

STOCK CODE : 9935



CHING FENG HOME FASHIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS with Independent Auditors' Review Report

For the Three-Month Periods Ended March 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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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated financial statements of Ching Feng Home Fashions Co., Ltd., and its subsidiaries which comprise the consolidated balance sheets as of March 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to 1,354,624 thousand and 1,251,857 thousand, constituting

19% and 18% of consolidated total assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to 202,643 thousand and 161,220 thousand, constituting 4% and 3% of consolidated total liabilities as of March 31, 2024 and 2023, respectively, and total comprehensive income (loss) amounting to 29,736 thousand and (5,292) thousand, absolute amount constituting 19% and 14% of consolidated total comprehensive income (loss) as of March 31, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Ching Feng Home Fashions Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows as of March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG Taiwan
Taipei, Taiwan

With Approval from the Competent Authorities:

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

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

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current Assets								Current liabilities									
1100	Cash and cash equivalents (Note 6(1))	\$	576,976	8	497,239	7	830,207	12	2100	Short-term loans (Note 6(12), 8)	\$	335,000	5	-	-	383,473	6
1110	Financial assets at fair value through profit or loss - current (Note 6(2))		39,136	1	32,561	-	24,263	-	2110	Short-term notes and bills payable (Note 6(13))		149,891	2	159,846	2	-	-
1170	Net accounts receivable (Note 6(3))		1,390,541	20	1,199,201	18	1,338,342	19	2120	Financial liabilities at fair value through profit or loss-current (Note 6(2))		1,023	-	1,379	-	-	-
1180	Accounts receivable - net amount of related parties (Notes 6(3) ,7)		-	-	-	-	93,848	1	2150	Notes and Accounts payable		576,266	8	675,961	10	573,682	8
1200	Other receivables (Note 6(4))		202,414	3	376,682	6	216,465	3	2200	Other payables		381,960	5	254,584	4	322,751	5
1210	Other receivables - related parties (Note 7)		-	-	-	-	6,972	-	2220	Other payables - related parties (Note 7)		295	-	-	-	-	-
130X	Inventories (Note 6(5))		980,760	14	904,514	14	932,938	13	2230	Current income tax liabilities (Note 6(17))		114,880	2	105,454	2	120,029	2
1410	Prepayments		151,163	2	129,504	2	119,874	2	2280	Lease liabilities - current (Note 6(15))		24,402	-	24,240	-	23,580	-
1470	Other current assets (Note 6(6))		149,196	2	127,187	2	90,348	1	2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(14))		265,106	4	264,529	4	224,695	3
1476	Other financial assets - current (Note 8)		212,524	3	194,088	3	170,552	3	2399	Other current liabilities - Others		5,511	-	5,113	-	2,326	-
Total current assets			3,702,710	53	3,460,976	52	3,823,809	54	Total current liabilities			1,854,334	26	1,491,106	22	1,650,536	24
Non-current assets								Non-current liabilities :									
1511	Financial assets at fair value through profit or loss - non-current (Note 6(2))		157,562	2	-	-	-	-	2540	Long-term loans (Note 6(14), 8)		2,776,206	39	2,818,291	42	3,112,579	45
1550	Investments accounted for using equity method		-	-	-	-	2,400	-	2569	Current tax liabilities-non-current (Note 6(17))		20,819	-	26,484	1	-	-
1600	Property, plant and equipment (Notes 6(7) and 8)		2,319,968	33	2,320,303	35	2,312,000	33	2570	Deferred income tax liabilities (Note 6(17))		20,776	-	9,688	-	-	-
1755	Right-of-use assets (Note 6(8))		548,869	8	541,508	8	568,645	8	2580	Lease liabilities - non-current (Note 6(15))		49,762	1	51,908	1	70,325	1
1760	Investment property, net (note 6 (9))		31,275	-	31,290	-	-	-	2670	Other current liabilities – others		3,650	-	1,383	-	1,134	-
1780	Intangible assets (Note 6(10))		100,189	1	101,563	2	110,821	2	Total non-current liabilities			2,871,213	40	2,907,754	44	3,184,038	46
1840	Deferred income tax assets (Note 6(17))		76,092	1	83,059	1	52,289	1	Total liabilities			4,725,547	66	4,398,860	66	4,834,574	70
1915	Advance payment for equipment		67,315	1	71,486	1	36,959	1	Equity attributable to owners of parent company (Note 6 (18)) :								
1900	Other non-current assets (Notes 6(11) and 8)		44,305	1	42,456	1	60,070	1	3110	Ordinary shares		1,738,389	25	1,738,389	26	1,696,233	24
Total non-current assets			3,345,575	47	3,191,665	48	3,143,184	46	3200	Capital surplus		13,030	-	13,030	-	13,030	-
									3300	Retained earnings		605,850	9	605,012	9	513,438	7
									3400	Other components of equity		(24,581)	-	(92,700)	(1)	(70,352)	(1)
									3500	Treasury shares		(9,950)	-	(9,950)	-	(19,930)	-
									Total equity attributable to owners of the parent company			2,322,738	34	2,253,781	34	2,132,419	30
									Total equity			2,322,738	34	2,253,781	34	2,132,419	30
Total Assets		\$	7,048,285	100	6,652,641	100	6,966,993	100	Total liabilities and equity		\$	7,048,285	100	6,652,641	100	6,966,993	100

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

		Three-month periods ended March 31,			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(20) and 7)	\$ 1,117,969	100	919,767	100
5000	Operating costs (Notes 6(5), (16))	861,587	77	761,998	83
	Gross profit	<u>256,382</u>	<u>23</u>	<u>157,769</u>	<u>17</u>
	Operating expenses (Notes 6(16)) :				
6100	Selling and marketing expenses	80,300	7	49,128	5
6200	General and administrative expenses	84,645	8	75,566	8
6300	Research and development expenses	24,470	2	17,085	2
6450	Expected credit losses (Note 6(3) and (23))	(20,704)	(2)	(1,122)	-
	Total operating expenses	<u>168,711</u>	<u>15</u>	<u>140,657</u>	<u>15</u>
	Operating income	<u>87,671</u>	<u>8</u>	<u>17,112</u>	<u>2</u>
	Non-operating income and expenses (Notes 6(22) and 7) :				
7100	Interest income	3,608	-	1,018	-
7010	Other income	877	-	1,790	-
7020	Other gains and losses	56,478	5	(33,583)	(3)
7050	Financing costs	(22,239)	(2)	(23,788)	(3)
	Total non-operating income and expenses	<u>38,724</u>	<u>3</u>	<u>(54,563)</u>	<u>(6)</u>
7900	Net income (loss) before tax	<u>126,395</u>	<u>11</u>	<u>(37,451)</u>	<u>(4)</u>
7950	Less: Income tax expenses (Note 6(17))	<u>38,888</u>	<u>3</u>	<u>(7,725)</u>	<u>(1)</u>
	Net income (loss)	<u>87,507</u>	<u>8</u>	<u>(29,726)</u>	<u>(3)</u>
8300	Other comprehensive income(Notes 6(17) and (18)) :				
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange difference on translation of foreign operating institutions	85,149	8	(8,685)	(1)
8399	Less: Income tax related to items that may be reclassified subsequently	17,030	2	(1,737)	-
	Total items that may subsequently be reclassified to profit or loss	<u>68,119</u>	<u>6</u>	<u>(6,948)</u>	<u>(1)</u>
8300	Total other comprehensive income (loss)	<u>68,119</u>	<u>6</u>	<u>(6,948)</u>	<u>(1)</u>
	Total comprehensive income (loss)	<u>\$ 155,626</u>	<u>14</u>	<u>(36,674)</u>	<u>(4)</u>
	Earnings per share (Note 6(19))				
9750	Basic earnings per share (Unit: NT\$)	<u>\$ 0.50</u>		<u>(0.17)</u>	
9850	Diluted earnings per share (Unit: NT\$)	<u>\$ 0.50</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 Three-Month Periods ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings					Other equity Exchange Differences on Translation of Foreign Operations	Treasury Shares	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			
Balance as of January 1, 2023	\$ 1,696,233	13,030	72,622	184,067	396,080	(63,404)	(19,930)	2,278,698
Appropriations of earnings :								
Cash dividends of ordinary shares	-	-	-	-	(109,605)	-	-	(109,605)
Net loss of the period	-	-	-	-	(29,726)	-	-	(29,726)
Other comprehensive income (loss) of the period	-	-	-	-	-	(6,948)	-	(6,948)
Total comprehensive income (loss) of the period	-	-	-	-	(29,726)	(6,948)	-	(36,674)
Balance as of March 31, 2023	\$ 1,696,233	13,030	72,622	184,067	256,749	(70,352)	(19,930)	2,132,419
Balance as of January 1, 2024	\$ 1,738,389	13,030	94,681	63,404	446,927	(92,700)	(9,950)	2,253,781
Appropriations of earnings :								
Cash dividends of ordinary shares	-	-	-	-	(86,669)	-	-	(86,669)
Net income of the period	-	-	-	-	87,507	-	-	87,507
Other comprehensive income (loss) of the period	-	-	-	-	-	68,119	-	68,119
Total comprehensive income (loss) of the period	-	-	-	-	87,507	68,119	-	155,626
Balance as of March 31, 2024	\$ 1,738,389	13,030	94,681	63,404	447,765	(24,581)	(9,950)	2,322,738

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Three-Month Periods ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Three-month periods ended March 31,	
	2024	2023
Cash flows from operating activities :		
Net income (loss) before tax	\$ 126,395	(37,451)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	53,790	51,064
Amortization expense	8,182	7,409
Expected credit losses (gains)	(20,704)	(1,122)
Net losses (gains) on financial assets at fair value through profit or loss	1,012	(2,342)
Interest expense	22,239	23,788
Interest income	(3,608)	(1,018)
Loss (gain) on disposal of property, plant and equipment, net	-	(416)
Other adjustments to reconcile profit (loss)	-	(43)
Total adjustments to reconcile profit (loss)	60,911	77,320
Changes in assets related to operating activities :		
Notes receivable	-	600
Accounts receivable	(191,425)	316,635
Accounts receivable - related parties	-	56,042
Other receivables	179,582	75,055
Inventories	(76,246)	26,659
Prepayments	(19,227)	4,531
Other current assets	(14,124)	(10,281)
Total net changes in assets related to operating activities	(121,440)	469,241
Changes in liabilities related to operating activities :		
Notes and Accounts payable	(99,695)	(102,385)
Other payables	40,530	(30,047)
Other payables - related parties	295	-
Other current liabilities	398	(437)
Total net changes in liabilities related to operating activities	(58,472)	(132,869)
Total net changes in assets and liabilities related to operating activities	(179,912)	336,372
Total adjustment	(119,001)	413,692

(Continued)

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Three-Month Periods ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Three-month periods ended	
	March 31,	
	2024	2023
Cash inflow (outflow) from operations	\$ 7,394	376,241
Interest charged	1,542	1,018
Interest paid	(21,161)	(22,568)
Income taxes paid	(16,926)	(12,567)
Net cash flows from operating activities	(29,151)	342,124
Cash flows from investing activities :		
Acquisition of financial assets at fair value through profit or loss	(169,416)	(5,861)
Disposal of financial assets at fair value through profit or loss	5,088	360
Financial liabilities at fair value through profit or loss	(1,177)	-
Acquisition of investment accounted for using equity method	-	(2,400)
Acquisition of property, plant and equipment	(22,035)	(13,845)
Disposal of property, plant and equipment price	-	2,252
Other receivables	7,552	-
Other receivables - related parties	-	2,244
Other financial assets - current	(18,436)	(5,677)
Other non-current assets	(4,557)	(7,561)
Advance payment for equipment	5,197	(14,936)
Net cash flows used in investing activities	(197,784)	(45,424)
Cash flows from financing activities :		
Short-term loans	375,000	234,545
Repayment of short-term loans	(40,000)	(178,664)
Increase in short-term notes and bills payable	50,045	-
Decrease in short-term notes and bills payable	(60,000)	-
Long-term loans	50,000	-
Repayment of long-term loans	(92,442)	(54,137)
Payments of lease liabilities	(7,334)	(7,013)
Other non-current liabilities	2,267	(278)
Net cash flows from financing activities	277,536	(5,547)
Effects of exchange rate changes	29,136	(279)
Net increase in cash and cash equivalents	79,737	290,874
Cash and equivalent cash, beginning balance	497,239	539,333
Cash and equivalent cash, ending balance	\$ 576,976	830,207

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 August 18, 1989.

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 May 9, 2024.

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 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:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	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.	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)

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> • 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. • 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. • 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. 	January 1, 2027

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”
- Amendments to IAS21“Lack of Exchangeability”

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)

4. Summary of material accounting policies

(1) Statement of Compliance

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

The significant accounting policies adopted in this consolidated financial report are the same as those in 2023 consolidated financial report. For relevant information, please refer to Note 4 of 2023 consolidated financial report.

(2) Consolidation Basis

(a) List of subsidiaries in the consolidated financial statements

Subsidiaries Included in Consolidated Financial Reports:

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

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
			Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023	
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Manufacture and assembly of blinds	100.00%	100.00%	100.00%	Note 1
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Fu Yue Window Decoration Technology (Zhenjing)	Buy & sell of blinds, pleated curtains	100.00%	100.00%	100.00%	Note 1
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	Buy & sell of blinds, pleated curtains	100.00%	- %	- %	Note 1,2

Note 1 : It is not a significant subsidiary whose financial reports were not reviewed.

Note 2 : Regal Estate (USA) Inc. is a subsidiary established in January 2024.

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

(3) Investing in affiliated companies

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 making adjustments 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.

(4) Income Tax

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

Income tax expense is measured by multiplying the net profit before tax in the interim reporting period by the company's best estimate of the estimated effective tax rate for the whole year, and

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is fully recognized as current income tax expense.

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

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

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

Major sources of making significant judgments and estimating uncertainty when adopting the accounting policies are consistent with Note 5 of 2023 consolidated financial report.

6. Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to note 6 to the 2023 annual consolidated financial statements.

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,566	1,009	1,973
Check and demand deposit	161,176	208,615	273,895
Foreign currency deposit	200,627	284,334	447,764
Time deposits	33,602	3,281	106,575
Repurchase Agreement	180,005	-	-
Total	<u>\$ 576,976</u>	<u>497,239</u>	<u>830,207</u>

The bonds sold under repurchase agreement of the Group are classified under cash and cash equivalents as they are primarily for meeting short-term cash commitments rather than for investment or other purposes. They can be converted into a fixed amount of cash at any time with minimal risk of value fluctuation.

Please refer to Note 6(23) for the exchange rate risk and sensitivity analysis of the Group's financial assets and liabilities.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at fair value through profit or loss :			
Fund	\$ 37,603	22,568	18,627
Foreign bonds	157,562	8,311	5,636
Stocks listed on domestic markets	1,533	1,682	-
	<u>\$ 196,698</u>	<u>32,561</u>	<u>24,263</u>
Current	\$ 39,136	32,561	24,263
Non-current	157,562	-	-
Total	<u>\$ 196,698</u>	<u>32,561</u>	<u>24,263</u>
Financial liabilities at fair value through profit or loss :			
Forward exchange contracts	\$ 1,023	1,379	-
Total	<u>\$ 1,023</u>	<u>1,379</u>	<u>-</u>

Derivative financial instrument transactions are used to avoid risks of exchange rate and interest rate arising from business, financing and investment activities. As of March 31, 2024 and December 31, 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:

	March 31, 2024		
	<u>Amount(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange sold	US\$ 2,000	USD to NTD	113.04.01~113.04.19

	December 31, 2023		
	<u>Amount(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Foreign exchange swap sold	US\$ 3,000	USD to NTD	113.1.2~113.2.26

Please refer to Note 6 (22) for the amount recognized in profit or loss based on remeasurement at fair value.

As of March 31, 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.

None of the financial assets measured at fair value through profit or loss on March 31, 2024, December 31, 2023, and March 31, 2023 were used as guarantees for long-term and short-term loans and financing.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable - measured at amortized cost	\$ 1,392,712	1,201,288	1,338,858
Accounts receivable - related parties	-	-	93,848
Less: Allowance for losses	<u>(2,171)</u>	<u>(2,087)</u>	<u>(516)</u>
	<u>\$ 1,390,541</u>	<u>1,199,201</u>	<u>1,432,190</u>

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

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

March 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,307,364	-	-
Less than 90 days past due	83,640	0.55%	463
91 to 180 days past due	4	100%	4
181 to 270 days past due	8	100%	8
More than 270 days past due	<u>1,696</u>	100%	<u>1,696</u>
	<u>\$ 1,392,712</u>		<u>2,171</u>
December 31, 2023			
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,131,747	-	-
Less than 90 days past due	67,862	0.6%	408
91 to 180 days past due	8	100%	8
181 to 270 days past due	-	-	-
More than 270 days past due	<u>1,671</u>	100%	<u>1,671</u>
	<u>\$ 1,201,288</u>		<u>2,087</u>

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	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,337,890	-	-
Less than 90 days past due	94,075	-	-
91 to 180 days past due	466	51.72%	241
181 to 270 days past due	171	100%	171
More than 270 days past due	104	100%	104
	<u>\$ 1,432,706</u>		<u>516</u>

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

	Three-month periods ended March 31,	
	2024	2023
Balance at January 1	\$ 2,087	520
Foreign exchange gains(losses)	84	(4)
Balance at March 31	<u>\$ 2,171</u>	<u>516</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:

March 31, 2024						
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	<u>\$ 169,711</u>	USD 15,000,000	-	<u>169,711</u>	6.22%~6.25%	-
O-Bank	<u>\$ -</u>	USD 18,000,000	-	-	-%	-

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

March 31, 2023						
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	<u>\$ 146,587</u>	USD 15,000,000	-	<u>146,587</u>	5.28%~5.87%	-

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

(4) Other Receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Tax refund receivable	\$ 12,633	20,429	67,112
Unused amount of sold receivables	169,711	341,260	146,587
Other Receivables - Osaley (OSL)	20,657	28,209	(Note)
Less: Allowance for losses	(10,328)	(21,109)	(Note)
Others	9,741	7,893	2,766
	<u>\$ 202,414</u>	<u>376,682</u>	<u>216,465</u>

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:

March 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ -	-%	-
Less than 90 days past due	-	-%	-
91 to 180 days past due	20,657	50%	10,328
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	<u>\$ 20,657</u>		<u>10,328</u>

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

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

(5) Inventories

	March 31, 2024	December 31, 2023	March 31, 2024
Raw materials	\$ 201,703	223,443	201,866
Supplies	178,119	154,861	217,744
Work-in process, semi-finished goods	168,997	120,100	108,994
Finished goods	431,941	406,110	404,334
	<u>\$ 980,760</u>	<u>904,514</u>	<u>932,938</u>

The details of the cost of sales were as follows:

	Three-month periods ended March 31,	
	2024	2023
Inventory that has been sold	\$ 861,587	769,252
Reversal of write-downs	-	(7,254)
Total	<u>\$ 861,587</u>	<u>761,998</u>

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

(6) Other current assets

	March 31, 2024	December 31, 2023	March 31, 2024
Temporary debits	\$ 32,306	32,115	69,384
Payment on behalf of others	13	3,840	20,477
Payment on behalf of others – Osaley (OSL)	108,923	94,583	(Note)
Less: Allowance for losses	-	(9,923)	(Note)
Others	7,954	6,572	487
	<u>\$ 149,196</u>	<u>127,187</u>	<u>90,348</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 (23) for the changes in allowance for losses.

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(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:

	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 94,021	-%	-
Less than 90 days past due	14,902	-%	-
91 to 180 days past due	-	-%	-
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	<u>\$ 108,923</u>		<u>-</u>

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

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(7) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the three-month periods ended March 31, 2024 and 2023 were as follows :

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery Equipment</u>	<u>Transportat ion Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
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	-	-	11,001	-	1,648	6,203	3,183	22,035
Disposals	-	-	(14,175)	-	-	(1,613)	-	(15,788)
Reclassification	-	-	-	-	-	-	1,180	1,180
Impact of exchange rate changes	(366)	3,778	19,038	284	110	2,218	1,190	26,252
Balance at March 31, 2024	<u>\$ 467,177</u>	<u>1,152,258</u>	<u>1,264,184</u>	<u>16,522</u>	<u>8,614</u>	<u>315,592</u>	<u>88,672</u>	<u>3,313,019</u>
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	-	175	2,884	714	37	2,300	7,735	13,845
Disposals	-	(39)	(12,304)	(404)	(29)	(10,763)	-	(23,539)
Reclassification	-	-	128,844	-	-	-	(108,754)	20,090
Impact of exchange rate changes	52	(969)	905	9	(6)	(93)	(1,124)	(1,226)
Balance at March 31, 2023	<u>\$ 459,128</u>	<u>1,189,712</u>	<u>1,172,147</u>	<u>16,025</u>	<u>7,820</u>	<u>280,904</u>	<u>114,462</u>	<u>3,240,198</u>
Accumulated depreciation and Impairment losses:								
Balance at January 1, 2024	\$ -	286,143	579,711	8,371	2,572	82,240	-	959,037
Additions	-	8,815	23,970	296	340	8,162	-	41,583
Disposals	-	-	(14,175)	-	-	(1,613)	-	(15,788)
Impact of exchange rate changes	-	182	7,388	63	26	560	-	8,219
Balance at March 31, 2024	<u>\$ -</u>	<u>295,140</u>	<u>596,894</u>	<u>8,730</u>	<u>2,938</u>	<u>89,349</u>	<u>-</u>	<u>993,051</u>
Balance at January 1, 2023	\$ -	288,424	536,561	9,161	5,177	70,050	-	909,373
Additions	-	8,920	22,423	288	191	8,109	-	39,931
Disposals	-	(39)	(10,504)	(371)	(29)	(10,760)	-	(21,703)
Reclassification	-	-	(43)	-	-	-	-	(43)
Impact of exchange rate changes	-	19	665	11	6	(61)	-	640
Balance at March 31, 2023	<u>\$ -</u>	<u>297,324</u>	<u>549,102</u>	<u>9,089</u>	<u>5,345</u>	<u>67,338</u>	<u>-</u>	<u>928,198</u>
Carrying value								
Balance at January 1, 2024	<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>
Balance at March 31, 2024	<u>\$ 467,177</u>	<u>857,118</u>	<u>667,290</u>	<u>7,792</u>	<u>5,676</u>	<u>226,243</u>	<u>88,672</u>	<u>2,319,968</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 March 31, 2023	<u>\$ 459,128</u>	<u>892,388</u>	<u>623,045</u>	<u>6,936</u>	<u>2,475</u>	<u>213,566</u>	<u>114,462</u>	<u>2,312,000</u>

Please refer to Note 6 (22) for details on gains and losses of disposal.

Please refer to Note 8 for details of the guarantees for long-term and short-term loans and financing on March 31, 2024, December 31, 2023, and March 31, 2023.

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(8) Right-of-use assets

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

	<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	-	-	-	448	448
Disposal/Write-off	-	-	(337)	(417)	(754)
Impact of exchange rate changes	19,926	5,172	210	-	25,308
Balance at March 31, 2024	<u><u>\$ 579,892</u></u>	<u><u>140,274</u></u>	<u><u>15,159</u></u>	<u><u>3,700</u></u>	<u><u>739,025</u></u>
Balance at January 1, 2023	\$ 560,866	141,298	20,895	3,669	726,728
Additions	-	-	2,962	-	2,962
Disposal/Write-off	(355)	(828)	(2,981)	-	(4,164)
Impact of exchange rate changes	(4,349)	(472)	(83)	-	(4,904)
Balance at March 31, 2023	<u><u>\$ 556,162</u></u>	<u><u>139,998</u></u>	<u><u>20,793</u></u>	<u><u>3,669</u></u>	<u><u>720,622</u></u>
Accumulated depreciation losses:					
Balance at January 1, 2024	\$ 87,259	74,912	8,084	2,260	172,515
Depreciation for the year	5,276	4,771	1,838	307	12,192
Disposal/Write-off	-	-	(337)	(417)	(754)
Impact of exchange rate changes	3,180	2,895	128	-	6,203
Balance at March 31, 2024	<u><u>\$ 95,715</u></u>	<u><u>82,578</u></u>	<u><u>9,713</u></u>	<u><u>2,150</u></u>	<u><u>190,156</u></u>
Balance at January 1, 2023	\$ 69,689	61,054	14,200	1,037	145,980
Depreciation for the year	4,543	4,839	1,445	306	11,133
Disposal/Write-off	(355)	(828)	(2,981)	-	(4,164)
Impact of exchange rate changes	(526)	(398)	(48)	-	(972)
Balance at March 31, 2023	<u><u>\$ 73,351</u></u>	<u><u>64,667</u></u>	<u><u>12,616</u></u>	<u><u>1,343</u></u>	<u><u>151,977</u></u>
Carrying amount:					
Balance at January 1, 2024	<u><u>\$ 472,707</u></u>	<u><u>60,190</u></u>	<u><u>7,202</u></u>	<u><u>1,409</u></u>	<u><u>541,508</u></u>
Balance at March 31, 2024	<u><u>\$ 484,177</u></u>	<u><u>57,696</u></u>	<u><u>5,446</u></u>	<u><u>1,550</u></u>	<u><u>548,869</u></u>
Balance at January 1, 2023	<u><u>\$ 491,177</u></u>	<u><u>80,244</u></u>	<u><u>6,695</u></u>	<u><u>2,632</u></u>	<u><u>580,748</u></u>
Balance at March 31, 2023	<u><u>\$ 482,811</u></u>	<u><u>75,331</u></u>	<u><u>8,177</u></u>	<u><u>2,326</u></u>	<u><u>568,645</u></u>

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(9) Investment property

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

The cost, depreciation, and impairment of the investment property of the Group for the three-month periods ended March 31, 2024 and 2023, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2024	<u>\$ 28,375</u>	<u>2,915</u>	<u>31,290</u>
Balance at March 31, 2024	<u>\$ 28,375</u>	<u>2,900</u>	<u>31,275</u>

There is no significant addition, disposal, impairment, or reversal of the investment properties of the Group from January 1 to March 31, 2024. Please refer to Note 12 for details of the depreciation in the current period. For other relevant information, please refer to Note 6(10) of 2023 Consolidated Financial Report.

The fair value of investment properties of the Group does not significantly differ from the information disclosed in Note 6(10) of 2023 Consolidated Financial Report.

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

The Group has no investment property as of March 31, 2023.

(10) Intangible assets

	<u>Goodwill</u>	<u>Technical Know-how</u>	<u>Computer Software</u>	<u>Total</u>
Carrying amounts:				
Balance at January 1, 2024	<u>\$ 69,032</u>	<u>15,736</u>	<u>16,795</u>	<u>101,563</u>
Balance at March 31, 2024	<u>\$ 71,941</u>	<u>12,299</u>	<u>15,949</u>	<u>100,189</u>
Balance at January 1, 2023	<u>\$ 69,070</u>	<u>31,490</u>	<u>15,822</u>	<u>116,382</u>
Balance at March 31, 2023	<u>\$ 68,452</u>	<u>27,307</u>	<u>15,062</u>	<u>110,821</u>

There is no significant addition, disposal, impairment, or reversal of the intangible assets of the Group from January 1 to March 31, 2023 and 2024. Please refer to Note 12 for details of the amortization in the current period. The change in the amount of goodwill is mainly due to the impact of exchange rate changes.

For other relevant information, please refer to Note 6(11) of 2023 Consolidated Financial Report.

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(11) Other non-current assets

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

	March 31, 2024	December 31, 2023	March 31, 2023
Refundable deposits	\$ 7,526	7,340	8,386
Other financial assets - non-current	-	-	19,630
Others	36,779	35,116	32,054
	<u>\$ 44,305</u>	<u>42,456</u>	<u>60,070</u>

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

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

(12) Short-term loans

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

	March 31, 2024	December 31, 2023	March 31, 2023
Letter of Credit	\$ 335,000	-	58,473
Unsecured bank loans	-	-	325,000
Total	<u>\$ 335,000</u>	<u>-</u>	<u>383,473</u>
Unused short-term credit lines	<u>\$ 1,371,016</u>	<u>1,255,664</u>	<u>981,027</u>
Range of interest rates	<u>2.00%~2.30%</u>	<u>-</u>	<u>1.87%~2.61%</u>

(a) Borrowing and repayment of short-term loans

The newly increased amounts from January 1 to March 31, 2024 and 2023 are 375,000 thousand and 234,545 thousand respectively, and the repaid amounts are 40,000 thousand and 178,664 thousand respectively.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Taiwan	2.00%~2.30%	-%	1.87%~2.61%

As of March 31, 2024 and 2023, the maturity dates of short-term loans of the Group are January, 2025 and December, 2023 respectively. 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.

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(13) Short-term notes and bills payable

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

March 31, 2024			
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	O-Bank	1.468%	<u><u>\$ 149,891</u></u>
December 31, 2023			
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	China Bills Finance Corporation	2.238%	\$ 59,959
	O-Bank	1.438%~1.478%	99,887
Total			<u><u>\$ 159,846</u></u>

As of March 31, 2023, the Group did not adopt short-term notes and bills payable.
Please refer to Note 6 (22) for details on interest expense.

(14) Long-term Loans

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

March 31, 2024			
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.8%~2.7474%	116.01	\$ 2,494,680
Secured bank loans	0.925%~2.125%	124.07	546,632
			3,041,312
Less: current portion			(265,106)
Total			<u><u>\$ 2,776,206</u></u>
Unused long-term credit lines			<u><u>\$ 653,399</u></u>
December 31, 2023			
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.8%~6.99%	116.10	\$ 2,512,599
Secured bank loans	0.925%~2.125%	124.07	570,221
			3,082,820
Less: current portion			(264,529)
Total			<u><u>\$ 2,818,291</u></u>
Unused long-term credit lines			<u><u>\$ 697,383</u></u>

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	March 31, 2023		
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.68%~6.25%	116.10	\$ 2,674,105
Secured bank loans	0.80%~3.33%	124.07	663,169
			3,337,274
Less: current portion			(224,695)
Total			<u><u>\$ 3,112,579</u></u>
Unused long-term credit lines			<u><u>\$ 640,000</u></u>

(a) Borrowing and repayment of long-term loans

From January 1 to March 31, 2024, the new long-term loans were 50,000 thousand, the interest rate was 2.7474%, the maturity date was October, 2027. From January 1 to March 31, 2023, there were no new long-term loans.

The repayment amounts from January 1 to March 31, 2024 and 2023 were 92,442 thousand and 54,137 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 Taiwan Cooperative Bank, Entie Commercial Bank, Taiwan Business Bank, Hua Nan Bank, First Commercial Bank, The Shanghai Commercial & Savings Bank, Cathay United Bank, Taichung Bank and Shin Kong Bank.

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

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

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

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

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

In accordance with the joint credit contract, the Group took the consolidated financial reports of 2023 and 2022 as the calculation basis, and none of them violated the restrictions.

(15) Lease liabilities

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

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ 24,402	24,240	23,580
Non-current	\$ 49,762	51,908	70,325

For the maturity analysis, please refer to Note 6 (23) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	Three-month periods ended March 31,	
	2024	2023
Interest on lease liabilities	\$ 651	852
Expenses relating to short-term leases	\$ 255	258
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 451	385

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

	Three-month periods ended March 31,	
	2024	2023
Total cash outflow for leases	\$ 8,691	8,508

(a) Leasing of land, houses and buildings

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

(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.

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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.

(16) Employee benefits

(a) Defined contribution plans

The Group's expenses for the pension plan contributions to the Bureau of Labor Insurance for the three-month periods ended March 31, 2024 and 2023 were as follows:

	Three-month periods ended March 31,	
	2024	2023
Operating cost	\$ 1,431	1,464
Selling and marketing expenses	514	307
General and administrative expenses	514	1,090
Research and development expenses	289	297
Total	<u>\$ 2,748</u>	<u>3,158</u>

The pensions of other subsidiaries are determined in accordance with local laws. The pension expenses recognized for the three-month periods ended March 31, 2024 and 2023 were 4,757 thousand and 4,853 thousand respectively.

(17) Income tax

The components of income tax for the three-month periods ended March 31, 2024 and 2023 were as follows:

	Three-month periods ended March 31,	
	2024	2023
Current tax expenses		
Current period	\$ 16,084	12,028
Adjustment for prior periods	3,489	-
	<u>19,573</u>	<u>12,028</u>
Deferred tax expenses		
Origination and reversal of temporary differences	<u>19,315</u>	<u>(19,753)</u>
Income tax expenses	<u>\$ 38,888</u>	<u>(7,725)</u>

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The amounts of income tax recognized in other comprehensive income for the three-month periods ended March 31, 2024 and 2023 were as follows:

	Three-month periods ended March 31,	
	2024	2023
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ 17,030	(1,737)

The company's income tax return has been approved by the tax collection agency until 2021.

(18) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to March 31, 2024 and 2023. For the related information, please refer to Note 6 (19) to 2023 consolidated financial report.

(a) Capital surplus

The Group's capital surplus is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$ 13,030	13,030	13,030

(b) Retained earnings

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

Ching Feng Home Fashions Co., Ltd. is a traditional manufacturing factory with its life cycle in the "growth period". Taking into consideration of the working capital needs and the protection of shareholders' rights and interests, every year, no less than 10% of the distributable surplus is appropriated to distribute shareholder dividends. However, when the accumulated distributable surplus is lower than 10% of the paid-in share capital, no

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distribution will be allowed. The Group 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 Group's latest debt ratio, quick ratio and cash flow, and shall be proposed by the Board of Directors

(i) 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.

(ii) Earnings distribution

The amounts of cash dividends for the 2023 earnings distribution had been approved, the board meeting held on March 13, 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:

	2023		2022	
	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)	Amount
Dividends distributed to				
shareholders of common stocks				
Cash	\$ 0.500	86,669	0.650	109,605
Shares	-	-	0.250	42,156
Total		<u>\$ 86,669</u>		<u>151,761</u>

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(c) Other equities (net amount after tax)

	Exchange Differences on Translation of Foreign Operations
Balance at January 1, 2024	\$ (92,700)
Exchange differences on foreign operations	68,119
Balance at March 31, 2024	\$ (24,581)
Balance at January 1, 2023	\$ (63,404)
Exchange differences on foreign operations	(6,948)
Balance at March 31, 2023	\$ (70,352)

(19) Earnings per share

For the three-month periods ended March 31, 2024 and 2023, the Group's earnings per share were calculated as follows

(a) Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	Three-month periods ended March 31,	
	2024	2023
Profit/(loss) of the Company for the year	\$ 87,507	(29,726)

(ii) Weighted-average number of common stocks (in thousands)

	Three-month periods ended March 31,	
	2024	2023
Common stock outstanding on January 1	173,839	169,623
The impact of treasury stocks	(500)	(1,000)
The impact of stock dividends	-	4,216
Weighted average shares outstanding as of March 31	173,339	172,839
Basic earnings per share (Unit: NT\$)	\$ 0.50	(0.17)

(b) Diluted earnings per share

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

	Three-month periods ended March 31, 2024
Profit attributable to ordinary shareholders of the Company (basic)	\$ 87,507
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 87,507

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(ii) Weighted-average number of common stocks (diluted) (in thousands)

	Three-month periods ended March 31, 2024
Weighted average shares outstanding as of March 31	173,339
Effect of dilutive potential common stocks	
Effect of employee share bonus	<u>209</u>
Weighted-average number of common stocks (diluted) at March 31	<u>173,548</u>
Diluted earnings per share (Unit: NT\$)	<u>\$ 0.50</u>

The Group incurred a net loss after tax from January 1 to March 31, 2023, which would have an anti-dilutive effect on potential ordinary shares. Therefore, diluted earnings per share were not calculated.

(20) Revenue from contracts with customers

(a) Disaggregation of revenue

	Three-month periods ended March 31,	
	2024	2023
Primary geographical markets		
USA	\$ 872,744	755,087
Europe	194,601	104,794
Taiwan	29,075	32,180
Others	<u>21,549</u>	<u>27,706</u>
	<u>\$ 1,117,969</u>	<u>919,767</u>

(b) Contract balances

	March 31, 2024	December 31, 2022	March 31, 2023
Notes Receivable and Accounts	\$ 1,392,712	1,201,288	1,432,706
Less: Allowance for losses	<u>(2,171)</u>	<u>(2,087)</u>	<u>(516)</u>
Total	<u>\$ 1,390,541</u>	<u>1,199,201</u>	<u>1,432,190</u>

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.

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(21) 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 three-month periods ended March 31, 2024 were 2,256 thousand. The remunerations to directors and supervisors recognized for the three-month periods ended March 31, 2024 were 1,128 thousand. The company incurred a net loss before tax from January 1 to March 31, 2023. Thus, no compensation to employees and directors and supervisors are estimated. It is calculated by multiplying the net profit before tax before deducting the compensation of employees and directors by the distribution ratio stipulated in the company's Articles of Incorporation, and present it as operating costs or operating expenses for the period. If there is a difference between the actual distribution and the estimated amount in the next year, it will be treated as the changes in accounting estimates for accounting purpose, and the difference will be recognized as profit or loss for the next year. For relevant information, please refer to Market Observation Post System.

(22) Non-operating income and expenses

(a) Interest income

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

	Three-month periods ended March 31,	
	2024	2023
Interest income from deposits in banks	<u><u>\$ 3,608</u></u>	<u><u>1,018</u></u>

(b) Other income

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

	Three-month periods ended March 31,	
	2024	2023
Rental income	\$ 538	281
Other income	<u>339</u>	<u>1,509</u>
Total	<u><u>\$ 877</u></u>	<u><u>1,790</u></u>

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(c) Other gains and losses

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

	Three-month periods ended March 31,	
	2024	2023
Losses of disposal of property, plant and equipment losses	\$ -	416
Foreign exchange (losses) gains	57,997	(19,139)
Net gains on financial assets (liabilities) at fair value through profit or loss	(1,012)	2,342
Other gains and losses	(507)	(17,202)
Total	<u>\$ 56,478</u>	<u>(33,583)</u>

(d) Finance cost

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

	Three-month periods ended March 31,	
	2024	2023
Interest expense	\$ 20,686	21,838
Add: Interest of below-market interest rate loan	902	1,098
Interest of Lease liabilities	651	852
Net finance cost	<u>\$ 22,239</u>	<u>23,788</u>

(23) Financial Instruments

Except as described below, there has been no significant change in the fair value of the Group's financial instruments and exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to Note 6(25) of 2023 Consolidated Financial Report.

(a) Credit risk

(i) Risk of credit risk

The carrying amount of financial assets is the maximum amount of 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 March 31, 2024, December 31, 2023, March 31, 2023, 90%, 94% and 86% of the

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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, other receivables, payment on behalf of others and other financial assets. For relevant information, please refer to Note 6(1), (4), (6).

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) of 2023 Consolidated Financial Report.

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

	Three-month periods ended March 31,	
	2024	2023
Opening balance	\$ 31,032	8,094
Impairment losses reversed	(20,704)	(1,122)
Ending balance	<u>\$ 10,328</u>	<u>6,972</u>

(b) Liquidity risk

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

	Carrying Amount	Cash Flow of Contracts	Within 6 Months	6-12 Months	More Than 1 Year
March 31, 2024					
Non-derivative financial liabilities					
Bank loans	\$ 3,376,312	3,598,430	458,084	220,577	2,919,769
Short-term notes and bills payable	149,891	150,000	150,000	-	-
Notes payable, accounts payable and other payables	958,521	958,521	958,521	-	-
Lease liabilities	74,164	97,320	15,337	11,264	70,719
Derivative financial liabilities					
Currency exchange contract:					
Flow Out	1,023	1,023	1,023	-	-
	<u>\$ 4,559,911</u>	<u>4,805,294</u>	<u>1,582,965</u>	<u>231,841</u>	<u>2,990,488</u>

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	<u>Carrying Amount</u>	<u>Cash Flow of Contracts</u>	<u>Within 6 Months</u>	<u>6-12 Months</u>	<u>More Than 1 Year</u>
December 31, 2023					
Non-derivative financial liabilities					
Bank loans	\$ 3,082,820	3,240,496	174,009	169,898	2,896,589
Short-term notes and bills payable	159,846	160,000	160,000	-	-
Notes payable, accounts payable and other payables	930,545	930,545	930,545	-	-
Lease liabilities	76,148	101,418	15,680	13,285	72,453
Derivative financial liabilities					
Currency exchange contract:					
Flow Out	1,379	1,379	1,379	-	-
	<u>\$ 4,250,738</u>	<u>4,433,838</u>	<u>1,281,613</u>	<u>183,183</u>	<u>2,969,042</u>
March 31, 2023					
Non-derivative financial liabilities					
Bank loans	\$ 3,720,747	3,871,777	1,983,000	134,925	1,753,852
Short-term notes and bills payable	896,433	896,433	896,433	-	-
Lease liabilities	93,905	122,806	15,736	14,222	92,848
	<u>\$ 4,711,085</u>	<u>4,891,016</u>	<u>2,895,169</u>	<u>149,147</u>	<u>1,846,700</u>

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):

(in thousands)									
<u>March 31, 2024</u>				<u>December 31, 2023</u>			<u>March 31, 2023</u>		
<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary item</u>									
USD	\$ 36,708	32.002	1,174,729	34,271	30.708	1,052,394	33,949	30.450	1,033,747
<u>Financial liabilities</u>									
<u>Monetary item</u>									
USD	10,457	32.002	334,645	15,763	30.708	484,050	11,518	30.450	350,723

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The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings; and accounts and other payables that are denominated in foreign currency.

On March 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 March 31, 2024 and 2023 will increase or decrease by 8,401 thousand and 6,830 thousand respectively, the analysis of the two periods was conducted using the same basis.

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 the three-month periods ended March 31, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 57,997 thousand and (19,139) thousand, respectively.

(ii) Interest rate risk

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 sensitivity analysis is determined based on the interest rate risk of derivative and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. This is the assessment of the management about reasonably possible range of interest rate changes.

If the interest rate is increased or decreased by 1% with all other variables remaining unchanged, the Group's net profit for the period from January 1 to March 31, 2024 and 2023 will be decreased or increased by 6,842 thousand and 6,800 thousand respectively.

The main reason is the floating interest rates on loans, time deposits and demand deposits.

(d) 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.

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	March 31, 2024				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss					
Fund	\$ 37,603	37,603	-	-	37,603
Foreign bonds	157,562	157,562	-	-	157,562
Stocks listed on domestic markets	1,533	1,533	-	-	1,533
Sub-total	196,698	196,698	-	-	196,698
Financial assets measured at amortized cost					
Cash and cash equivalents	576,976	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,592,955	-	-	-	-
Other current assets	108,936	-	-	-	-
Other financial assets - current	212,524	-	-	-	-
Sub-total	2,491,391	-	-	-	-
Total	\$ 2,688,089	196,698	-	-	196,698
Financial liabilities designated at fair value through profit or loss					
Forward exchange contracts	\$ 1,023	1,023	-	-	1,023
Sub-total	1,023	1,023	-	-	1,023
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,376,312	-	-	-	-
Short-term notes and bills payable	149,891	-	-	-	-
Notes payable, accounts payable and other payables	958,521	-	-	-	-
Lease liabilities	74,164	-	-	-	-
Sub-total	4,558,888	-	-	-	-
Total	\$ 4,559,911	1,023	-	-	1,023

December 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets designated at fair value through profit or loss					
Fund	\$ 22,568	22,568	-	-	22,568
Foreign bonds	8,311	8,311	-	-	8,311
Stocks listed on domestic markets	<u>1,682</u>	<u>1,682</u>	<u>-</u>	<u>-</u>	<u>1,682</u>
Sub-total	<u>32,561</u>	<u>32,561</u>	<u>-</u>	<u>-</u>	<u>32,561</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)

December 31, 2023					
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
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	2,355,710	-	-	-	-
Total	\$ 2,388,271	32,561	-	-	32,561
Financial liabilities designated at fair value through profit or loss					
Forward exchange contracts	\$ 1,379	1,379	-	-	1,379
Sub-total	1,379	1,379	-	-	1,379
Financial liabilities measured at amortized cost					
Bank loans	3,082,820	-	-	-	-
Short-term notes and bills payable	159,846	-	-	-	-
Notes payable, accounts payable and other payables	930,545	-	-	-	-
Lease liabilities	76,148	-	-	-	-
Sub-total	4,249,359	-	-	-	-
Total	\$ 4,250,738	1,379	-	-	1,379
March 31, 2023					
		Fair Value			
	Book Value	Level 1	Book Value	Level 1	Book Value
Financial assets designated at fair value through profit or loss					
Fund	\$ 18,627	18,627	-	-	18,627
Foreign bonds	5,636	5,636	-	-	5,636
Sub-total	24,263	24,263	-	-	24,263
Financial assets measured at amortized cost					
Cash and cash equivalents	830,207	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,655,627	-	-	-	-
Other current assets	20,477	-	-	-	-
Other financial assets - current	170,552	-	-	-	-
Sub-total	2,676,863	-	-	-	-
Total	\$ 2,701,126	24,263	-	-	24,263
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,720,747	-	-	-	-
Notes payable, accounts payable and other payables	896,433	-	-	-	-
Lease liabilities	93,905	-	-	-	-
Sub-total	4,711,085	-	-	-	-
Total	\$ 4,711,085	-	-	-	-

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) Valuation techniques for financial instruments that are 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 that are measured at fair value

A. Non-derivative financial instruments

If there is a public quotation in an active market for financial instruments, the public quotation from the active market shall be used as the fair value. The market prices announced by major exchanges and the over-the-counter government bond trading centers that are judged to be the trading centers for popular bonds are used as the fair value of equity instruments and debt instruments with a public quotation from an active market.

If the public quotations of financial instruments can be obtained timely and frequently from exchanges, brokers, underwriters, industry associations, pricing agencies or competent authorities, and the prices are actually and frequently quoted at the market, then it is considered a public quotation from an active market for the financial instruments.

B. Derivative financial instruments

It is evaluated based on an evaluation model widely accepted and recognized, such as discount method and option pricing model. The fair value of derivative instruments is calculated based on the public quotation. When public quotations cannot be obtained, evaluation methods are used for estimation, and the estimates and assumptions used will be based on the quotation information of financial institutions.

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)

(iv) Transfer of levels

There were no transfers of levels in the three-month periods ended March 31, 2024 and 2023.

(24) Financial Risk Management

The objectives and policies of the Group's financial risk management have not changed significantly from those disclosed in Note 6 (26) of 2023 consolidated financial report.

(25) Capital Management

The objectives, policies, and procedures of the Group's capital management are consistent with those disclosed in 2023 consolidated financial report; and the aggregated quantitative data for capital management items have not changed significantly from those disclosed in 2023 consolidated financial report. For relevant information, please refer to Note 6 (27) of the 2023 consolidated financial report.

(26) 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 three-month periods ended March 31, 2024 and 2023, were as follows:

	January 1, 2024	Cash flows	Non-cash changes			March 31, 2024
			Changes in lease payments	Foreign exchange movement	Changes in Deferred Governmen t Subsidies	
Long-term loans	\$ 3,082,820	(42,442)	-	32	902	3,041,312
Short-term loan	-	335,000	-	-	-	335,000
Lease liability	76,148	(7,334)	2,881	2,469	-	74,164
Total liabilities from financing activities	\$ 3,158,968	285,224	2,881	2,501	902	3,450,476

	January 1, 2023	Cash flows	Non-cash changes			March 31, 2023
			Changes in lease payments	Foreign exchange movement	Changes in Deferred Governmen t Subsidies	
Long-term loans	\$ 3,390,443	(54,137)	-	(130)	1,098	3,337,274
Short-term loan	327,592	55,881	-	-	-	383,473
Lease liability	98,130	(7,013)	2,962	(174)	-	93,905
Total liabilities from financing activities	\$ 3,816,165	(5,269)	2,962	(304)	1,098	3,814,652

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 of related parties and their relationships with related parties

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

Name of related party	Relationship with the Group
OSALEY HOME FASHIONS CO., LTD. (OSL)(Note)	Its President and the President 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	With President of the Group are relatives within one generation
Directors, general manager and deputy general managers	

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

(2) Significant transactions with related parties

(a) Sales

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

	Three-month periods ended March 31,	
	2024	2023
Other related parties	\$ -	<u>191</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) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable-OSL	Other related parties	(Note)	(Note)	<u>\$ 93,848</u>
Other receivable-OSL	Other related parties	(Note)	(Note)	\$ 13,944
Less: Allowance for loss		(Note)	(Note)	<u>(6,972)</u>
				<u>\$ 6,972</u>

(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.

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 collection conditions of the above-mentioned accounts receivable are not significantly different from those of non-related parties. Please refer to Note 6(3) and (23) for relevant impairment assessment methods.

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

(c) Payables from related parties

The payables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other payable	Other related parties	<u>\$ 295</u>	<u>-</u>	<u>-</u>

(d) Other assets

The details of payments made by the Group for related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other current assets-OSL	Other related parties	<u>(Note)</u>	<u>(Note)</u>	<u>\$ 19,769</u>

(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.

(e) Leases

The Group leased land, factories, offices and parking spaces from key personnel of the management team in January 2017. Interest expenses for the three-month periods ended March 31, 2024 and 2023 are 3 thousand and 4 thousand respectively. As of March 31, 2024, December 31, 2023, and March 31, 2023, the balance of lease liabilities is 795 thousand, 822 thousand and 1,140 thousand respectively.

(3) Key management personnel compensation

Key management personnel compensation comprised:

	<u>Three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 7,006	10,708
Termination benefits	<u>166</u>	<u>225</u>
	<u>\$ 7,172</u>	<u>10,933</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)

8. Assets pledged as security

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

Assets pledged as security	Liabilities secured by pledge	March 31, 2024	December 31, 2023	March 31, 2023
Fixed certificates of deposits and restricted deposits (listed as other financial assets-current)	Long-term and short-term loans and line of credit	\$ 170,921	194,088	139,254
Property, plant and equipment	"	1,174,169	1,184,261	1,291,719
Fixed certificates of deposits (listed as other non-current assets)	"	-	-	19,630
		\$ 1,345,090	1,378,349	1,450,603

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:

	March 31, 2024	December 31, 2023	March 31, 2023
Contract price	\$ 112,319	190,204	248,478
Unpaid amount	\$ 14,241	58,962	67,081

(2) Others

- (a) On March 31, 2024, December 31, 2023, and March 31, 2023, the Group issued guaranteed notes for the security of long-term and short-term loan secure of 4,224,555 thousand, 3,953,455 thousand and 3,529,125 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	Three-month periods ended March 31, 2024			Three-month periods ended March 31, 2023		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		128,770	68,563	197,333	103,859	47,298	151,157
Labor and health insurance (Note)		6,687	5,166	11,853	6,966	4,943	11,909
Pension		1,643	5,862	7,505	1,629	6,382	8,011
Remuneration of directors		-	652	652	-	654	654
Others		4,619	3,829	8,448	4,321	2,083	6,404
Depreciation		40,137	13,653	53,790	35,027	16,037	51,064
Amortization		2,760	5,422	8,182	545	6,864	7,409

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 disclosure items

(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 three-month periods ended March 31, 2024:

(a) Loans to other parties:

(In Thousands of New Taiwan Dollar)

No. (Note1)	Lender	Borrower	Account	Related Party	Highest Amount in the Period	Ending Balance	Actual Amount	Interest	Nature (Note2)	Translation between both parties	Reasons for the short-term financing	Allowance for bad debt	Collateral		Limit for Each Borrower (Note3)	Total Limit of Loan (Note3)
													Title	Value		
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Other Receivables – Related Party	Yes	32,002	32,002	24,642	-	2	-	Working capital turnover	-	-	-	929,095	929,095
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Other Receivables – Related Party	Yes	32,002	32,002	9,601	-	2	-	To build plant and purchase equipment	-	-	-	929,095	929,095
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	64,004	64,004	-	-	2	-	Working capital turnover	-	-	-	929,095	929,095
0	Ching Feng Home Fashions Co., Ltd.	Osaley Home Fashions Co., Ltd.	Other Receivables	No	58,000	58,000	20,657	-	2	-	Working capital turnover	10,328	-	-	232,274	348,411
1	Ching Feng Vietnam Company Limited	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	9,601	-	-	-	2	-	Working capital turnover	-	-	-	252,702	252,702

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 Group.
- (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 Group and its subsidiaries to those with business connections shall not exceed 40% of the net value of the Group'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 Group 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 Group.

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 Dollar)

No. (Note1)	Company that Gives Endorsement and Guarantee	Guaranteed Company (Note2)		Limit to a Single Enterprise (Note3)	Highest Amount of the Period	Ending Balance	Actual Amount	Endorsement & Guarantee with Securities	Ratio of Accumulated Endorsement & Guarantee to the Net Value of The Latest Financial Statement	Limit of Endorsement and Guarantee	Parent company to the subsidiary	Subsidiary to the Parent Company	For Mainland China
		Name	Relationship (Note2)										
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co./Ching Feng Vietnam Company	3	1,161,369	32,002	32,002	-	-	1.38%	2,322,738	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	3	1,161,369	64,004	64,004	-	-	2.76%	2,322,738	Y	N	N

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

- (1) Fill in 0 for the Group.
- (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 Group.
- (2) The limit of the Group's endorsement guarantee for a single enterprise is limited to 50% of the Group's latest net worth.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
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(c) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollar)

Company	Type and name of securities	Relationship with company	Account	Ending Balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value	
Ching Feng Home Fashions Co., Ltd.	Capital Moderate Allocation Fund (C930)	None	Financial assets at fair value through profit or loss-Current	4,632	1,817	- %	1,817	
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	5,067	- %	5,067	
Ching Feng Home Fashions Co., Ltd.	Franklin Gulf Wealthy Bond Fund (09A4)	None	Financial assets at fair value through profit or loss-Current	4,592	2,434	- %	2,434	
Ching Feng Home Fashions Co., Ltd.	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund (E703)	None	Financial assets at fair value through profit or loss-Current	10,900	3,237	- %	3,237	
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	6,500	- %	6,500	
Ching Feng Home Fashions Co., Ltd.	Mega Global Metaverse Tech Fund (C234)	None	Financial assets at fair value through profit or loss-Current	200,000	2,728	- %	2,728	
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	15,820	- %	15,820	
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	3,219	- %	3,219	
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	3,015	- %	3,015	
Ching Feng Home Fashions Co., Ltd.	Exxon Mobil Corp. Bonds (US30231GBF81)	None	Financial assets at fair value through profit or loss-Non-current	80	2,323	- %	2,323	
Ching Feng Home Fashions Co., Ltd.	Saudi-Arabien, Königreich Bonds (XS1694218469)	None	Financial assets at fair value through profit or loss-Non-current	400	10,936	- %	10,936	
Ching Feng Home Fashions Co., Ltd.	Altria Group Inc. Bonds (US02209SAV51)	None	Financial assets at fair value through profit or loss-Non-current	500	11,947	- %	11,947	
Ching Feng Home Fashions Co., Ltd.	Wells Fargo & Co. Bonds (US94974BGT17)	None	Financial assets at fair value through profit or loss-Non-current	400	10,474	- %	10,474	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RDJ86)	None	Financial assets at fair value through profit or loss-Non-current	200	5,390	- %	5,390	
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	5,359	- %	5,359	
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	5,094	- %	5,094	
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	11,660	- %	11,660	
Ching Feng Home Fashions Co., Ltd.	PacificCorp Bonds (US695114DA39)	None	Financial assets at fair value through profit or loss-Non-current	600	18,232	- %	18,232	
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	11,852	- %	11,852	
Ching Feng Home Fashions Co., Ltd.	Brasilien, Föderative Republik Bonds (US105756BW95)	None	Financial assets at fair value through profit or loss-Non-current	700	17,703	- %	17,703	
Ching Feng Home Fashions Co., Ltd.	Ford Motor Co. Bonds (US345370CQ17)	None	Financial assets at fair value through profit or loss-Non-current	300	7,916	- %	7,916	
Ching Feng Home Fashions Co., Ltd.	Oracle Corp. Bonds (US68389XBJ37)	None	Financial assets at fair value through profit or loss-Non-current	200	4,955	- %	4,955	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RKF81)	None	Financial assets at fair value through profit or loss-Non-current	100	2,131	- %	2,131	
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	8,015	- %	8,015	
Ching Feng Home Fashions Co., Ltd.	Saudi-Arabien, Königreich Bonds (XS2109770151)	None	Financial assets at fair value through profit or loss-Non-current	400	9,271	- %	9,271	
Ching Feng Home Fashions Co., Ltd.	Perusahaan Listrik Negara Bonds (US71568QAK31)	None	Financial assets at fair value through profit or loss-Non-current	300	8,070	- %	8,070	
Ching Feng Home Fashions Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Common Stock (2888)	None	Financial assets at fair value through profit or loss-Non-current	190,000	1,533	- %	1,533	

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

- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (f) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (g) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Company	Related party	Nature of relationship	Transaction details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		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	Sale	(487,829)	(53.77)%	T/T 195 days	Sell at agreed price	-	956,411	84.20%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Sub-Subsidiary	Purchase	176,310	21.86%	T/T 180 days	Sell at agreed price	-	(95,493)	(12.95)%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Subsidiary	Purchase	210,540	26.11%	T/T 180 days	Sell at agreed price	-	(206,172)	(27.97)%	
All Strong Industry (USA) Inc.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchase	487,829	100.00%	T/T 195 days	Sell at agreed price	-	(956,411)	(100.00)%	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(176,310)	(100.00)%	T/T 180 days	Sell at agreed price	-	95,493	100.00%	
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(210,540)	(100.00)%	T/T 180 days	Sell at agreed price	-	206,172	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.

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

(In Thousands of New Taiwan Dollar)

Company	Related party	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	956,411	212%	-		79,264	-

Note 1: It refers to the amount recovered as of April 18, 2024.

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

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)

(j) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollar)

No.	Company	Counterparty	Relation-ship	Intercompany transactions			
				Account	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	1	Sales	487,829	The price is at the normal or negotiated price.	43.64%
			1	Accounts receivables	956,411	The terms of payment are based on the agreement or the general terms of payment	13.57%
			1	Other receivables	58	The terms of payment are based on the agreement or the general terms of payment	-%
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	1	Other receivables	108,590	The terms of payment are based on the agreement or the general terms of payment	1.54%
			1	Purchases	210,540	The price is at the normal or negotiated price.	18.83%
			1	Accounts payables	206,172	The terms of payment are based on the agreement or the general terms of payment	2.93%
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	2	Sales	4,609	The price is at the normal or negotiated price.	0.41%
			2	Accounts receivables	9,885	The terms of payment are based on the agreement or the general terms of payment	0.14%
			2	Other receivables	9	The terms of payment are based on the agreement or the general terms of payment	-%
			2	Purchases	4,459	The price is at the normal or negotiated price.	0.40%
			2	Accounts payables	96,101	The terms of payment are based on the agreement or the general terms of payment	1.36%
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd	2	Sales	1,543	The price is at the normal or negotiated price.	0.14%
			2	Accounts receivables	3,378	The terms of payment are based on the agreement or the general terms of payment	0.05%
			2	Other receivables	59,401	The terms of payment are based on the agreement or the general terms of payment	0.84%
			2	Purchases	176,310	The price is at the normal or negotiated price.	15.77%
			2	Accounts payables	95,493	The terms of payment are based on the agreement or the general terms of payment	1.35%
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.	0.01%

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

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

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

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

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.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
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(2) Information on investees:

The followings are the information on investees for the three-month periods ended March 31, 2024:

(In Thousands of New Taiwan Dollar/shares)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of March 31, 2024			Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 2)	Note
				March 31, 2024	December 31, 2023	Shares (in thousands)	Percentage	Carrying value (Note 1)			
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	USA	Buy & sell of blinds, pleated curtains	202,863	202,863	65	100.00%	399,610	23,503	23,503	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%	811,306	(22,479)	(22,479)	"
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Samoa	Investment	398,660	398,660	13,084	100.00%	374,634	11,230	11,230	"
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	Samoa	International trade	30,690	30,690	437	100.00%	15,018	(23)	(23)	"
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Thailand	Manufacture of plastic bags & shopping bags	217,099	217,099	2,000	100.00%	70,311	(6,414)	(6,414)	"
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%	623,455	29,414	29,414	"
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Taiwan	Cutting, assembly and packaging of curtains and textiles	5,000	5,000	Note 3	100.00%	4,890	(409)	(409)	"
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Buy & sell of blinds, pleated curtains	167,384	167,384	Note 3	100.00%	143,462	(3,285)	(3,285)	"
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	USA	Investment	1,231,661 (USD38,487 thousand)	1,181,859 (USD38,487 thousand)	24,655	100.00%	811,302	(14,908)	(22,479)	Sub-Subsidiary
Sincere Capital Limited	Sun Ocean Investment Limited	Samoa	Investment	431,163 (USD13,473 thousand)	413,729 (USD13,473 thousand)	13,473	100.00%	374,633	11,230	11,230	"
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	421,338 (USD13,166 thousand)	404,302 (USD13,166 thousand)	Note 3	100.00%	366,961	11,230	11,230	"
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	USA	Buy & sell of blinds, pleated curtains	320 (USD10 thousand)	-	10	100.00%	319	-	-	"

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

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

Note 3: The invested company is a limited company.

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

(3) 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 Dollar)

Investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of March 31, 2024 (Note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) recognized (Note 3)	Carrying value as of March 31, 2024 (Note 4)	Accumulated inward remittance of earnings as of March 31, 2024
					Outflow	Inflow						
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Processing, production, assembly and sales of blinds.	559,241 (2) (USD 17,000 thousand)	(2)	559,241 (USD 17,000 thousand)	-	-	559,241 (USD 17,000 thousand)	(14,909)	100.00%	(14,909) (USD (474) thousand)	370,275 (USD 11,570 thousand)	-
Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	6,038 (1) (USD 200 thousand)	(1)	6,038 (USD 200 thousand)	-	-	6,038 (USD 200 thousand)	(1)	100.00%	(1)	55	-
Fu Yue Window Decoration Technology (Zhenjing)	Manufacture, process, and assembly of blinds.	434 (2) (RMB 100 thousand)	(2)	434 (RMB 100 thousand)	-	-	434 (RMB 100 thousand)	(33)	100.00%	(33)	(14)	-

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
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(b) Upper limit on investment in Mainland China:

Accumulated investment in Mainland China as of March 31, 2024	Investment amount authorized by Investment Commission, MOEA (Note 2 、 4 、 6 、 7)	Upper limit on investment
1,044,993 (USD 32,654 thousand)	1,048,226 (USD 32,755 thousand)	(Note 6)

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

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

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

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

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

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

Note 6: According to the "Principles for the Review of Investment or Technical Cooperation in China" amended on 8.29.2008, since the Group 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 Group, 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.

(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

Shareholder's Name	Shareholding	Shares	Percentage
Hsu, Ming-Hsuan		8,820,743	5.07%

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)

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.

	Three-month periods ended March 31,	
	2024	2023
Revenue		
Revenue from external customers	\$ 1,117,969	919,767
Interest revenue	<u>3,608</u>	<u>1,018</u>
Total revenue	<u>\$ 1,121,577</u>	<u>920,785</u>
Reportable segment profit or loss	<u>\$ 87,507</u>	<u>(29,726)</u>