Working capital turnover	-	-	-	282,242	423,363
1	Ching Feng Vietnam Company Limited	Sun Ocean Vietnam Co., Ltd.	Other Receivables - Related Party	Yes	9,838	-	-	-	2	-	Working capital turnover	-	-	-	303,738	303,738

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

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

Note 2: Nature of the loan:

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

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

Note 4: The above transactions expect for OSALEY HOME FASHIONS CO., LTD. have been written off when preparing the consolidated financial report.

**(b) Guarantees and endorsements for other parties:**

(In Thousands of New Taiwan Dollars)

No (Note1)	Company that Gives Endorsement and Guarantee	Guarantee Company (Note2)		Limit to a Single Enterprise (Note3)	Highest Amount of the Period	Ending Balance	Actual Amount	Endorsement & Guarantee with Securities	Ratio of Accumulated Endorsement & Guarantee to the Net Value of The Latest Financial Statement	Limit of Endorsement and Guarantee	Parent company to the subsidiary	Subsidiary to the Parent Company	For Mainland China
		Name	Relationship (Note2)										
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co./Ching Feng Vietnam Company	3	1,411,211	32,794	-	-	-	- %	2,822,421	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	3	1,411,211	65,588	-	-	-	- %	2,822,421	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	3	1,411,211	98,382	98,382	-	-	3.49%	2,822,421	Y	N	N

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

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

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

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

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

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

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(c) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(Unit: NT\$ thousand)

Company	Type and name of securities	Relationship with company	Account	End of period				Highest Percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value		
Ching Feng Home Fashions Co., Ltd.	Alliance Bernstein American Income Profolio (1010)	None	Financial assets at fair value through profit or loss- Current	5,205	5,341	- %	5,341	- %	
Ching Feng Home Fashions Co., Ltd.	Nomura Multi-Asset Diversified Income Investment Fund (02049)	None	Financial assets at fair value through profit or loss- Current	15,854	7,040	- %	7,040	- %	
Ching Feng Home Fashions Co., Ltd.	Jupiter Global Fixed Income Fund (0E02)	None	Financial assets at fair value through profit or loss- Current	54,556	15,230	- %	15,230	- %	
Ching Feng Home Fashions Co., Ltd.	Altrich Group USD investment corporate bond (US02209SBF92)	None	Financial assets at fair value through profit or loss- Non-Current	100	3,173	- %	3,173	- %	
Ching Feng Home Fashions Co., Ltd.	JPMorgan Chase Bank USD Corporate Bonds (US46625HLL23)	None	Financial assets at fair value through profit or loss- Non-Current	100	2,949	- %	2,949	- %	
Ching Feng Home Fashions Co., Ltd.	Exxon Mobil Corp. Bonds (US30231GBF81)	None	Financial assets at fair value through profit or loss- Non-Current	80	2,284	- %	2,284	- %	
Ching Feng Home Fashions Co., Ltd.	Saudi Arabia Konigreich Bonds (XS1694218469)	None	Financial assets at fair value through profit or loss- Non-Current	400	10,581	- %	10,581	- %	
Ching Feng Home Fashions Co., Ltd.	Altrich Group USD Corporate Bonds	None	Financial assets at fair value through profit or loss- Non-Current	500	11,803	- %	11,803	- %	
Ching Feng Home Fashions Co., Ltd.	Wells Fargo & Co. Bonds (US94974BGT17)	None	Financial assets at fair value through profit or loss- Non-Current	400	10,300	- %	10,300	- %	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RDJ86)	None	Financial assets at fair value through profit or loss- Non-Current	200	5,416	- %	5,416	- %	
Ching Feng Home Fashions Co., Ltd.	B.A.T. Capital Corp. Bonds (US05526DBD66)	None	Financial assets at fair value through profit or loss- Non-Current	200	5,656	- %	5,656	- %	
Ching Feng Home Fashions Co., Ltd.	Berkshire Hathaway Finance Corp. Bonds (US084664DB47)	None	Financial assets at fair value through profit or loss- Non-Current	200	4,981	- %	4,981	- %	
Ching Feng Home Fashions Co., Ltd.	Philip Morris International Inc. Bonds (US718172BD03)	None	Financial assets at fair value through profit or loss- Non-Current	400	11,791	- %	11,791	- %	
Ching Feng Home Fashions Co., Ltd.	PacificCorp Bonds (US695114DA39)	None	Financial assets at fair value through profit or loss- Non-Current	600	18,535	- %	18,535	- %	
Ching Feng Home Fashions Co., Ltd.	United States of America Bonds (US912810TL26)	None	Financial assets at fair value through profit or loss- Non-Current	400	11,466	- %	11,466	- %	
Ching Feng Home Fashions Co., Ltd.	Brazilian Government International Bonds (US105756BW95)	None	Financial assets at fair value through profit or loss- Non-Current	700	16,959	- %	16,959	- %	
Ching Feng Home Fashions Co., Ltd.	Ford Motor Co. Bonds (US345370CQ17)	None	Financial assets at fair value through profit or loss- Non-Current	300	7,714	- %	7,714	- %	
Ching Feng Home Fashions Co., Ltd.	Oracle Corp. Bonds (US68389XBJ37)	None	Financial assets at fair value through profit or loss- Non-Current	200	4,971	- %	4,971	- %	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RKF81)	None	Financial assets at fair value through profit or loss- Non-Current	100	2,045	- %	2,045	- %	
Ching Feng Home Fashions Co., Ltd.	Nippon Life Insurance Co. Bonds (USJ54675BA04)	None	Financial assets at fair value through profit or loss- Non-Current	300	8,428	- %	8,428	- %	
Ching Feng Home Fashions Co., Ltd.	Kingdom of Saudi Arabia USD Bonds (XS2109770151)	None	Financial assets at fair value through profit or loss- Non-Current	400	8,728	- %	8,728	- %	
Ching Feng Home Fashions Co., Ltd.	Perusahaan Listrik Negara Bonds (US71568QAK31)	None	Financial assets at fair value through profit or loss- Non-Current	300	8,069	- %	8,069	- %	
Ching Feng Home Fashions Co., Ltd.	Taiwan Cooperative Bank Three-Year USD Bonds (SBAG)	None	Financial assets at fair value through profit or loss- Non-Current	150	4,577	- %	4,577	- %	
Ching Feng Home Fashions Co., Ltd.	KGI Life Insurance Subordinated Bonds (B9AK03)	None	Financial assets at fair value through profit or loss- Non-Current	50,000	50,500	- %	50,500	- %	

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Company	Type and name of securities	Relationship with company	Account	End of period				Highest Percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value		
Ching Feng Home Fashions Co., Ltd.	Fubon Life Insurance Subordinated Corporate Bonds (B99053)	None	Financial assets at fair value through profit or loss- Non-Current	50,000	50,500	- %	50,500	- %	
Ching Feng Home Fashions Co., Ltd.	Dentall (Global) Limited Series A Preferred Shares	None	Financial assets at fair value through profit or loss- Non-Current	305,000	13,042	- %	13,042	- %	

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

- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (g) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company	Related party	Nature of relationship	Transaction Details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Note
			Item	Amount	Percentage of total purchases (sales) (%)	Payment terms	Unit Price	Payment terms (Note2)	Ending balance	Percentage of total receivables (payables)	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	Sales	(2,306,905)	(51.56)%	T/T 195 days	Sell at agreed price	-	1,133,722	84.96%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Sub-subsidiary	Purchases	886,135	22.70%	T/T 180 days	Sell at agreed price	-	(164,796)	(22.08)%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Subsidiary	Purchases	988,936	25.34%	T/T 180 days	Sell at agreed price	-	(172,225)	(23.08)%	
All Strong Industry (USA) Inc.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchases	2,306,905	100.00%	T/T 195 days	Sell at agreed price	-	(1,133,722)	(100.00)%	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sales	(886,135)	(100.00)%	T/T 180 days	Sell at agreed price	-	164,796	100.00%	
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sales	(988,936)	(100.00)%	T/T 180 days	Sell at agreed price	-	172,225	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.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

Company	Related party	Relationship	Ending balance	Turnover %	Overdue		Amount received in subsequent period (Note1)	Loss allowance
					Amount	Action taken		
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	1,133,722	229%	-		102,105	-

Note 1: It refers to the amount recovered as of January 17, 2025.

- (i) Trading in derivative instruments: Please refer to Note 6 (2).

- (j) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Company	Counterparty	Relation-ship	Transaction Details				Percentage of the consolidated net revenue or total assets
				Account	Amount	Trading terms		
0	Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	1	Sales	2,306,905	The price is at the normal or negotiated price		42.73%
			1	Accounts receivables	1,133,722	The terms of payment are based on the agreement or the general terms of payment		14.96%
			1	Other Receivables	1,108	The terms of payment are based on the agreement or the general terms of payment		0.01%
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	1	Sales	212,488	The price is at the normal or negotiated price		3.94%
			1	Accounts receivables	6,899	The terms of payment are based on the agreement or the general terms of payment		0.09%
			1	Other Receivables	64,377	The terms of payment are based on the agreement or the general terms of payment		0.85%
			1	Purchases	988,936	The price is at the normal or negotiated price		18.32%
			1	Accounts payables	172,225	The terms of payment are based on the agreement or the general terms of payment		2.27%
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	2	Sales	8,871	The price is at the normal or negotiated price		0.16%
			2	Accounts receivables	964	The terms of payment are based on the agreement or the general terms of payment		0.01%
			2	Other Receivables	2	The terms of payment are based on the agreement or the general terms of payment		%
			2	Purchases	20,072	The price is at the normal or negotiated price		0.37%
			2	Accounts payables	25,510	The terms of payment are based on the agreement or the general terms of payment		0.34%
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd	2	Sales	145,923	The price is at the normal or negotiated price		2.70%
			2	Accounts receivables	208	The terms of payment are based on the agreement or the general terms of payment		%
			2	Other Receivables	61,725	The terms of payment are based on the agreement or the general terms of payment		0.81%
			2	Purchases	886,135	The price is at the normal or negotiated price		16.41%
			2	Accounts payables	164,796	The terms of payment are based on the agreement or the general terms of payment		2.17%
0	Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	1	Sales	59	The price is at the normal or negotiated price		%
0	Ching Feng Home Fashions Co., Ltd.	REGAL ESTATE (USA) INC.	2	Other Receivables	17	The terms of payment are based on the agreement or the general terms of payment		%

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

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

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

- (1) Parent company to subsidiary company.
- (2) Parent company to sub-subsidiary company.

Note3: For the business relationship and major transactions between the parent company and the subsidiaries, only information about sales and accounts receivable is disclosed. Purchases and accounts payable of the counterparty are not described in detail.

**(2) Information on Investments (excluding information on investees in Mainland China):**

The followings are the information on investees for the years ended December 31, 2024:

(In Thousands of New Taiwan Dollar/shares)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of December 31, 2024			Highest Percentage of ownership (%)	Net income (loss) of the investee	Investment income(loss) recognized by the company (Note2)	Note
				December 31, 2024	December 31, 2023	Shares (in thousands)	percentage	Carrying value (Note1)				
Ching Feng Home Fashions Co., Ltd.	ALL STRONG INDUSTRY (USA) INC.	USD	Buy & sell of blinds, pleated curtain	202,863	202,863	65	100.00%	488,105	100.00%	117,910	117,910	Subsidiary
Ching Feng Home Fashions Co., Ltd.	LAMAE' GLOBAL HOME FASHION CO., LTD.	Samoa	Investment	1,041,715	1,041,715	35,525	100.00%	780,100	100.00%	(68,213)	(68,213)	"
Ching Feng Home Fashions Co., Ltd.	SINCERE CAPITAL LIMITED.	Samoa	Investment	398,660	398,660	13,084	100.00%	421,887	100.00%	59,085	59,085	"
Ching Feng Home Fashions Co., Ltd.	PARADISE GENERAL TRADING CO., LTD.	Samoa	International trade	-	30,690	-	-	-	100.00%	(305)	(305)	"
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry co., Ltd.	Thailand	Manufacture of plastic bags & shopping bag	217,099	217,099	2,000	100.00%	54,782	100.00%	(27,342)	(27,342)	"
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Vietnam	Production and processing of plastic and alu. Blinds, Faux wood shutters	590,129	590,129	Note 3	100.00%	752,028	100.00%	158,209	158,209	"
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Taiwan	Manufacture and sale of blinds, pleated blinds.	5,000	5,000	Note 3	100.00%	4,552	100.00%	(478)	(478)	"
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Manufacture and assembly of blinds and textiles	167,384	167,384	Note 3	100.00%	132,211	100.00%	(14,117)	(14,117)	"
LAMAE' GLOBAL HOME FASHION CO., LTD.	NEW NICE HOME FASHION L.L.C.	USD	Investment	1,262,143 (USD38,487 thousand)	1,181,859 (USD38,487 thousand)	24,655	100.00%	780,096	100.00%	(37,276)	(68,213)	Sub-subsidiary
SINCERE CAPITAL LIMITED.	SUN OCEAN INVESTMENT LIMITED	Samoa	Investment	441,834 (USD13,473 thousand)	413,729 (USD13,473 thousand)	13,473	100.00%	421,886	100.00%	59,085	59,085	"
SUN OCEAN INVESTMENT LIMITED	Sun Ocean Vietnam Co., Ltd	Vietnam	Manufacture and assembly of blinds	431,766 (USD13,166 thousand)	404,302 (USD13,166 thousand)	Note 3	100.00%	414,024	100.00%	59,085	59,085	"
ALL STRONG INDUSTRY (USA) INC.	REGAL ESTATE (USA) INC.	USD	Buy & sell of blinds, pleated curtains	3,279 (USD100 thousand)	(USD - thousand)	100	100.00%	982	100.00%	(2,251)	(2,251)	"

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.

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(3) Information on investment in Mainland China:

(a) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Investee	Main businesses and products	Total amount of paid-in capital	Method of Investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2024 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of December 31, 2024 (Note 2)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (loss) recognized (Note 3)	Carrying value as of December 31, 2024 (Note 4)	Accumulated inward remittance of earnings as of December 31, 2024
					Outflow	Inflow							
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Processing, production, assembly and sales of blinds.	559,241 USD (17,000 thousand)	(2)	559,241 (USD (17,000 thousand)	-	-	559,241 (USD (17,000 thousand)	(37,277)	100.00%	100.00%	(37,277) (USD (1,160 thousand)	351,837 (USD (10,729 thousand)	-
Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	- USD (-thousand)	(1)	6,038 (USD (200 thousand)	-	-	6,038 (USD (200 thousand)	(16)	%	100.00%	(16)	-	-
Fu Yue Window Decoration Technology Zhenjiang Co., Ltd.	Buy & sell of blinds, pleated curtains	434 RMB (100 thousand)	(2)	434 (RMB100 thousand)	-	-	434 (RMB (100 thousand)	(147)	100.00%	100.00%	(147)	(130)	-

(b) Upper limit on investment in Mainland China:

Accumulated investment in Mainland China as of December 31, 2024	Investment amount authorized by Investment Commission, MOEA (Note 2、4、6、7)	Upper limit on investment
1,070,855 (USD 32,654 thousand)	1,074,167 (USD 32,755 thousand)	(Note 6)

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

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

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

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

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

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

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

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



**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(c) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(4) Major shareholders

(Unit: shares)		
Shareholder's Name	Shareholding	Percentage
Hsu, Ming-Hsuan	8,995,439	5.05%

**14. Segment information**

(1) General information

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

(2) Information about reportable segments and their measurement and reconciliations

Consolidated financial statements should report the profit or loss of operating segments, including depreciation, income tax expense, non-operating gains or losses, and other significant non-cash items.

The accounting policies of operating segments of the Group are summarized in accordance with the significant accounting policies described in Note 4. The profit or loss of operating segments of the Group is measured by net income for the period and serves as the basis for performance evaluation.

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenue		
Revenue from external customers	\$ 5,399,082	4,547,224
Interest income	24,014	9,666
Total revenue	<u><u>\$ 5,423,096</u></u>	<u><u>4,556,890</u></u>
Financing costs	<u><u>\$ 94,118</u></u>	<u><u>93,060</u></u>
Depreciation and amortization	<u><u>\$ 263,463</u></u>	<u><u>233,751</u></u>
<b>Reportable segment profit or loss</b>	<u><u>\$ 415,463</u></u>	<u><u>104,004</u></u>
<b>Reportable segment assets</b>	<u><u>\$ 7,578,033</u></u>	<u><u>6,652,641</u></u>
<b>Reportable segment liabilities</b>	<u><u>\$ 4,755,612</u></u>	<u><u>4,398,860</u></u>

**Ching Feng Home Fashions Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(3) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<b>Geographical information</b>	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenue from external customers :		
United States	\$ 4,339,742	3,792,415
Europe	803,303	507,193
Taiwan	128,646	121,070
Others	127,391	126,546
	<b>\$ 5,399,082</b>	<b>4,547,224</b>

  

<b>Geographical information</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Non-current assets :		
Taiwan	\$ 1,634,092	1,583,961
United States	14,177	18,072
Others	1,496,244	1,506,572
Total	<b>\$ 3,144,513</b>	<b>3,108,605</b>

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, prepayments for equipment, and other assets, not including financial instruments and deferred tax assets.

(4) Major customers

<b>Customer information</b>	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
A customer	\$ 1,912,133	1,576,003
B customer	1,171,862	1,328,346
C customer	731,489	478,077
	<b>\$ 3,815,484</b>	<b>3,382,426</b>