



CHING FENG HOME FASHIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS With Independent Auditors' Review Report For the Three-Months Periods Ended March 31, 2025 and 2024

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, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2025 and 2024, 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 1,582,469 thousand and 1,354,624 thousand, constituting 20% and 19% of consolidated total assets as of March 31, 2025 and 2024, respectively, total liabilities amounting to 234,980 thousand and 202,643 thousand, constituting 5% and 4% of consolidated total liabilities as of March 31, 2025 and 2024, respectively, and total comprehensive income amounting to 38,544 thousand and 29,736 thousand, absolute amount constituting 31% and 19% of consolidated total comprehensive income for the three-month periods ended March 31, 2025 and 2024 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, 2025 and 2024, and its consolidated financial performance and cash flows for three-month periods ended March 31, 2025 and 2024 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

Chuang, Chun-Wei

Yu, Chi-Lung

May 8, 2025

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2025, December 31, 2024 and March 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2025		December 31, 2024		March 31, 2024				March 31, 2025		December 31, 2024		March 31, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets :								Current liabilities :							
1100	Cash and cash equivalents (Note 6(1))	\$ 448,088	6	621,137	8	576,976	8	2100	Short-term loans (Note 6(12) and 8)	\$ 225,000	3	210,000	3	335,000	5
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	46,215	1	27,611	1	39,136	1	2110	Short-term notes and bills payable (Note 6(13))	189,771	2	189,858	3	149,891	2
1150	Net notes receivable (Note 6(3))	202	-	204	-	-	-	2120	Financial liabilities at fair value through profit or loss - current (Note 6(2))	3,670	-	7,450	-	1,023	-
1170	Net accounts receivable (Note 6(3))	1,673,015	22	1,563,114	21	1,390,541	20	2150	Notes and Accounts payable	614,154	8	774,967	10	576,266	8
1200	Other receivables (Note 6(4))	152,808	2	172,028	2	202,414	3	2200	Other payables	744,231	10	369,343	5	381,960	5
1220	Current tax assets (Note 6(18))	12,058	-	761	-	-	-	2220	Other payables - related parties (Note 7)	-	-	18	-	295	-
130X	Inventories (Note 6(5))	1,174,567	15	1,148,244	15	980,760	14	2230	Current income tax liabilities (Note (18))	74,421	1	51,150	1	114,880	2
1410	Prepayments	183,945	2	170,502	2	151,163	2	2280	Lease liabilities - current (Note 6(16))	41,124	-	20,866	-	24,402	-
1470	Other current assets (Note 6(6))	168,675	2	224,953	3	149,196	2	2305	Other financial liabilities - current	127,881	2	85,000	1	-	-
1476	Other financial assets - current (Note 8)	180,567	2	157,548	2	212,524	3	2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(14))	224,720	3	232,296	3	265,106	4
Total current assets		4,040,140	52	4,086,102	54	3,702,710	53	2399	Other current liabilities - Others	6,401	-	5,703	-	5,511	-
Non-current assets :								Total current liabilities		2,251,373	29	1,946,651	26	1,854,334	26
1511	Financial assets at fair value through profit or loss – non-current (Note 6(2), (15) and 8)	329,212	4	274,648	4	157,562	2	Non-current liabilities :							
1600	Property, plant and equipment (Notes 6(7) and 8)	2,317,190	30	2,311,958	30	2,319,968	33	2500	Financial liabilities at fair value through profit or loss – non-current (Note 6(2) and (15))	1,860	-	2,040	-	-	-
1755	Right-of-use assets (Note 6(8))	719,720	9	567,336	7	548,869	8	2530	Bonds payable (Notes 6(2) and (15))	279,042	4	277,061	4	-	-
1760	Investment property, net (Note 6(9))	74,466	1	74,653	1	31,275	-	2540	Long-term loans (Note 6(14) and 8)	2,343,119	30	2,420,159	32	2,776,206	39
1780	Intangible assets (Note 6(10))	96,073	1	90,224	1	100,189	1	2569	Current tax liabilities - non-current (Note 6(18))	2,755	-	6,888	-	20,819	-
1840	Deferred income tax assets (Note 6(18))	70,810	1	72,770	1	76,092	1	2570	Deferred income tax liabilities (Note 6(18))	10,920	-	21,706	-	20,776	-
1915	Advance payment for equipment	29,419	1	44,594	1	67,315	1	2580	Lease liabilities - non-current (Note 6(16))	213,781	3	79,759	1	49,762	1
1900	Other non-current assets (Notes 6(11))	52,015	1	55,748	1	44,305	1	2670	Other current liabilities - others	1,513	-	1,348	-	3,650	-
Total non-current assets		3,688,905	48	3,491,931	46	3,345,575	47	Total non-current liabilities		2,852,990	37	2,808,961	37	2,871,213	40
								Total liabilities		5,104,363	66	4,755,612	63	4,725,547	66
								Equity attributable to owners of parent company (Note 6(15) and (19)):							
								3110	Ordinary shares	1,778,389	23	1,778,389	24	1,738,389	25
								3200	Capital surplus	111,098	2	111,098	1	13,030	-
								3300	Retained earnings	704,027	9	933,806	12	605,850	9
								3400	Other components of equity	31,168	-	(872)	-	(24,581)	-
								3500	Treasury Shares	-	-	-	-	(9,950)	-
								Total equity attributable to owners of the parent company		2,624,682	34	2,822,421	37	2,322,738	34
								Total equity		2,624,682	34	2,822,421	37	2,322,738	34
Total Assets		<u>\$ 7,729,045</u>	<u>100</u>	<u>7,578,033</u>	<u>100</u>	<u>7,048,285</u>	<u>100</u>	Total liabilities and equity		<u>\$ 7,729,045</u>	<u>100</u>	<u>7,578,033</u>	<u>100</u>	<u>7,048,285</u>	<u>100</u>

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three-Month Periods ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		Three-month periods ended March 31,			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(21))	\$ 1,188,313	100	1,117,969	100
5000	Operating costs (Notes 6(5) and (17))	891,757	75	861,587	77
	Gross profit	296,556	25	256,382	23
	Operating expenses (Notes 6(17) and 7):				
6100	Selling and marketing expenses	89,631	8	80,300	7
6200	General and administrative expenses	65,172	5	84,645	8
6300	Research and development expenses	19,618	2	24,470	2
6450	Expected credit losses (gains) (Note 6(3) and (24))	4,002	-	(20,704)	(2)
	Total operating expenses	178,423	15	168,711	15
	Operating income	118,133	10	87,671	8
	Non-operating income and expenses (Note 6(23)):				
7100	Interest income	5,864	-	3,608	-
7010	Other income	1,034	-	877	-
7020	Other gains and losses	18,439	2	56,478	5
7050	Financing costs	(23,145)	(2)	(22,239)	(2)
	Total non-operating income and expenses	2,192	-	38,724	3
7900	Net income before tax	120,325	10	126,395	11
7950	Less: Income tax expense (Note 6(18))	29,994	3	38,888	3
	Net income	90,331	7	87,507	8
8300	Other comprehensive income (Note 6(18) and (19)):				
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange differences on translation of foreign operating institutions	40,050	3	85,149	8
8399	Less: Income tax related to items that may be reclassified subsequently	8,010	1	17,030	2
	Total items that may subsequently be reclassified to profit or loss	32,040	2	68,119	6
8300	Total other comprehensive income (loss)	32,040	2	68,119	6
	Total comprehensive income (loss)	<u>\$ 122,371</u>	<u>9</u>	<u>155,626</u>	<u>14</u>
	Earnings per share (Note 6(20))				
9750	Basic earnings per share (Unit: NT\$)	<u>\$ 0.51</u>		<u>0.50</u>	
9850	Diluted earnings per share (Unit: NT\$)	<u>\$ 0.49</u>		<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, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Retained earnings			Other equity	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations		
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	-	-	-	-	(86,669)	-	-	(86,669)
Net income	-	-	-	-	87,507	-	-	87,507
Other comprehensive income (loss)	-	-	-	-	-	68,119	-	68,119
Total comprehensive income (loss)	-	-	-	-	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
Balance as of January 1, 2025	\$ 1,778,389	111,098	105,081	92,700	736,025	(872)	-	2,822,421
Appropriations of earnings :								
Cash dividends	-	-	-	-	(320,110)	-	-	(320,110)
Net income	-	-	-	-	90,331	-	-	90,331
Other comprehensive income (loss)	-	-	-	-	-	32,040	-	32,040
Total comprehensive income (loss)	-	-	-	-	90,331	32,040	-	122,371
Balance as of March 31, 2025	\$ 1,778,389	111,098	105,081	92,700	506,246	31,168	-	2,624,682

(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, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Three-month periods ended March 31,	
	2025	2024
Cash flows from operating activities :		
Net income before tax	\$ 120,325	126,395
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	55,115	53,790
Amortization expense	7,043	8,182
Expected credit losses (gains)	4,002	(20,704)
Net losses on financial assets at fair value through profit or loss	(743)	1,012
Interest expense	23,145	22,239
Interest income	(5,864)	(3,608)
Others	(4)	-
Total adjustments to reconcile profit (loss)	82,694	60,911
Changes in assets and liabilities related to operating activities :		
Changes in assets related to operating activities:		
Notes receivable	2	-
Accounts receivable	(109,944)	(191,425)
Other receivables	20,993	179,582
Inventories	(26,323)	(76,246)
Prepayments	(11,322)	(19,227)
Other current assets	52,313	(14,124)
Total net changes in assets related to operating activities	(74,281)	(121,440)
Changes in liabilities related to operating activities :		
Notes and Accounts payable	(160,813)	(99,695)
Other payables	54,646	40,530
Other payables - related parties	(18)	295
Other current liabilities	698	398
Total net changes in liabilities related to operating activities	(105,487)	(58,472)
Total net changes in assets and liabilities related to operating activities	(179,768)	(179,912)
Total adjustments	(97,074)	(119,001)

(Continued)

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Three-Month Periods ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Three-month periods ended March 31,	
	2025	2024
Cash inflow generated from operations	\$ 23,251	7,394
Interest charged	4,177	1,542
Interest paid	(20,330)	(21,161)
Income taxes paid	(30,670)	(16,926)
Net cash flows from operating activities	(23,572)	(29,151)
Cash flows from investing activities :		
Acquisition of financial assets at fair value through profit or loss	(84,935)	(169,416)
Disposal of financial assets at fair value through profit or loss	15,214	5,088
Financial liabilities at fair value through profit or loss	(6,664)	(1,177)
Acquisition of property, plant and equipment	(38,247)	(22,035)
Other receivables decreased	-	7,552
Acquisition of intangible assets	(3,306)	-
Other financial assets - current increased	(23,019)	(18,436)
Other non-current assets increased	(3,707)	(4,557)
Advance payment for equipment decreased	15,396	5,197
Net cash flows used in investing activities	(129,268)	(197,784)
Cash flows from financing activities :		
Short-term loans	80,000	375,000
Repayment of short-term loans	(65,000)	(40,000)
Increase in short-term notes and bills payable	29,913	50,045
Decrease in short-term notes and bills payable	(30,000)	(60,000)
Long-term loans	-	50,000
Repayment of long-term loans	(85,318)	(92,442)
Payments of lease liabilities	(7,778)	(7,334)
Other financial liabilities increased	42,881	-
Other non-current liabilities increased	165	2,267
Net cash flows from financing activities	(35,137)	277,536
Effects of exchange rate changes	14,928	29,136
Net increase (decrease) in cash and cash equivalents	(173,049)	79,737
Cash and equivalent cash, beginning balance	621,137	497,239
Cash and equivalent cash, ending balance	\$ 448,088	576,976

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

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to 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 shades, and their accessories for export and domestic sales. The company's stock has been officially listed and traded on the Taiwan Stock Exchange since September 11, 2000.

2. Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 8, 2025.

3. New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025 :

–Amendments to IAS21“Lack of Exchangeability”

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

The details of impact on the Group’s adoption of the new amendments beginning January 1, 2026 are as follows :

–Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” relate to the application guidance under Section 4.1 of IFRS 9 and the relevant disclosure requirements under IFRS 7.

This amendment introduces an additional test to evaluate the condition of "solely payments of principal and interest on the principal amount outstanding" for financial assets with contingent characteristics that are not directly related to the underlying lending risks or costs (e.g., where changes in cash flows depend on whether the borrower meets the specified sustainable linked targets in the loan agreement). The Group has not elected to apply the guidance under Section 4.1 of this amendment early, as per the Q&A issued by FSC on February 26, 2025.

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

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

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

New standards or amendments	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • 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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS9 and IFRS7 “Amendments to the Classification and Measurement of Financial Instruments” relate to the application guidance under Section 4.1 of IFRS 9 and the relevant disclosure requirements under IFRS 7
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Nature-dependent Electricity Contracts”

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 2024 consolidated financial report. For relevant information, please refer to Note 4 of 2024 consolidated financial report.

(2) Basis of consolidation

(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, 2025	Dec. 31, 2024	Mar. 31, 2024	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Buy & sell of blinds, pleated shades	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. and Subsidiaries
Notes to 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, 2025	Dec. 31, 2024	Mar. 31, 2024	
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	International trade	- %	- %	100.00%	Note 4
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Plastic bags, etc.	100.00%	100.00%	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 blinds	100.00%	100.00%	100.00%	Note 1
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Manufacture and assembly of blinds 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%	Note 2
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Manufacture and sale of blinds, pleated shades	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
New Nice Home Fashion L.L.C.	Grandtop Decorative Product (Zhenjiang) Co., Ltd.	Manufacture, process, and assembly of blinds.	100.00%	100.00%	100.00%	
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Manufacture and assembly of blinds	100.00%	100.00%	100.00%	Note 1
Grandtop Decorative Product (Zhenjiang) Co., Ltd.	Fu Yue Window Decoration Technology Zhenjiang Co., Ltd	Buy & sell of blinds, pleated shades	100.00%	100.00%	100.00%	Note 1
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	Buy & sell of blinds, pleated shades	100.00%	100.00%	100.00%	Note 1
Ching Feng Home Fashions Co., Ltd	Ching Feng Singapore Pte. Ltd.	Home decor wholesale	- %	- %	- %	Note 3

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

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

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

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

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

(3) 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 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.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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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, management must make judgments and estimates regarding the future (including climate-related risks and opportunities), which will affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

Major sources of making significant judgments and estimating uncertainty when adopting the accounting policies are consistent with Note 5 of 2024 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 2024 consolidated financial statements. Please refer to note 6 to the 2024 annual consolidated financial statements.

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 1,570	1,221	1,566
Check and demand deposit	276,999	333,052	161,176
Foreign currency deposit	106,320	111,636	200,627
Time deposits	33,199	87,228	33,602
Cash equivalents	<u>30,000</u>	<u>88,000</u>	<u>180,005</u>
Total	<u>\$ 448,088</u>	<u>621,137</u>	<u>576,976</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 (24) for the exchange rate risk and sensitivity analysis of the Group's financial assets and liabilities.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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(2) Financial assets and liabilities at fair value through profit or loss

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at fair value through profit or loss :			
Fund	\$ 29,884	27,611	37,603
Domestic and foreign bonds	315,590	261,426	157,562
Stocks listed on domestic markets	16,331	-	1,533
Stocks of foreign non-listed companies	13,532	13,042	-
Unsecured convertible bonds - call options	90	180	-
Total	<u>\$ 375,427</u>	<u>302,259</u>	<u>196,698</u>
Current	\$ 46,215	27,611	39,136
Non-current	329,212	274,648	157,562
Total	<u>\$ 375,427</u>	<u>302,259</u>	<u>196,698</u>
	March 31, 2025	December 31, 2024	March 31, 2024
Financial liabilities at fair value through profit or loss :			
Forward exchange contracts	\$ 3,063	7,450	1,023
FX option contracts	607	-	-
Unsecured convertible bonds - put options	1,860	2,040	-
Total	<u>\$ 5,530</u>	<u>9,490</u>	<u>1,023</u>
Current	\$ 3,670	7,450	1,023
Non-current	1,860	2,040	-
Total	<u>\$ 5,530</u>	<u>9,490</u>	<u>1,023</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, 2025 and December 31, 2024, and March 31, 2024, 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, 2025				
	Amount(in thousands)	Currency	Maturity dates	
Forward exchange sold	US\$ 3,300	USD to NTD	April 23, 2025 to May 21, 2025	
FX option sold	US\$ 5,000	USD to NTD	May 27, 2025 to September 25, 2025	

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Notes to Consolidated Financial Statements (Continued)
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December 31, 2024				
	<u>Amount(in thousands)</u>		<u>Currency</u>	<u>Maturity dates</u>
Forward exchange sold	US\$	13,080	USD to NTD	January 10, 2025 to May 21, 2025
March 31, 2024				
	<u>Amount(in thousands)</u>		<u>Currency</u>	<u>Maturity dates</u>
Forward exchange sold	US\$	2,000	USD to NTD	April 1, 2024 to April 19, 2024

Please refer to Note 6 (23) for the amount recognized in profit or loss based on remeasurement at fair value.

The details of the financial assets measured at fair value through profit or loss on March 31, 2025 and December 31, 2024 were used as collateral for short-term borrowings and financing facilities, please refer to Note 8.

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

(3) Notes Receivable and Accounts Receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Notes receivable	\$ 202	204	-
Accounts receivable - measured at amortized cost	1,673,550	1,563,606	1,392,712
Less: Allowance for losses	(535)	(492)	(2,171)
	<u>\$ 1,673,015</u>	<u>1,563,114</u>	<u>1,390,541</u>

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

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

March 31, 2025			
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance</u>
Current	\$ 1,549,373	-	-
Less than 90 days past due	124,281	0.35%	437
91 to 180 days past due	95	100%	95
181 to 270 days past due	3	100%	3
More than 270 days past due	-	-	-
	<u>\$ 1,673,752</u>		<u>535</u>

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

	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	1,696	100%	1,696
	<u>\$ 1,392,712</u>		<u>2,171</u>

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

	Three-month periods ended March 31,	
	2025	2024
Balance at January 1	\$ 492	2,087
Recognition of impairment losses	37	-
Foreign exchange gains (losses)	6	84
Balance at March 31	<u>\$ 535</u>	<u>2,171</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, 2025					
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
O-Bank	<u>\$ 140,789</u>	USD18,000,000	<u>-</u>	<u>140,789</u>	Note	-

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Notes to Consolidated Financial Statements (Continued)
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December 31, 2024						
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
O-Bank	<u>\$ 225,165</u>	USD18,000,000	<u>64,000</u>	<u>161,165</u>	2.2643%	-
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>	USD15,000,000	<u>-</u>	<u>169,711</u>	6.22%~6.25%	-
O-Bank	<u>\$ -</u>	USD18,000,000	<u>-</u>	<u>-</u>	-	-

Note: The interest rates are negotiated on a case-by-case basis at the time of actual use.

As of March 31, 2025 and December 31, 2024 and March 31, 2024, 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, 2025	December 31, 2024	March 31, 2024
Tax refund receivable	\$ 3,767	5,282	12,633
Unused amount of sold receivables	140,789	161,165	169,711
Other Receivables – Osaley (OSL)	-	-	20,657
Less: Allowance for losses	-	-	(10,328)
Others	8,252	5,581	9,741
	<u>\$ 152,808</u>	<u>172,028</u>	<u>202,414</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 (24) for the movements in the allowance.

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>

As of March 31, 2025 and December 31, 2024 and March 31, 2024, the Group's other receivables were not used as guarantees for long-term, short-term loans and financing.

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(5) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 339,897	295,255	201,703
Supplies	142,006	164,387	178,119
Work-in progress, semi-finished goods	130,108	119,256	168,997
Finished goods	562,556	569,346	431,941
	<u>\$ 1,174,567</u>	<u>1,148,244</u>	<u>980,760</u>

The details of the cost of sales were as follows:

	Three-month periods ended March 31,	
	2025	2024
Inventory that has been sold	\$ 891,548	861,587
Reversal of write-downs	(4,376)	-
Write-off of Inventory	4,585	-
Total	<u>\$ 891,757</u>	<u>861,587</u>

As of March 31, 2025 and December 31, 2024 and March 31, 2024, the Group's inventories were not used as guarantees for long-term, short-term loans and financing.

(6) Other current assets

	March 31, 2025	December 31, 2024	March 31, 2024
Temporary debits	\$ 33,408	32,069	32,306
Payment on behalf of others	52,327	51,739	13
Payment on behalf of others—Osaley (OSL)	83,321	138,655	108,923
Less: Allowance for losses	(10,078)	(6,113)	-
Others	9,697	8,603	7,954
	<u>\$ 168,675</u>	<u>224,953</u>	<u>149,196</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 (24) for the changes in allowance for losses.

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Notes to Consolidated Financial Statements (Continued)
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Regarding payment on behalf of others - OSL, the loss allowance is as follows:

	March 31, 2025		
	Gross carrying amounts	Weighted-average loss rate	Loss allowance
Current	\$ 57,950	-	-
Less than 90 days past due	17,441	-	-
91 to 180 days past due	7,930	50%	3,965
181 to 270 days past due	-	-	-
More than 270 days past due	-	-	-
	<u>\$ 83,321</u>		<u>3,965</u>

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

	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>

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Notes to Consolidated Financial Statements (Continued)
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(7) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three-month periods ended March 31, 2025 and 2024, were as follows:

		<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost									
Balance at January 1, 2025	\$	588,029	1,223,445	956,021	13,392	12,052	328,992	11,091	3,133,022
Additions		-	1,270	25,269	11	993	883	9,821	38,247
Disposals		-	(31,874)	(8,532)	-	-	(1,387)	-	(41,793)
Reclassification		-	-	-	-	-	(1,011)	(1,782)	(2,793)
Impact of exchange rate changes		435	4,439	8,399	171	112	1,083	176	14,815
Balance at March 31, 2025	\$	<u>588,464</u>	<u>1,197,280</u>	<u>981,157</u>	<u>13,574</u>	<u>13,157</u>	<u>328,560</u>	<u>19,306</u>	<u>3,141,498</u>
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>
Accumulated depreciation and Impairment losses:									
Balance at January 1, 2025	\$	-	334,436	366,734	6,272	4,671	108,951	-	821,064
Additions		-	8,183	23,367	309	487	7,603	-	39,949
Disposals		-	(31,874)	(8,532)	-	-	(1,387)	-	(41,793)
Impact of exchange rate changes		-	1,700	2,886	93	54	355	-	5,088
Balance at March 31, 2025	\$	<u>-</u>	<u>312,445</u>	<u>384,455</u>	<u>6,674</u>	<u>5,212</u>	<u>115,522</u>	<u>-</u>	<u>824,308</u>
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>
Carrying value:									
Balance at January 1, 2025	\$	<u>588,029</u>	<u>889,009</u>	<u>589,287</u>	<u>7,120</u>	<u>7,381</u>	<u>220,041</u>	<u>11,091</u>	<u>2,311,958</u>
Balance at March 31, 2025	\$	<u>588,464</u>	<u>884,835</u>	<u>596,702</u>	<u>6,900</u>	<u>7,945</u>	<u>213,038</u>	<u>19,306</u>	<u>2,317,190</u>
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>

Please refer to Note 6 (23) for details on gains and losses on disposal.

Please refer to Note 8 for details of the guarantees for long-term and short-term loans and financing as of March 31, 2025 and December 31, 2024 and March 31, 2024.

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(8) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Transportation Equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 590,107	180,335	9,215	3,873	783,530
Additions	-	156,618	2,344	910	159,872
Disposal/Write-off	(624)	(83,937)	(2,962)	(901)	(88,424)
Impact of exchange rate changes	6,874	2,487	56	-	9,417
Balance at March 31, 2025	<u>\$ 596,357</u>	<u>255,503</u>	<u>8,653</u>	<u>3,882</u>	<u>864,395</u>
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>\$ 579,892</u>	<u>140,274</u>	<u>15,159</u>	<u>3,700</u>	<u>739,025</u>
Accumulated depreciation losses:					
Balance at January 1, 2025	\$ 115,315	93,922	4,741	2,216	216,194
Depreciation for the year	5,018	8,030	1,606	325	14,979
Disposal/Write-off	(624)	(83,937)	(2,794)	(901)	(88,256)
Impact of exchange rate changes	1,316	419	23	-	1,758
Balance at March 31, 2025	<u>\$ 121,025</u>	<u>18,434</u>	<u>3,576</u>	<u>1,640</u>	<u>144,675</u>
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>\$ 95,715</u>	<u>82,578</u>	<u>9,713</u>	<u>2,150</u>	<u>190,156</u>
Carrying amounts:					
Balance at January 1, 2025	<u>\$ 474,792</u>	<u>86,413</u>	<u>4,474</u>	<u>1,657</u>	<u>567,336</u>
Balance at March 31, 2025	<u>\$ 475,332</u>	<u>237,069</u>	<u>5,077</u>	<u>2,242</u>	<u>719,720</u>
Balance at January 1, 2024	<u>\$ 472,707</u>	<u>60,190</u>	<u>7,202</u>	<u>1,409</u>	<u>541,508</u>
Balance at March 31, 2024	<u>\$ 484,177</u>	<u>57,696</u>	<u>5,446</u>	<u>1,550</u>	<u>548,869</u>

(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.

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2025	\$ 37,535	37,118	74,653
Balance at March 31, 2025	\$ 37,535	36,931	74,466
Balance at January 1, 2024	\$ 28,375	2,915	31,290
Balance at March 31, 2024	\$ 28,375	2,900	31,275

There is no significant addition, disposal, impairment, or reversal of the investment properties of the Group from January 1 to March 31, 2025 and 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 2024 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 2024 Consolidated Financial Report.

As of March 31, 2025 and December 31, 2024 and March 31, 2024, the Group's investment properties were not used as guarantees for long-term, short-term loans and financing.

(10) Intangible assets

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

	<u>Goodwill</u>	<u>Technical Know-how</u>	<u>Computer Software</u>	<u>Total</u>
Carrying amounts:				
Balance at January 1, 2025	\$ 73,721	-	16,503	90,224
Balance at March 31, 2025	\$ 74,632	-	21,441	96,073
Balance at January 1, 2024	\$ 69,032	15,736	16,795	101,563
Balance at March 31, 2024	\$ 71,941	12,299	15,949	100,189

There is no significant addition, disposal, impairment, or reversal of the intangible assets of the Group from January 1 to March 31, 2025 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 2024 Consolidated Financial Report.

(11) Other non-current assets

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Refundable deposits	\$ 7,854	10,195	7,526
Others	44,161	45,553	36,779
	<u>\$ 52,015</u>	<u>55,748</u>	<u>44,305</u>

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As of March 31, 2025 and December 31, 2024 and March 31, 2024, the Group's other non-current assets were not used as guarantees for long-term, short-term loans and financing.

(12) Short-term loans

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

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank loans	\$ 225,000	210,000	335,000
	\$ 225,000	210,000	335,000
Unused short-term credit lines	\$ 1,427,796	1,281,176	1,371,016
Range of interest rate	<u>2.12%~2.4%</u>	<u>2.2899%~2.35%</u>	<u>2.00%~2.30%</u>

(a) Borrowing and repayment of short-term loans

The newly increased amounts from January 1 to March 31, 2025 and 2024 were 80,000 thousand and 375,000 thousand respectively, and the repaid amounts are 65,000 thousand and 40,000 thousand respectively.

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

	March 31, 2025	December 31, 2024	March 31, 2024
Taiwan	2.12%~2.4%	2.2899%~2.35%	2.00%~2.30%

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

(b) Collateral for bank loans

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

(13) Short-term notes and bills payable

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

	March 31, 2025		
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	China Bills Finance Corporation	2.238%	\$ 29,937
	O-Bank	1.728%	129,895
	Taiwan Cooperative Bank	2.2%	29,939
Total			\$ 189,771

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

March 31, 2024			
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	O-Bank	1.468%	\$ 149,891

Please refer to Note 6 (23) for details on interest expense.

(14) Long-term Loans

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

March 31, 2025			
	Range of interest rate	Expiration Date	Amount
Unsecured bank loans	2.22%~2.8789%	July, 2027	\$ 2,116,061
Secured bank loans	1.05%~2.255%	July, 2035	451,778
			2,567,839
Less: current portion			(224,720)
Total			\$ 2,343,119
Unused long-term credit lines			\$ 590,000

December 31, 2024			
	Range of interest rate	Expiration Date	Amount
Unsecured bank loans	2.22%~2.8789%	July, 2027	\$ 2,176,889
Secured bank loans	1.05%~2.255%	July, 2035	475,566
			2,652,455
Less: current portion			(232,296)
Total			\$ 2,420,159
Unused long-term credit lines			\$ 653,231

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	March 31, 2024		
	Range of interest rate	Expiration Date	Amount
Unsecured bank loans	1.8%~2.7474%	January, 2027	\$ 2,494,680
Secured bank loans	0.925%~2.125%	July, 2035	<u>546,632</u>
			3,041,312
Less: current portion			<u>(265,106)</u>
Total			<u>\$ 2,776,206</u>
Unused long-term credit lines			<u>\$ 653,399</u>

(a) Borrowing and repayment of long-term loans

From January 1 to March 31, 2025, there are no new 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. The repayment amounts from January 1 to March 31, 2025 and 2024 were 85,318 thousand and 92,442 thousand respectively.

(b) Collateral for bank loans

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

(c) Special agreement on the joint credit contract

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

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

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

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

In accordance with the joint credit contract, the Group took the consolidated financial reports of 2024 and 2023 as the calculation basis, and none of them violated the restrictions.

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(15) Bonds payable

The details of unsecured convertible bonds were as follows:

	March 31, 2025	December 31, 2024
Total amount of the third domestic unsecured convertible corporate bonds issued	\$ 300,000	300,000
Unamortized discounted corporate bonds payable	(20,958)	(22,939)
Ending balance of bonds payable	<u>\$ 279,042</u>	<u>277,061</u>
Embedded derivative		
Embedded derivative - call options, included in financial assets at fair value through profit or loss - non-current	<u>\$ 90</u>	<u>180</u>
Embedded derivative - put options, included in financial liabilities at fair value through profit or loss - non-current	<u>\$ 1,860</u>	<u>2,040</u>
Equity component - conversion options, included in capital surplus— stock options	<u>\$ 21,661</u>	<u>21,661</u>

As of March 31, 2024, the Group did not adopt bonds payable.

	Three-month periods ended March 31,	
	2025	2024
Loss on remeasurement of embedded derivatives - call and put options at fair value, included in other gains and losses)	<u>\$ (90)</u>	<u>-</u>
Interest expense	<u>\$ 1,981</u>	<u>-</u>

On October 14, 2024, the Company issued domestic unsecured convertible corporate bonds with a 0% coupon rate. Each bond has a face value of 100 thousand and was issued at 100.5% of the face value, with a total issuance of 3,000 bonds, amounting to a total of 301,500 thousand. The issuance period is three years, from October 14, 2024, to October 14, 2027.

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

(a) Repayment method

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

(b) Conversion method

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

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(c) Conversion price and adjustment

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

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

(d) Call option of the Company

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

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

(e) Put option of bondholders

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

(16) Lease liabilities

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current	<u>\$ 41,124</u>	<u>20,866</u>	<u>24,402</u>
Non-current	<u>\$ 213,781</u>	<u>79,759</u>	<u>49,762</u>

For the maturity analysis, please refer to Note 6 (24) Financial Instruments.

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Notes to Consolidated Financial Statements (Continued)
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The amounts recognized in profit or loss were as follows:

	Three-month periods ended March 31,	
	2025	2024
Interest on lease liabilities	<u>\$ 1,017</u>	<u>651</u>
Expenses relating to short-term leases	<u>\$ 306</u>	<u>255</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 776</u>	<u>451</u>

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

	Three-month periods ended March 31,	
	2025	2024
Total cash outflow for leases	<u>\$ 9,877</u>	<u>8,691</u>

(a) Leasing of land and buildings

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

(b) Other lease

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

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

(17) 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, 2025 and 2024 were as follows:

	Three-month periods ended March 31,	
	2025	2024
Operating cost	\$ 1,441	1,431
Selling and marketing expenses	684	514
General and administrative expenses	550	514
Research and development expenses	<u>286</u>	<u>289</u>
Total	<u>\$ 2,961</u>	<u>2,748</u>

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The pensions of other subsidiaries are determined in accordance with local laws. The pension expenses recognized for the three-month periods ended March 31, 2025 and 2024 were 5,239 thousand and 4,757 thousand respectively.

(18) Income taxes

The components of income tax for the three-month periods ended March 31, 2025 and 2024 were as follows:

	Three-month periods ended March 31,	
	2025	2024
Current tax expense		
Current period	\$ 38,923	16,084
Adjustment for prior periods	(672)	3,489
	<u>38,251</u>	<u>19,573</u>
Deferred tax expense		
Origination and reversal of temporary differences	(8,257)	19,315
Income tax expense	<u>\$ 29,994</u>	<u>38,888</u>

The amounts of income tax recognized in other comprehensive income for the three-month periods ended March 31, 2025 and 2024 were as follows:

	Three-month periods ended March 31,	
	2025	2024
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation	<u>\$ 8,010</u>	<u>17,030</u>

The company's income tax return has been approved by the tax collection agency until 2023.

(19) 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, 2025 and 2024. For the related information, please refer to Note 6 (20) to 2024 consolidated financial report.

(a) Capital surplus

The balances of capital surplus as of March 31, 2025 and 2024, were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Additional paid-in capital	\$ 83,617	83,617	13,030
Issuance of convertible corporate bond options	21,661	21,661	-
Treasury share transactions	5,820	5,820	-
	<u>\$ 111,098</u>	<u>111,098</u>	<u>13,030</u>

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(b) Retained earnings

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

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

(i) 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.

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(ii) Earnings distribution

The cash dividend amounts for the 2024 earnings distribution were approved during the board meeting on February 27, 2025. Other earnings distribution items will be resolved at the shareholders' meeting. The cash dividend amounts for the 2023 earnings distribution were approved during the board meeting on March 13, 2024, and approved at the shareholders' meeting on May 28, 2024. The dividend amounts were as follows:

	2024		2023	
	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)	Amount
Dividends distributed to shareholders of ordinary shares:				
Cash dividends	\$ 1.800	<u>320,110</u>	0.500	<u>86,669</u>

(iii) Other equities (net amount after tax)

	Exchange differences on translation of foreign operations
Balance at January 1, 2025	\$ (872)
Exchange differences on foreign operations	<u>32,040</u>
Balance at March 31, 2025	<u>\$ 31,168</u>
Balance at January 1, 2024	\$ (92,700)
Exchange differences on foreign operations	<u>68,119</u>
Balance at March 31, 2024	<u>\$ (24,581)</u>

(20) Earnings per share

For the three-month periods ended March 31, 2025 and 2024, 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,	
	2025	2024
Profit of the Company for the year	<u>\$ 90,331</u>	<u>87,507</u>

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

	Three-month periods ended March 31,	
	2025	2024
Issued ordinary shares at January 1	177,839	173,839
Effect of treasury shares (in thousands)	-	(500)
Weighted average number of ordinary shares at March 31	<u>177,839</u>	<u>173,339</u>
Basic earnings per share (Unit: NT\$)	<u>\$ 0.51</u>	<u>0.50</u>

(b) Diluted earnings per share

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

	Three-month periods ended March 31,	
	2025	2024
Profit attributable to ordinary shareholders of the Company (basic)	<u>\$ 90,331</u>	<u>87,507</u>
Interest expense and other income or expense on convertible bonds, net of tax	1,513	-
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 91,844</u>	<u>87,507</u>

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

	Three-month periods ended March 31,	
	2025	2024
Weighted average number of ordinary shares outstanding (basic)	177,839	173,339
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	246	209
Effect of conversion of convertible bonds	<u>8,621</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>186,706</u>	<u>173,548</u>
Diluted earnings per share (Unit: NT\$)	<u>\$ 0.49</u>	<u>0.50</u>

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(21) Revenue from contracts with customers

(a) Details of revenue

	Three-month periods ended March 31,	
	2025	2024
Primary geographical markets		
United States	\$ 1,018,002	872,744
Europe	109,814	194,601
Taiwan	30,161	29,075
Others	30,336	21,549
	<u>\$ 1,188,313</u>	<u>1,117,969</u>

(b) Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024
Notes Receivable and Accounts Receivable	\$ 1,673,752	1,563,810	1,392,712
Less: Allowance for losses	(535)	(492)	(2,171)
Total	<u>\$ 1,673,217</u>	<u>1,563,318</u>	<u>1,390,541</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.

(22) 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, 2025 and 2024 were 1,965 thousand and 2,256 thousand respectively. The remunerations to directors and supervisors recognized for the three-month periods ended March 31, 2025 and 2024 were 983 thousand and 1,128 thousand respectively. It is calculated by multiplying the net profit before tax before deducting the compensation of employees and directors by the distribution ratio stipulated in the company's Articles of Incorporation, and present it as operating costs or operating expenses for the period. If there is a discrepancy between the actual distribution amount and the estimated amount in the following year, the difference will be adjusted based on the accounting estimate, and the variance will be recognized as profit or loss in the following year.

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The remunerations to employees recognized for the years ended December 31, 2024 and 2023 were 9,605 thousand and 2,935 thousand respectively. The remunerations to directors and supervisors recognized for the years ended December 31, 2024 and 2023 were 4,802 thousand and 1,468 thousand respectively, no difference from the actual distribution situation, related information would be available at the Market Observation Post System website.

(23) 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,	
	2025	2024
Interest income from deposits in banks	\$ 2,401	2,249
Interest income from foreign bonds	3,463	1,359
	\$ 5,864	3,608

(b) Other income

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

	Three-month periods ended March 31,	
	2025	2024
Rental income	\$ 833	538
Other income	201	339
	\$ 1,034	877

(c) Other gains and losses

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

	Three-month periods ended March 31,	
	2025	2024
Foreign exchange gains	16,846	57,997
Net gains on financial assets (liabilities) at fair value through profit or loss	743	(1,012)
Other gains and losses	850	(507)
	\$ 18,439	56,478

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(d) Finance cost

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

	Three-month periods ended March 31,	
	2025	2024
Interest expense	\$ 19,445	20,686
Add : Interest of below-market interest rate loan	702	902
Interest of Lease liabilities	1,017	651
Corporate bonds interest expense	1,981	-
	<u>\$ 23,145</u>	<u>22,239</u>

(24) 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(26) of 2024 Consolidated Financial Report.

(a) Credit risk

(i) Risk of credit risk

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

(ii) Concentration of credit risk

In order to reduce the credit risk of accounts receivable, the Group continuously evaluates the financial status of customers, and regularly evaluates the possibility of recovering accounts receivable and has allowance for impairment losses. The impairment losses are always within the expectations of the management. As of March 31, 2025 and December 31, 2024 and March 31, 2024, 93% and 94% and 90% of the Group's accounts receivable balance came from several major customers, which made the Group have significant concentration of credit risk.

(iii) Credit risk of accounts receivable

Please refer to Note 6 (3) for details of the credit risk and impairment allowance of notes receivable and accounts receivable. Other financial assets at amortized cost includes cash and cash equivalents, other receivables, payment on behalf of others and other financial assets. For relevant information, please refer to Note 6(1), (4), (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 2024 Consolidated Financial Report.

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

	Three-month periods ended March 31,	
	2025	2024
Opening balance	\$ 6,113	31,032
Recognition of impairment losses (reversed profit)	3,965	(20,704)
Ending balance	\$ 10,078	10,328

(b) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12Months</u>	<u>Over 1 years</u>
March 31, 2025					
Non-derivative financial liabilities					
Bank loans	\$ 2,792,839	2,937,904	378,941	147,475	2,411,488
Short-term notes and bills payable	189,771	190,000	190,000	-	-
Notes payable, accounts payable and other payables	1,358,385	1,358,385	1,358,385	-	-
Lease liabilities	254,905	288,657	22,177	24,933	241,547
Other financial liabilities	127,881	128,509	128,509	-	-
Bonds payable	279,042	300,000	-	-	300,000
Derivative financial liabilities					
Forward exchange contract					
Flow Out	3,063	3,063	3,063	-	-
FX option contracts					
Flow Out	607	5	5	-	-
	\$ 5,006,493	5,206,523	2,081,080	172,408	2,953,035
December 31, 2024					
Non-derivative financial liabilities					
Bank loans	\$ 2,862,455	3,026,021	245,494	267,249	2,513,278
Short-term notes and bills payable	189,858	190,000	190,000	-	-
Notes payable, accounts payable and other payables	1,144,328	1,144,328	1,144,328	-	-
Lease liabilities	100,625	124,761	13,735	9,906	101,120
Other financial liabilities	85,000	85,441	85,441	-	-
Bonds payable	277,061	300,000	-	-	300,000
Derivative financial liabilities					
Forward exchange contract					
Flow Out	7,450	7,450	7,450	-	-
	\$ 4,666,777	4,878,001	1,686,448	277,155	2,914,398

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12Months</u>	<u>Over 1 years</u>
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					
Forward 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>

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 thousand)									
<u>March 31, 2025</u>				<u>December 31, 2024</u>			<u>March 31, 2024</u>		
<u>Foreign currency</u>	<u>Exchan ge rate</u>	<u>NTD</u>		<u>Foreign currency</u>	<u>Exchan ge rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchan ge rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 29,311	33.199	973,096	32,446	32.794	1,064,034	36,708	32.002	1,174,729
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	15,152	33.199	503,031	18,207	32.794	597,080	10,457	32.002	334,645

(ii) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets at fair value through profit or loss, accounts and other receivables, loans and borrowings; and accounts and other payables that are denominated in foreign currency. On March 31, 2025 and 2024, 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, 2025 and 2024 will increase or decrease by 4,701 thousand and 8,401 thousand respectively, the analysis for the two periods was conducted using the same basis.

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Notes to Consolidated Financial Statements (Continued)
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(iii) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three-month periods ended March 31, 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 16,846 thousand and 57,997 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities. The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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, 2025 and 2024 will be decreased or increased by 6,205 thousand and 6,842 thousand respectively. The main reason is the floating interest rates on loans, Other financial assets, 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.

		March 31, 2025				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Fund	\$	29,884	29,884	-	-	29,884
Domestic and foreign bonds		315,590	315,590	-	-	315,590
Stocks listed on domestic markets		16,331	16,331	-	-	16,331
Stocks of foreign non-listed companies		13,532	-	490	13,042	13,532
Unsecured convertible bonds – call option		90	90	-	-	90
Sub-total		375,427	361,895	490	13,042	375,427

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		March 31, 2025				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortized cost						
Cash and cash equivalents	448,088	-	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,826,025	-	-	-	-	-
Other current assets	125,570	-	-	-	-	-
Other financial assets - current	180,567	-	-	-	-	-
Sub-total	2,580,250	-	-	-	-	-
Total	\$ 2,955,677	361,895	490	13,042	375,427	
Financial liabilities at fair value through profit or loss						
Forward exchange contracts	3,063	3,063	-	-	-	3,063
FX option contracts	607	607	-	-	-	607
Unsecured convertible bonds - put option	1,860	1,860	-	-	-	1,860
Sub-total	5,530	5,530	-	-	-	5,530
Financial liabilities measured at amortized cost						
Bank loans	2,792,839	-	-	-	-	-
Short-term notes and bills payable	189,771	-	-	-	-	-
Notes payable, accounts payable and other payables	1,358,385	-	-	-	-	-
Other financial liabilities	127,881	-	-	-	-	-
Bonds payable	279,042	-	-	-	-	-
Lease liabilities	254,905	-	-	-	-	-
Sub-total	5,002,823	-	-	-	-	-
Total	\$ 5,008,353	5,530	-	-	-	5,530
		December 31, 2024				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss						
Fund	\$ 27,611	27,611	-	-	-	27,611
Domestic and foreign bonds	261,426	261,426	-	-	-	261,426
Stocks of foreign non-listed companies	13,042	-	-	-	13,042	13,042
Unsecured convertible bonds – call option	180	180	-	-	-	180
Sub-total	302,259	289,217	-	-	13,042	302,259
Financial assets measured at amortized cost						
Cash and cash equivalents	621,137	-	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,735,346	-	-	-	-	-
Other current assets	184,281	-	-	-	-	-
Other financial assets - current	157,548	-	-	-	-	-
Sub-total	2,698,312	-	-	-	-	-
Total	\$ 3,000,571	289,217	-	-	13,042	302,259
Financial liabilities at fair value through profit or loss						
Forward exchange contracts	\$ 7,450	7,450	-	-	-	7,450
Unsecured convertible bonds - put option	2,040	2,040	-	-	-	2,040
Sub-total	9,490	9,490	-	-	-	9,490

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December 31, 2024					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans	2,862,455	-	-	-	-
Short-term notes and bills payable	189,858	-	-	-	-
Notes payable, accounts payable and other payables	1,144,328	-	-	-	-
Lease liabilities	100,625	-	-	-	-
Other financial liabilities	85,000	-	-	-	-
Bonds payable	277,061	-	-	-	-
Sub-total	4,659,327	-	-	-	-
Total	\$ 4,668,817	9,490	-	-	9,490
March 31, 2024					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets 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 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

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Notes to Consolidated Financial Statements (Continued)
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(ii) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions used by the Group to estimate financial instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

If there is a public quotation in an active market, the market price will be used as the fair value; if there is no market price, the evaluation method will be used for estimation or use the counterparty's quotation as the fair value.

B. Financial assets and liabilities measured at amortized cost

If there is a quotation from a transaction or a market maker, the most recent transaction price and quotation shall be used as the basis for assessing the fair value. If there is no market price for reference, it shall be estimated by evaluation method. The estimates and assumptions used in the valuation method are to estimate the fair value using the discounted value of the cash flow.

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

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

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

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

B. Derivative financial instruments

It is evaluated based on an evaluation model widely accepted and recognized, such as discounted cash flow or option pricing models.

The fair value of derivative instruments is calculated based on the public quotation. When public quotations cannot be obtained, evaluation methods are used for estimation, and the estimates and assumptions used will be based on the quotation information of financial institutions.

C. Unlisted company stocks at fair value level 3

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

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(iv) Transfers between Level 1 and Level 2

There were no transfers of levels in the three-month periods ended March 31, 2025 and 2024.

(v) Reconciliation of Level 3 fair values

	At fair value through profit or loss-without public quotation of equity instruments
Balance at March 31, 2025 (Balance at January 1, 2025)	<u><u>\$ 13,042</u></u>

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

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

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

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

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

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

				Changes in fair value are reflected in current profit and loss	
				Upwards or downwards change	
	Input value			Favorable change	Unfavorable changes
March 31, 2025					
Financial assets at fair value through profit or loss - equity instruments without an active market	Transaction price	5%	\$	<u>344</u>	<u>992</u>
December 31, 2024					
Financial assets at fair value through profit or loss - equity instruments without an active market	Transaction price	5%	\$	<u>499</u>	<u>821</u>

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(25) Financial risk management

The objectives and policies of the Group's financial risk management have not changed significantly from those disclosed in Note 6 (27) of 2024 consolidated financial report.

(26) Capital management

The objectives, policies, and procedures of the Group's capital management are consistent with those disclosed in 2024 consolidated financial report; and the aggregated quantitative data for capital management items have not changed significantly from those disclosed in 2024 consolidated financial report. For relevant information, please refer to Note 6 (28) of the 2024 consolidated financial report.

(27) 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, 2025 and 2024, were as follows:

	January 1, 2025	Cash flows	Non-cash changes				March 31, 2025
			Changes in lease payments	Foreign exchange movement	Changes in deferred government grants	Others	
Long-term loans	\$ 2,652,455	(85,318)	-	-	702	-	2,567,839
Short-term loans	210,000	15,000	-	-	-	-	225,000
Lease liabilities	100,625	(7,778)	159,888	2,170	-	-	254,905
Bonds payable	277,061	-	-	-	-	1,981	279,042
Total liabilities from financing activities	<u>\$ 3,240,141</u>	<u>(78,096)</u>	<u>159,888</u>	<u>2,170</u>	<u>702</u>	<u>1,981</u>	<u>3,326,786</u>

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

7. Related-party transactions

(1) Names and relationship with the Group

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

Name of related party	Relationship with the Group
Hsu, Ming-Hsuan	Key management personnel of the Group
Hsu, Chun-Jan	Key management personnel of the Group
Hong, Yi-Jing	In close relationship with the chairman of the Group
All directors, the Group's key management personnel, including the general manager and deputy general manager.	

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Notes to Consolidated Financial Statements (Continued)
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(2) Significant transactions with related parties

(a) Payables from related parties

The payables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other payables	Other related parties	<u>\$ -</u>	<u>18</u>	<u>295</u>

(b) 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, 2025 and 2024 are 2 thousand and 3 thousand respectively. As of March 31, 2025, December 31, 2024 and March 31, 2024, the balance of lease liabilities is 445 thousand, 533 thousand and 795 thousand respectively.

(3) Key management personnel compensation

Key management personnel compensation comprised:

	<u>Three-month periods ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 13,963	6,820
Termination benefits	163	166
	<u>\$ 14,126</u>	<u>6,986</u>

8. Assets pledged as security

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

<u>Assets pledged as security</u>	<u>Liabilities secured by pledge</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Fixed certificates of deposits and restricted deposits (listed as other financial assets-current)	Long-term and short-term loans and line of credit	\$ 163,968	141,151	170,921
Property, plant and equipment	"	1,136,920	1,145,626	1,174,169
Financial assets at fair value through profit or loss	Short-term loans and line of credit	211,085	158,846	-
		<u>\$ 1,511,973</u>	<u>1,445,623</u>	<u>1,345,090</u>

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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, 2025	December 31, 2024	March 31, 2024
Contract price	<u>\$ 134,250</u>	<u>20,166</u>	<u>112,319</u>
Unpaid amount	<u>\$ 98,902</u>	<u>8,554</u>	<u>14,241</u>

(2) Others

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group issued guarantee notes for the security of long-term and short-term loan secure of 2,214,369 thousand, 4,041,270 thousand and 4,224,555 thousand respectively.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other

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

By function	Three-month periods ended March 31, 2025			Three-month periods ended March 31, 2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	133,701	66,718	200,419	128,770	66,164	194,934
Labor and health insurance	10,829	4,992	15,821	6,687	5,166	11,853
(Note)						
Pension	4,952	3,248	8,200	1,643	5,862	7,505
Remuneration of directors	-	3,725	3,725	-	3,051	3,051
Other	6,257	3,764	10,021	4,619	3,829	8,448
Depreciation	39,591	15,524	55,115	40,137	13,653	53,790
Amortization	5,220	1,823	7,043	2,760	5,422	8,182

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 cyclical factors.

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13. Other disclosures

(1) Information on significant transactions:

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, 2025:

(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.	Fu Vietnam Company Limited	Other Receivables – Related Party	Yes	33,199	33,199	33,199	-	2	-	Working capital turnover	-	-	-	262,468	393,702
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	33,199	-	-	-	2	-	Working capital turnover	-	-	-	264,468	393,702

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.

(b) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No (Note1)	Company that Gives Endorsement and Guarantee	Guarantee Company (Note2)		Limit to a Single Enterprise (Note3)	Highest Amount of the Period	Ending Balance	Actual Amount	Endorsement & Guarantee with Securities	Ratio of Accumulated Endorsement & Guarantee to the Net Value of The Latest Financial Statement	Limit of Endorsement and Guarantee	Parent company to the subsidiary	Subsidiary to the Parent Company	For Mainland China
		Name	Relationship (Note2)										
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	3	1,312,341	99,597	99,597	-	-	3.79%	2,624,682	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.

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- (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.

(c) Securities held as of March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

(Unit: NT\$ thousand)

Company	Type and name of securities	Relationship with company	Account	End of period				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value	
Ching Feng Home Fashions Co., Ltd.	Alliance Bernstein American Income Portfolio (1010)	None	Financial assets at fair value through profit or loss-Current	5,205	5,538	- %	5,538	
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	6,979	- %	6,979	
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	15,360	- %	15,360	
Ching Feng Home Fashions Co., Ltd.	Nomura All Weather Global Bond Fund (006103)	None	Financial assets at fair value through profit or loss-Current	200,000	2,007	- %	2,007	
Ching Feng Home Fashions Co., Ltd.	C.C.P. Contact Probes Co., LTD. (6217) Ordinary Shares	None	Financial assets at fair value through profit or loss-Current	196,000	5,576	- %	5,576	
Ching Feng Home Fashions Co., Ltd.	M.J. International Flooring and Interior Products Inc. (8466) Ordinary Shares	None	Financial assets at fair value through profit or loss-Current	300,000	10,755	- %	10,755	
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	3,226	- %	3,226	
Ching Feng Home Fashions Co., Ltd.	JPMorgan Chase Bank USD Corporate Bonds (US46625HLL23)	None	Financial assets at fair value through profit or loss-Non-Current	100	2,995	- %	2,995	
Ching Feng Home Fashions Co., Ltd.	Exxon Mobil Corp. Bonds (US30231GBF81)	None	Financial assets at fair value through profit or loss-Non-Current	80	2,343	- %	2,343	
Ching Feng Home Fashions Co., Ltd.	Saudi Arabia Konigreich Bonds (XS1694218469)	None	Financial assets at fair value through profit or loss-Non-Current	400	10,933	- %	10,933	
Ching Feng Home Fashions Co., Ltd.	Altrich Group USD Corporate Bonds (US02209SAV51)	None	Financial assets at fair value through profit or loss-Non-Current	500	12,042	- %	12,042	
Ching Feng Home Fashions Co., Ltd.	Wells Fargo & Co. Bonds (US94974BGT17)	None	Financial assets at fair value through profit or loss-Non-Current	400	10,575	- %	10,575	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RDJ86)	None	Financial assets at fair value through profit or loss-Non-Current	200	5,556	- %	5,556	
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	5,838	- %	5,838	
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	5,133	- %	5,133	
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	12,131	- %	12,131	
Ching Feng Home Fashions Co., Ltd.	PacifiCorp Bonds (US695114DA39)	None	Financial assets at fair value through profit or loss-Non-Current	600	18,726	- %	18,726	
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	11,950	- %	11,950	
Ching Feng Home Fashions Co., Ltd.	Brazilian Government International Bonds (US105756BW95)	None	Financial assets at fair value through profit or loss-Non-Current	700	17,548	- %	17,548	

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Notes to Consolidated Financial Statements (Continued)
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Company	Type and name of securities	Relationship with company	Account	End of period				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value	
Ching Feng Home Fashions Co., Ltd.	Ford Motor Co. Bonds (US345370CQ17)	None	Financial assets at fair value through profit or loss-Non-Current	300	7,443	- %	7,443	
Ching Feng Home Fashions Co., Ltd.	Oracle Corp. Bonds (US68389XBJ37)	None	Financial assets at fair value through profit or loss-Non-Current	200	4,970	- %	4,970	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RKF81)	None	Financial assets at fair value through profit or loss-Non-Current	100	2,053	- %	2,053	
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	8,630	- %	8,630	
Ching Feng Home Fashions Co., Ltd.	Kingdom of Saudi Arabia USD Bonds (XS2109770151)	None	Financial assets at fair value through profit or loss-Non-Current	400	9,097	- %	9,097	
Ching Feng Home Fashions Co., Ltd.	Perusahaan Listrik Negara Bonds (US71568QAK31)	None	Financial assets at fair value through profit or loss-Non-Current	300	7,969	- %	7,969	
Ching Feng Home Fashions Co., Ltd.	Taiwan Cooperative Bank Three-Year USD Bonds (SBAG)	None	Financial assets at fair value through profit or loss-Non-Current	150	4,682	- %	4,682	
Ching Feng Home Fashions Co., Ltd.	KGI Life Insurance Subordinated Bonds (B9AK03)	None	Financial assets at fair value through profit or loss-Non-Current	50,000	50,500	- %	50,500	
Ching Feng Home Fashions Co., Ltd.	Fubon Life Insurance Subordinated Corporate Bonds (B99053)	None	Financial assets at fair value through profit or loss-Non-Current	50,000	50,500	- %	50,500	
Ching Feng Home Fashions Co., Ltd.	Cathay Life Insurance Co., Ltd. Subordinated Bonds (B99603)	None	Financial assets at fair value through profit or loss-Non-Current	50,000	50,750	- %	50,750	
Ching Feng Home Fashions Co., Ltd.	Dentall (Global) Limited Series A Preferred Shares	None	Financial assets at fair value through profit or loss-Non-Current	305,000	13,042	2.00%	13,042	
Ching Feng Home Fashions Co., Ltd.	SEEDLEE CONSULTANT COMPANY	None	Financial assets at fair value through profit or loss-Non-Current	Note1	490	3.00%	490	

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

Note 1: The invested company is a limited company.

(d) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company	Related party	Nature of relationship	Transaction Details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Note
			Item	Amount	Percentage of total purchases (sales) (%)	Payment terms	Unit Price	Payment terms (Note2)	Ending balance	Percentage of total receivables (payables)	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	Sales	(579,210)	(62.19)%	T/T 195 days	Sell at agreed price	-	1,128,062	85.18%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd	Sub-subsidiary	Purchases	205,785	24.37%	T/T 180 days	Sell at agreed price	-	(121,504)	(19.85)%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Subsidiary	Purchases	253,635	30.03%	T/T 180 days	Sell at agreed price	-	(194,229)	(31.74)%	
All Strong Industry (USA) Inc.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchases	579,210	100.00%	T/T 195 days	Sell at agreed price	-	(1,128,062)	(100.00)%	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sales	(205,875)	(100.00)%	T/T 180 days	Sell at agreed price	-	121,504	100.00%	
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sales	(253,635)	(100.00)%	T/T 180 days	Sell at agreed price	-	194,229	100.00%	

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

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

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

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

(In Thousands of New Taiwan Dollars)

Company	Related party	Relationship	Ending balance	Turnover %	Overdue		Amount received in subsequent period (Note1)	Loss allowance
					Amount	Action taken		
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	1,128,062	205%	-		169,679	-

Note 1: It refers to the amount recovered as of April 18, 2025.

- (f) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Company	Counterparty	Relation-ship	Transaction Details				Percentage of the consolidated net revenue or total assets
				Account	Amount	Trading terms		
0	Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	1	Sales	579,210	The price is at the normal or negotiated price		48.74%
			1	Accounts receivables	1,128,062	The terms of payment are based on the agreement or the general terms of payment		14.60%
			1	Other Receivables	1,438	The terms of payment are based on the agreement or the general terms of payment		0.02%
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	1	Accounts receivables	1,787	The terms of payment are based on the agreement or the general terms of payment		0.02%
			1	Other Receivables	64,377	The terms of payment are based on the agreement or the general terms of payment		0.85%
			1	Purchases	253,635	The price is at the normal or negotiated price.		21.34%
			1	Accounts payables	194,229	The terms of payment are based on the agreement or the general terms of payment		2.51%
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	2	Sales	2,103	The price is at the normal or negotiated price		0.18%
			2	Accounts receivables	894	The terms of payment are based on the agreement or the general terms of payment		0.01%
			2	Other Receivables	1	The terms of payment are based on the agreement or the general terms of payment		-%
			2	Purchases	4,698	The price is at the normal or negotiated price		0.40%
			2	Accounts payables	30,572	The terms of payment are based on the agreement or the general terms of payment		0.40%
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	2	Sales	148	The price is at the normal or negotiated price		0.01%
			2	Accounts receivables	313	The terms of payment are based on the agreement or the general terms of payment		-%
			2	Other Receivables	112,613	The terms of payment are based on the agreement or the general terms of payment		1.46%
			2	Purchases	205,875	The price is at the normal or negotiated price		17.32%
			2	Accounts payables	121,504	The terms of payment are based on the agreement or the general terms of payment		1.57%
0	Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	1	Accounts payables	14	The terms of payment are based on the agreement or the general terms of payment		-%
0	Ching Feng Home Fashions Co., Ltd.	REGAL ESTATE (USA) INC.	2	Other Receivables	43	The terms of payment are based on the agreement or the general terms of payment		-%

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) Parent company to sub-subsidiary company.

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

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

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

The followings are the information on investees for the three-month periods ended March 31, 2025:

(In Thousands of New Taiwan Dollar/shares)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of March 31, 2025			Net income (loss) of the investee	Investment income(loss) recognized by the company (Note2)	Note
				March 31, 2025	December 31, 2024	Shares (in thousands)	percentage	Carrying value (Note1)			
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	United States	Buy & sell of blinds, pleated shades	202,863	202,863	65	100.00%	546,387	49,665	49,665	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%	786,719	(3,490)	(3,490)	"
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Samoa	Investment	398,660	398,660	13,084	100.00%	433,579	7,480	7,480	"
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry co., Ltd.	Thailand	Plastic bags, etc.	217,099	217,099	2,000	100.00%	53,942	(2,015)	(2,015)	"
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Vietnam	Production and processing of plastic and alu. blinds, Faux wood blinds	590,129	590,129	Note 3	100.00%	803,200	42,574	42,574	"
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Taiwan	Manufacture and sale of blinds, pleated shades	5,000	5,000	Note 3	100.00%	4,556	5	5	"
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Manufacture and assembly of blinds and textiles	167,384	167,384	Note 3	100.00%	124,514	(9,011)	(9,011)	"
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	United States	Investment	1,277,730 (USD38,487 thousand)	1,262,143 (USD38,487 thousand)	24,655	100.00%	786,715	215	(3,490)	Sub-subsiidiary
Sincere Capital Limited	Sun Ocean Investment Limited	Samoa	Investment	447,290 (USD13,473 thousand)	441,834 (USD13,473 thousand)	13,473	100.00%	433,578	7,480	7,480	"
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	437,098 (USD13,166 thousand)	431,766 (USD13,166 thousand)	Note 3	100.00%	425,619	7,480	7,480	"
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	United States	Buy & sell of blinds, pleated shades	3,320 (USD100 thousand)	3,279 (USD100 thousand)	100	100.00%	557	(433)	(433)	"

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 Dollars)

Investee	Main businesses and products	Total amount of paid-in capital	Method of Investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2025(Note 2)	Investment		Accumulated outflow of investment from Taiwan as of March 31, 2025 (Note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) recognized (Note 3)	Carrying value as of March 31, 2025 (Note 4)	Accumulated inward remittance of earnings as of March 31, 2025
					Outflow	Inflow						
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Manufacture, production, assembly and sales of blinds.	559,241 (USD 17,000 thousand)	(2)	559,241 (USD 17,000 thousand)	-	-	559,241 (USD 17,000 thousand)	216	100.00%	216 (USD 7 thousand)	356,906 (USD 10,750 thousand)	-
Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	- (USD - thousand)	(1)	6,038 (USD 200 thousand)	-	6,038 (USD 200 thousand)	-	-	- %	-	-	-
Fu Yue Window Decoration Technology Zhenjiang Co., Ltd.	Buy & sell of blinds, pleated shades	434 (RMB100 thousand)	(2)	434 (RMB100 thousand)	-	-	434 (RMB 100 thousand)	(56)	100.00%	(56)	(189)	-

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to 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, 2025	Investment amount authorized by Investment Commission, MOEA (Note 2 、 4 、 6 、 7)	Upper limit on investment
1,077,440 (USD 32,454 thousand)	1,080,793 (USD 32,555 thousand)	(Note 6)

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

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

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

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

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

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

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

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,	
	2025	2024
Revenue		
Revenue from external customers	\$ 1,188,313	1,117,969
Interest income	5,864	3,608
Total revenue	<u>\$ 1,194,177</u>	<u>1,121,577</u>
Reportable segment profit or loss	<u>\$ 90,331</u>	<u>87,507</u>