



CHING FENG HOME FASHIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS With Independent Auditors' Report For the Years Ended December 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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Representation Letter

The entities that are required to be included in the consolidated financial statements of CHING FENG HOME FASHIONS CO., LTD. for the year ended December 31, 2025, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in accordance with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, CHING FENG HOME FASHIONS CO., LTD. and subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby certified.

CHING FENG HOME FASHIONS CO., LTD.

Hsu, Ming-Hsuan
Chairman

March 11, 2026

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Ching Feng Home Fashions Co., Ltd., and its subsidiaries (collectively, the “Ching Feng Home Fashions Group”) which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively, the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Ching Feng Home Fashions Group as of December 31, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC), or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matter for the Ching Feng Home Fashions Group's consolidated financial statements for the year ended December 31, 2025 is stated as follows:

1. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Notes 4 (14) to the consolidated financial report. For the disclosure of revenue, please refer to Note 6 (22).

Explanation of key audit matters:

Ching Feng Home Fashions Group is a listed company involving public interest, and investors pay close attention to its operating performance. In addition, the transaction terms agreed with the customers of Ching Feng Home Fashions Group will affect whether the timing of revenue recognition complies with the accounting principle that control of the products has been transferred to the buyer. Therefore, there is a risk of improper revenue recognition if revenue is recognized before the control of the products has been transferred to customers. Accordingly, testing of revenue recognition is one of the important matters assessed in auditing the consolidated financial reports of Ching Feng Home Fashions Group.

Corresponding audit procedures:

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

- Obtaining an understanding of the major types of revenue and transaction terms, and assessing whether the timing of revenue recognition is appropriate;
- Inspecting sales orders of major customers and testing the Group's internal controls over shipping operations and the revenue recognition process;
- Selecting shipments made during a period before and after the balance sheet date and examining relevant supporting documents and records to determine whether sales revenue was recognized in the appropriate period in the financial statements.

Others

Ching Feng Home Fashions Co., Ltd. has prepared parent company only financial reports for the years ended December 31, 2025 and 2024, and we have also issued unmodified opinions for reference.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ching Feng Home Fashions Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention of users in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ching Feng Home Fashions Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG Taiwan

Chuang, Chun-Wei

Yu, Chi-Lung

March 11, 2026

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

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets :						Current liabilities :					
1100	Cash and cash equivalents (Note 6(1))	\$ 388,015	5	621,137	8	2100	Short-term loans (Note 6(12) and 8)	\$ 696,900	9	210,000	3
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and 8)	37,585	-	27,611	1	2110	Short-term notes and bills payable (Note 6(13) and 8)	259,871	3	189,858	3
1150	Net notes receivable (Note 6(3))	248	-	204	-	2120	Financial liabilities at fair value through profit or loss - current (Note 6(2))	14,150	-	7,450	-
1170	Net accounts receivable (Note 6(3))	1,648,966	21	1,563,114	21	2150	Notes and Accounts payable	627,337	8	774,967	10
1200	Other receivables (Note 6(4))	48,372	1	172,028	2	2200	Other payables	406,438	5	369,343	5
1220	Current tax assets	9,144	-	761	-	2220	Other payables - related parties (Note 7)	35	-	18	-
130X	Inventories (Note 6(5))	1,169,459	15	1,148,244	15	2230	Current income tax liabilities	75,725	1	51,150	1
1410	Prepayments	255,547	3	170,502	2	2280	Lease liabilities - current (Note 6(16))	42,342	1	20,866	-
1470	Other current assets (Note 6(7))	113,830	1	224,953	3	2305	Other financial liabilities - current	170,000	2	85,000	1
1476	Other financial assets - current (Note 8)	241,080	3	157,548	2	2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(14) and 8)	220,559	3	232,296	3
Total current assets		<u>3,912,246</u>	<u>49</u>	<u>4,086,102</u>	<u>54</u>	2399	Other current liabilities - Others	<u>7,646</u>	<u>-</u>	<u>5,703</u>	<u>-</u>
Non-current assets :						Total current liabilities		<u>2,521,003</u>	<u>32</u>	<u>1,946,651</u>	<u>26</u>
1511	Financial assets at fair value through profit or loss - non-current (Note 6(2), (15) and 8)	616,568	8	274,648	4	Non-current liabilities :					
1600	Property, plant and equipment (Notes 6(7) and 8)	2,273,012	29	2,311,958	30	2500	Financial liabilities at fair value through profit or loss - non-current (Note 6(2) and (15))	3,210	-	2,040	-
1755	Right-of-use assets (Note 6(8))	625,498	8	567,336	7	2530	Bonds payable (Notes 6(2), (15))	285,069	4	277,061	4
1760	Investment property, net (Note 6(9))	73,996	1	74,653	1	2540	Long-term loans (Note 6(14) and 8)	2,186,544	28	2,420,159	32
1780	Intangible assets (Note 6(10))	87,960	1	90,224	1	2569	Current tax liabilities - non-current	-	-	6,888	-
1840	Deferred income tax assets (Note 6(18))	126,659	2	72,770	1	2570	Deferred income tax liabilities (Note 6(18))	9,884	-	21,706	-
1915	Advance payment for equipment	39,121	1	44,594	1	2580	Lease liabilities - non-current (Note 6(16))	169,623	2	79,759	1
1900	Other non-current assets (Notes 6(11))	64,038	1	55,748	1	2670	Other current liabilities - others	1,564	-	1,348	-
Total non-current assets		<u>3,906,852</u>	<u>51</u>	<u>3,491,931</u>	<u>46</u>	Total non-current liabilities		<u>2,655,894</u>	<u>34</u>	<u>2,808,961</u>	<u>37</u>
						Total liabilities		<u>5,176,897</u>	<u>66</u>	<u>4,755,612</u>	<u>63</u>
						Equity attributable to owners of parent (Notes 6(15) and (19)):					
						3110	Ordinary shares	1,778,389	23	1,778,389	24
						3200	Capital surplus	111,098	1	111,098	1
						3300	Retained earnings	903,433	12	933,806	12
						3400	Other components of equity	(109,533)	(1)	(872)	-
						3500	Treasury Shares	(41,186)	(1)	-	-
						Total equity attributable to owners of the parent company		<u>2,642,201</u>	<u>34</u>	<u>2,822,421</u>	<u>37</u>
						Total equity		<u>2,642,201</u>	<u>34</u>	<u>2,822,421</u>	<u>37</u>
Total Assets		<u>\$ 7,819,098</u>	<u>100</u>	<u>7,578,033</u>	<u>100</u>	Total liabilities and equity		<u>\$ 7,819,098</u>	<u>100</u>	<u>7,578,033</u>	<u>100</u>

Please refer to notes to the consolidated financial report.

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

		For the years ended December 31,			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(22))	\$ 4,941,547	100	5,399,082	100
5000	Operating costs (Notes 6(5), (17) and (20))	3,653,215	74	4,085,112	76
	Gross profit	1,288,332	26	1,313,970	24
	Operating expenses (Notes 6(17), (20), (23) and 7):				
6100	Selling and marketing expenses	424,863	9	337,381	6
6200	General and administrative expenses	244,737	5	348,706	6
6300	Research and development expenses	77,486	1	85,874	2
6450	Expected credit losses (gains) (Note 6(3) and (25))	4,748	-	(24,919)	-
	Total operating expenses	751,834	15	747,042	14
	Operating income	536,498	11	566,928	10
	Non-operating income and expenses (Note 6(24)):				
7100	Interest income	28,565	1	24,014	-
7010	Other income	5,578	-	8,516	-
7020	Other gains and losses	(93,821)	(2)	40,902	1
7050	Financing costs	(107,487)	(2)	(94,118)	(1)
	Total non-operating income and expenses	(167,165)	(3)	(20,686)	-
7900	Net income before tax	369,333	8	546,242	10
7950	Less: Income tax expense (Note 6(18))	79,596	2	130,779	2
	Net income	289,737	6	415,463	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	(135,826)	(3)	99,100	2
8399	Less: Income tax related to items that may be reclassified subsequently	(27,165)	(1)	22,957	-
	Total items that may subsequently be reclassified to profit or loss	(108,661)	(2)	76,143	2
8300	Total other comprehensive income (loss)	(108,661)	(2)	76,143	2
	Total comprehensive income (loss)	\$ 181,076	4	491,606	10
	Earnings per share (Note 6(21))				
9750	Basic earnings per share (Unit: NT\$)	\$ 1.64		2.39	
9850	Diluted earnings per share (Unit: NT\$)	\$ 1.59		2.37	

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

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 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	Unappropriat ed 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 :								
Legal reserve	-	-	10,400	-	(10,400)	-	-	-
Special reserve	-	-	-	29,296	(29,296)	-	-	-
Cash dividends	-	-	-	-	(86,669)	-	-	(86,669)
Net income of the period	-	-	-	-	415,463	-	-	415,463
Other comprehensive income (loss) of the period	-	-	-	-	-	76,143	-	76,143
Total comprehensive income (loss) of the period	-	-	-	-	415,463	76,143	-	491,606
Cash capital increase	40,000	67,200	-	-	-	-	-	107,200
Equity Component of Convertible Bonds – Share Options	-	21,661	-	-	-	-	-	21,661
Transfer of treasury shares	-	5,820	-	-	-	-	9,950	15,770
Liquidation of subsidiaries	-	-	-	-	-	15,685	-	15,685
Share-based payments	-	3,387	-	-	-	-	-	3,387
Balance as of December 31, 2024	1,778,389	111,098	105,081	92,700	736,025	(872)	-	2,822,421
Appropriations of earnings :								
Legal reserve	-	-	41,546	-	(41,546)	-	-	-
Special reserve	-	-	-	(91,828)	91,828	-	-	-
Cash dividends	-	-	-	-	(320,110)	-	-	(320,110)
Net income of the period	-	-	-	-	289,737	-	-	289,737
Other comprehensive income (loss) of the period	-	-	-	-	-	(108,661)	-	(108,661)
Total comprehensive income (loss) of the period	-	-	-	-	289,737	(108,661)	-	181,076
Purchase of treasury shares	-	-	-	-	-	-	(41,186)	(41,186)
Balance as of December 31, 2025	\$ 1,778,389	111,098	146,627	872	755,934	(109,533)	(41,186)	2,642,201

Please refer to notes to the consolidated financial report.

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

	For the years ended December 31,	
	2025	2024
Cash flows from operating activities :		
Net income before tax	\$ 369,333	546,242
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	220,415	225,358
Amortization expense	28,987	38,105
Expected credit (gains) losses	4,748	(24,919)
Net losses on financial assets at fair value through profit or loss	38,677	9,236
Interest expense	107,487	94,118
Interest income	(28,565)	(24,014)
Dividend income	(401)	-
Share-based payments	-	9,207
Loss (gain) on disposal of property, plant and equipment, net	685	27,403
Others adjustments to reconcile profit (loss)	(44)	15,637
Total adjustments to reconcile profit (loss)	371,989	370,131
Changes in assets and liabilities related to operating activities :		
Changes in assets related to operating activities:		
Notes receivable	(44)	(204)
Accounts receivable	(85,831)	(364,017)
Other receivables	141,918	198,983
Inventories	(21,215)	(243,730)
Prepayments	(102,898)	(46,663)
Other current assets	110,170	(45,569)
Total net changes in assets related to operating activities	42,100	(501,200)
Changes in liabilities related to operating activities :		
Notes and Accounts payable	(147,630)	99,006
Other payables	36,163	114,420
Other payables – related parties	17	18
Other current liabilities	1,943	590
Total net changes in liabilities related to operating activities	(109,507)	214,034
Total net changes in assets and liabilities related to operating activities	(67,407)	(287,166)
Total adjustment	304,582	82,965

(Continued)

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

	For the years ended December 31,	
	2025	2024
Cash inflow generated from operations	\$ 673,915	629,207
Interest charged	24,907	20,445
Dividends received	401	-
Interest paid	(94,478)	(88,834)
Income taxes paid	(108,973)	(205,103)
Net cash flows from operating activities	495,772	355,715
Cash flows from investing activities :		
Acquisition of financial assets at fair value through profit or loss	(459,097)	(387,982)
Disposal of financial assets at fair value through profit or loss	96,189	120,282
Financial liabilities at fair value through profit or loss.	(19,793)	(4,264)
Acquisition of property, plant and equipment	(171,130)	(199,152)
Disposal of property, plant and equipment price	335	7,555
Other receivables - related parties	-	28,209
Acquisition of intangible assets	(3,832)	(3,502)
Acquisition of investment properties	(104)	(22,099)
Other financial assets - current	(83,532)	36,540
Other non-current assets	(37,052)	(20,354)
Advance payment for equipment	3,064	(21,195)
Net cash flows used in investing activities	(674,952)	(465,962)
Cash flows from financing activities :		
Short-term loans	876,900	820,000
Repayment of short-term loans	(390,000)	(610,000)
Increase in short-term notes and bills payable	160,013	140,012
Decrease in short-term notes and bills payable	(90,000)	(110,000)
Proceeds from issuing bonds	-	298,222
Long-term loans	-	95,000
Repayment of long-term loans	(247,850)	(528,710)
Payments of lease liabilities	(33,697)	(31,309)
Other financial liabilities	85,000	85,000
Other non-current liabilities	216	(35)
Cash dividends paid	(320,110)	(86,669)
Cash capital increase	-	107,200
Treasury shares sold to employees	-	9,950
Payments to acquire treasury shares	(41,186)	-
Net cash flows from financing activities	(714)	188,661
Effects of exchange rate changes	(53,228)	45,484
Net increase (decrease) in cash and cash equivalents	(233,122)	123,898
Cash and equivalent cash, beginning balance	621,137	497,239
Cash and equivalent cash, ending balance	\$ 388,015	621,137

Please refer to notes to the consolidated financial report.

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

1. Company history

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

2. Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 11, 2026.

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 Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements.

–IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

–Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

–Annual Improvements to IFRS Accounting Standards

–Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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

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

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

Standards or Interpretations	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. 	<p>January 1, 2027</p> <p>note : On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

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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 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

–Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

4. Summary of material accounting policies

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

(1) Statement of Compliance

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

(2) Basis of preparation

(a) Basis of measurement

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

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

(b) Functional and presentation currency

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

(3) Basis of consolidation

(a) Principles of preparation of the consolidated financial statements

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

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

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

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

- (b) List of subsidiaries in the consolidated financial statements
Subsidiaries Included in Consolidated Financial Reports:

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Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			Dec. 31, 2025	Dec. 31, 2024	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Buy & sell of blinds, pleated curtains.	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Lamae' Global Home Fashion Co., Ltd.	Investment	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited.	Investment	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	International trade	- %	- %	Note 1
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Plastic bags, etc.	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Production and processing of plastic and aluminum. Blinds, Faux wood shutters	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Manufacture and assembly of blinds and textiles	67.74%	100.00%	Note 4
Ching Feng Home Fashions Co., Ltd.	Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	- %	100.00%	Note 2
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Manufacture and sale of blinds, pleated blinds.	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Singapore Pte. Ltd.	Home decor wholesale	100.00%	- %	Note 3 and 5
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	Investment (Investment in China)	100.00%	100.00%	
Sincere Capital Limited	Sun Ocean Investment Limited	Investment	100.00%	100.00%	
New Nice Home Fashion L.L.C.	Grandtop Decorative Product (Zhenjiang) Co., Ltd.	Manufacture, process, and assembly of blinds.	100.00%	100.00%	
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Manufacture and assembly of blinds	100.00%	100.00%	
Grandtop Decorative Product (Zhenjiang) Co., Ltd.	Fu Yue Window Decoration Technology Zhenjiang Co., Ltd.	Buy & sell of blinds, pleated curtains	100.00%	100.00%	
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	Buy & sell of blinds, pleated curtains	100.00%	100.00%	
Ching Feng Singapore Pte. Ltd.	Fu Vietnam Company Limited	Manufacture and assembly of blinds and textiles	35.29%	- %	Note 1

Note 1 : The company completed the liquidation procedure in September 2024.

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

Note 3 : The company completed the registration of incorporation in April 2024, and the capital contribution was remitted in August 2025.

Note 4 : Ching Feng Singapore Pte. Ltd. (hereinafter referred to as "Ching Feng SG") remitted capital of US\$3,000 thousand in November 2025 to subscribe for a capital increase of Fu Vietnam Company Limited (hereinafter referred to as "Fu Vietnam"). The Company did not participate in this cash capital increase of Fu Vietnam. Accordingly, after the capital increase, the Company and Ching Feng SG hold 64.71% and 35.29% of the equity interests in Fu Vietnam, respectively.

Note 5: In August 2025, the Company increased the capital of its subsidiary, Ching Feng Singapore Pte. Ltd., by cash in the amount of NT\$87,420 thousand (US\$3,000 thousand), with a shareholding ratio of 100%. The legal procedures for the capital increase have been completed.

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

(4) Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of

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

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

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

(b) Foreign operations

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

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

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

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

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

- (a) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

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

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

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

(6) Cash and cash equivalents

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

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

(7) Financial instruments

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

(a) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL.

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Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets measured at amortized cost

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

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

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

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

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(iii) Business Model Assessment

The Group assesses the business model for holding financial assets at the portfolio level, which best reflects the way they are managed and provides information to management. Consideration of information includes: the described investment portfolio policies and objectives, and the operation of these policies. Including whether the strategy of management focuses on earning contractual cash flows, maintaining a specific interest yield profile, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or realizing cash flows through the sale of financial assets.

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- How the performance of the business model and the financial assets held under that business model are assessed and reported to the key management personnel of the enterprise
- The risks affecting the performance of the business model (and the financial assets held under that business model) and the management of those risks;
- The frequency, amount, and timing of sales of financial assets in prior periods, as well as the reasons for such sales and expectations for future sales activities.

According to the aforementioned business objective, transactions transferring financial assets to third parties that do not meet derecognition criteria are not considered sales as described above, which aligns with the Group's objective of continuing to recognize these assets.

- (iv) Assess whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding

For assessment purposes, the principal is the fair value of the financial assets at initial recognition, and the interest is composed of the following considerations: the time value of money, credit risk associated with the principal amount outstanding during a specific period, other basic lending risks and costs, and a profit margin.

Assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual terms of the financial instrument, including evaluating whether the financial assets contain any contractual terms that could change the timing or amount of contractual cash flows, causing it to not meet this condition. As part of this assessment, the Group considers:

- Any contingent event that would change the timing or amount of contractual cash flows;
- Terms that may adjust the nominal interest rate of the contract, including characteristics of variable interest rates;
- Prepayment and extension features; and
- The Group's claim is limited to the terms of cash flows arising from specific assets (e.g. non-recourse characteristics).

- (v) Impairment of financial assets

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

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

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

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significantly since initial recognition.

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

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

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

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

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

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

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

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

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- the disappearance of an active market for a security because of financial difficulties.

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

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

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

(vi) Derecognition of financial assets

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

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

(b) Financial liabilities and equity instruments

(i) Classification of debt or equity

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

(ii) Equity instrument

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

(iii) Treasury shares

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

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(iv) Compound financial instruments

The composite financial instruments issued by the Group are convertible bonds denominated in New Taiwan Dollars, which grant the holders the option to convert into share capital, and the number of shares issued will not vary with changes in their fair value.

The original recognition amount of the compound financial instrument liabilities component is measured at fair value of a similar liabilities excluding the conversion right to equity. The initial recognition amount of the equity component is measured as the difference between the fair value of the entire compound financial instrument and the fair value of the liabilities component. Any directly attributable transaction costs are allocated to the components of liability and equity in proportion to the original carrying amount of the liability and equity.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition. Interest related to financial liabilities is recognized in profit or loss. Financial liabilities are reclassified as equity upon conversion, and the conversion is not recognized in profit or loss.

(v) Financial liabilities

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

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

(vi) Derecognition of financial liabilities

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

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

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(vii) Offsetting of financial assets and liabilities

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

(c) Derivative financial instruments

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

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

(8) Inventories

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

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

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

(9) Investment property

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

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

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

(10) Property, plant and equipment

(a) Recognition and measurement

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

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

(b) Subsequent expenditure

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

(c) Depreciation

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

Land is not depreciated.

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

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

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

(11) Leases

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

(a) As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not

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paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

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

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

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

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

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

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

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

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to an alternative benchmark interest rate.

(b) As a lessor

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

(12) Intangible assets

(a) Recognition and measurement

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

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

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

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

(b) Subsequent expenditure

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

(c) Amortization

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

(i) Computer Software : 3~10 years ;

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

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other

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than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

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

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

(14) Recognition of Revenue

(a) Revenue from contracts with customers

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

(i) Sale of goods

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

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conditions have been met.

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

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

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

(ii) Financing components

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

(15) Government grants

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

(16) Employee benefits

(a) Defined contribution plans

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

(b) Short-term employee benefits

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

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

(17) Share-based payments

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

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expected to be met. The amount ultimately recognized is based on the number of awards that meet the service conditions and non-market vesting conditions on the vesting date.

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

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

(18) Income taxes

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

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

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

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

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

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

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

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

(19) Business combination

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

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

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

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

(20) Earnings per share

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

(21) Operating segments

An operating segment is a component of the Group that engages in business activities from which

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

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

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

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

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

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

(1) Valuation of inventories

The amount of inventory is based on cost and net realizable value, whichever is lower, the Group evaluates the inventory on the reporting date which has been damaged naturally and inevitably as a result of normal wear or aging, become obsolete or has no more market value, and writes down the inventory cost to the net realizable value. This valuation is mainly based on the estimated demand for products during a specific period in the future, so there may be major changes due to rapid changes in the industry. Please refer to Note 6(5) for inventory valuation.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 849	1,221
Check and demand deposit	157,312	333,052
Foreign currency deposit	180,198	111,636
Time deposits	49,656	87,228
Cash equivalents	-	88,000
Total	\$ 388,015	621,137

Please refer to Note 6 (25) for the exchange rate risk and sensitivity analysis of the Group's

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financial assets and liabilities.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets at fair value through profit or loss :		
Fund	\$ 21,709	27,611
Domestic and foreign bonds	461,682	261,426
Stocks listed on domestic markets	15,876	-
Stocks of foreign non-listed companies	154,886	13,042
Unsecured convertible bonds - call option	-	180
Total	<u>\$ 654,153</u>	<u>302,259</u>
Current	\$ 37,585	27,611
Non-current	616,568	274,648
Total	<u>\$ 654,153</u>	<u>302,259</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial liabilities at fair value through profit or loss :		
Forward exchange contracts	\$ 14,150	7,450
Unsecured convertible bonds - put option	3,210	2,040
Total	<u>\$ 17,360</u>	<u>9,490</u>
Current	\$ 14,150	7,450
Non-current	3,210	2,040
Total	<u>\$ 17,360</u>	<u>9,490</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 December 31, 2025, and 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:

	<u>December 31, 2025</u>		
	<u>Amount(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange sold	US\$ 17,580	USD to NTD	2026.01~2026.06
	<u>December 31, 2024</u>		
	<u>Amount(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange sold	US\$ 13,080	USD to NTD	2025.1.10~2025.5.21

Please refer to Note 6 (24) 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 December 31, 2025 and 2024 were used as collateral for short-term borrowings and financing facilities, please

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refer to Note 8.

(3) Notes Receivable and Accounts Receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 248	204
Accounts receivable - measured at amortized cost	1,649,437	1,563,606
Less: Allowance for losses	(471)	(492)
	\$ 1,648,966	1,563,114

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:

December 31, 2025			
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,572,797	-	-
Less than 90 days past due	74,663	-	-
91 to 180 days past due	2,019	13.13%	265
181 to 270 days past due	198	100%	198
More than 270 days past due	8	100%	8
	\$ 1,649,685		471
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	-	-	-
	\$ 1,563,810		492

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

	For the years ended	
	December 31,	
	2025	2024
Balance at January 1	\$ 492	2,087
Amount written off due to irrecoverableness	-	(1,700)
Foreign exchange gains (losses)	(21)	105
Balance at December 31	<u>\$ 471</u>	<u>492</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:

December 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>\$ 17,431</u>	USD 18,000,000	-	<u>17,431</u>	-	-
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>	USD 18,000,000	<u>64,000</u>	<u>161,165</u>	2.2643%	-

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

(4) Other Receivables

	December 31, 2025	December 31, 2024
Tax refund receivable	\$ 7,203	5,282
Unused amount of sold receivables	17,431	161,165
Others	23,738	5,581
	<u>\$ 48,372</u>	<u>172,028</u>

As of December 31, 2025 and 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

	December 31, 2025	December 31, 2024
Raw materials	\$ 278,584	295,255
Supplies	176,888	164,387
Work-in progress, semi-finished goods	126,093	119,256
Finished goods	587,894	569,346
	<u>\$ 1,169,459</u>	<u>1,148,244</u>

The details of the cost of sales were as follows:

	For the years ended December 31,	
	2025	2024
Inventory that has been sold	\$ 3,639,973	4,061,860
Write-down of inventories (Reversal of write-downs)	(1,392)	23,252
Inventory write-off loss	14,634	-
Total	<u>\$ 3,653,215</u>	<u>4,085,112</u>

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

(6) Other current assets

	December 31, 2025	December 31, 2024
Temporary debits	\$ 31,428	32,069
Payment on behalf of others	-	45,626
Payment on behalf of others—Osaley (OSL)	72,655	138,655
Others	9,747	8,603
	<u>\$ 113,830</u>	<u>224,953</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 (25) for the changes in allowance for losses.

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

	December 31, 2025		
	Gross carrying amounts	Weighted-average loss rate	Loss allowance
Current	\$ 50,567	-	-
Less than 90 days past due	22,088	-	-
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
More than 270 days past due	-	-	-
	\$ 72,655		-

	December 31, 2024		
	Gross carrying amounts	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	-	-	-
	\$ 138,655		-

(7) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2025 and 2024, were as follows:

	Land	Buildings and Structures	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
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	2,024	14,273	62,103	69	3,299	12,128	77,234	171,130
Disposals	-	(31,874)	(35,187)	(751)	(950)	(21,656)	-	(90,418)
Reclassification	-	-	-	-	-	(816)	(1,782)	(2,598)
Impact of exchange rate changes	829	(20,578)	(40,251)	(408)	(548)	(4,020)	(1,294)	(66,270)
Balance at December 31, 2025	\$ 590,882	1,185,266	942,686	12,302	13,853	314,628	85,249	3,144,866
Balance at January 1, 2024	\$ 467,543	1,148,480	1,248,320	16,238	6,856	308,784	83,119	3,279,340
Additions	119,232	3,505	36,117	612	4,242	15,905	19,539	199,152
Disposals	-	-	(352,513)	(3,991)	(430)	(5,586)	-	(362,520)
Reclassification	-	63,656	(1,160)	-	1,206	7,159	(70,861)	-
Reclassification of investment property	-	-	-	-	-	-	(21,495)	(21,495)
Impact of exchange rate changes	1,254	7,804	25,257	533	178	2,730	789	38,545
Balance at December 31, 2024	\$ 588,029	1,223,445	956,021	13,392	12,052	328,992	11,091	3,133,022

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	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery Equipment</u>	<u>Transportatio n Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Accumulated depreciation and								
Impairment losses:								
Balance at January 1, 2025	\$ -	334,436	366,734	6,272	4,671	108,951	-	821,064
Additions	-	32,107	91,126	1,170	2,065	30,058	-	156,526
Disposals	-	(31,874)	(34,451)	(574)	(950)	(21,549)	-	(89,398)
Impact of exchange rate changes	-	(1,703)	(12,559)	(120)	(247)	(1,709)	-	(16,338)
Balance at December 31, 2025	<u>\$ -</u>	<u>332,966</u>	<u>410,850</u>	<u>6,748</u>	<u>5,539</u>	<u>115,751</u>	<u>-</u>	<u>871,854</u>
Balance at January 1, 2024	\$ -	286,143	579,711	8,371	2,572	82,240	-	959,037
Additions	-	44,204	94,063	1,228	1,585	31,531	-	172,611
Disposals	-	-	(318,117)	(3,610)	(366)	(5,469)	-	(327,562)
Reclassification	-	-	(796)	-	796	-	-	-
Impact of exchange rate changes	-	4,089	11,873	283	84	649	-	16,978
Balance at December 31, 2024	<u>\$ -</u>	<u>334,436</u>	<u>366,734</u>	<u>6,272</u>	<u>4,671</u>	<u>108,951</u>	<u>-</u>	<u>821,064</u>
Carrying value:								
Balance at December 31, 2025	<u>\$ 590,882</u>	<u>852,300</u>	<u>531,836</u>	<u>5,554</u>	<u>8,314</u>	<u>198,877</u>	<u>85,249</u>	<u>2,273,012</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 December 31, 2024	<u>\$ 588,029</u>	<u>889,009</u>	<u>589,287</u>	<u>7,120</u>	<u>7,381</u>	<u>220,041</u>	<u>11,091</u>	<u>2,311,958</u>

Please refer to Note 6 (24) for details on gains and losses on disposal.

As of October 31, 2024, the Group decided to lease its completed building to a third party and reclassify the property as investment property at its carrying amount at the time of change in use. Please refer to Note 8 for details of the guarantees for long-term and short-term loans and financing as of December 31, 2025 and 2024.

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(8) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Transporta tion Equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 590,107	180,335	9,215	3,873	783,530
Additions	1,079	131,428	7,968	7,752	148,227
Disposal/Write-off	(6,646)	(79,946)	(9,680)	(2,508)	(98,780)
Impact of exchange rate changes	<u>(28,639)</u>	<u>(4,711)</u>	<u>(404)</u>	<u>11</u>	<u>(33,743)</u>
Balance at December 31, 2025	<u>\$ 555,901</u>	<u>227,106</u>	<u>7,099</u>	<u>9,128</u>	<u>799,234</u>
Balance at January 1, 2024	\$ 559,966	135,102	15,286	3,669	714,023
Additions	-	45,147	4,236	1,525	50,908
Disposal/Write-off	(132)	(7,658)	(10,464)	(1,321)	(19,575)
Impact of exchange rate changes	<u>30,273</u>	<u>7,744</u>	<u>157</u>	<u>-</u>	<u>38,174</u>
Balance at December 31, 2024	<u>\$ 590,107</u>	<u>180,335</u>	<u>9,215</u>	<u>3,873</u>	<u>783,530</u>
Accumulated depreciation losses:					
Balance at January 1, 2025	\$ 115,315	93,922	4,741	2,216	216,194
Depreciation for the year	18,718	36,175	6,044	2,191	63,128
Disposal/Write-off	(6,333)	(79,946)	(7,837)	(2,508)	(96,624)
Impact of exchange rate changes	<u>(4,915)</u>	<u>(3,928)</u>	<u>(120)</u>	<u>1</u>	<u>(8,962)</u>
Balance at December 31, 2025	<u>\$ 122,785</u>	<u>46,223</u>	<u>2,828</u>	<u>1,900</u>	<u>173,736</u>
Balance at January 1, 2024	\$ 87,259	74,912	8,084	2,260	172,515
Depreciation for the year	22,998	21,907	6,334	1,277	52,516
Disposal/Write-off	(132)	(7,658)	(9,759)	(1,321)	(18,870)
Impact of exchange rate changes	<u>5,190</u>	<u>4,761</u>	<u>82</u>	<u>-</u>	<u>10,033</u>
Balance at December 31, 2024	<u>\$ 115,315</u>	<u>93,922</u>	<u>4,741</u>	<u>2,216</u>	<u>216,194</u>
Carrying amounts:					
Balance at December 31, 2025	<u>\$ 433,116</u>	<u>180,883</u>	<u>4,271</u>	<u>7,228</u>	<u>625,498</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 December 31, 2024	<u>\$ 474,792</u>	<u>86,413</u>	<u>4,474</u>	<u>1,657</u>	<u>567,336</u>

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

(9) Investment property

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

The cost, depreciation, and impairment of the investment property of the Group for the years ended December 31, 2025 and 2024, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2025	\$ 37,535	37,363	74,898
Purchases	-	104	104
Balance at December 31, 2025	<u>\$ 37,535</u>	<u>37,467</u>	<u>75,002</u>
Balance at January 1, 2024	\$ 28,375	2,929	31,304
Purchases	9,160	12,939	22,099
From Property, plant and equipment transfer	-	21,495	21,495
Balance at December 31, 2024	<u>\$ 37,535</u>	<u>37,363</u>	<u>74,898</u>
Accumulated depreciation and Impairment losses:			
Balance at January 1, 2025	\$ -	245	245
Depreciation for the year	-	761	761
Balance at December 31, 2025	<u>\$ -</u>	<u>1,006</u>	<u>1,006</u>
Balance at January 1, 2024	\$ -	14	14
Depreciation for the year	-	231	231
Balance at December 31, 2024	<u>\$ -</u>	<u>245</u>	<u>245</u>
Carrying amounts:			
Balance at December 31, 2025	<u>\$ 37,535</u>	<u>36,461</u>	<u>73,996</u>
Balance at January 1, 2024	<u>\$ 28,375</u>	<u>2,915</u>	<u>31,290</u>
Balance at December 31, 2024	<u>\$ 37,535</u>	<u>37,118</u>	<u>74,653</u>
Fair value:			
Balance at December 31, 2025		<u>\$ 84,456</u>	
Balance at December 31, 2024		<u>\$ 84,313</u>	

Please refer to Notes 6(7) for the explanation of the transfer of Property, plant and equipment item.

The Group's investment properties are measured using the cost model. The fair value of the investment properties is determined based on the transaction price of similar properties in the near term announced by the website of Real Estate Price Inquiry Service, Ministry of the Interior. As of December 31, 2025 and 2024, the Group's investment properties were not used as guarantees for long-term, short-term loans and financing.

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Notes to the Consolidated Financial Statements (Continued)
(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(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>
Cost:				
Balance at January 1, 2025	\$ 141,987	185,559	28,857	356,403
Additions	-	-	3,832	3,832
Disposals	-	-	(3,444)	(3,444)
Reclassification	-	-	2,598	2,598
Impact of exchange rate changes	<u>(3,761)</u>	<u>(7,780)</u>	<u>(269)</u>	<u>(11,810)</u>
Balance at December 31, 2025	<u>\$ 138,226</u>	<u>177,779</u>	<u>31,574</u>	<u>347,579</u>
Balance at January 1, 2024	\$ 136,281	173,756	25,679	335,716
Additions	-	-	3,502	3,502
Disposals	-	-	(383)	(383)
Impact of exchange rate changes	<u>5,706</u>	<u>11,803</u>	<u>59</u>	<u>17,568</u>
Balance at December 31, 2024	<u>\$ 141,987</u>	<u>185,559</u>	<u>28,857</u>	<u>356,403</u>
Accumulated amortization and impairment losses:				
Balance at January 1, 2025	\$ 68,266	185,559	12,354	266,179
Amortization for the year	-	-	5,379	5,379
Disposals	-	-	(3,444)	(3,444)
Impact of exchange rate changes	<u>(670)</u>	<u>(7,780)</u>	<u>(45)</u>	<u>(8,495)</u>
Balance at December 31, 2025	<u>\$ 67,596</u>	<u>177,779</u>	<u>14,244</u>	<u>259,619</u>
Balance at January 1, 2024	\$ 67,249	158,020	8,884	234,153
Amortization for the year	-	16,464	3,850	20,314
Disposals	-	-	(383)	(383)
Impact of exchange rate changes	<u>1,017</u>	<u>11,075</u>	<u>3</u>	<u>12,095</u>
Balance at December 31, 2024	<u>\$ 68,266</u>	<u>185,559</u>	<u>12,354</u>	<u>266,179</u>
Carrying amounts:				
Balance at December 31, 2025	<u>\$ 70,630</u>	<u>-</u>	<u>17,330</u>	<u>87,960</u>
Balance at January 1, 2024	<u>\$ 69,032</u>	<u>15,736</u>	<u>16,795</u>	<u>101,563</u>
Balance at December 31, 2024	<u>\$ 73,721</u>	<u>-</u>	<u>16,503</u>	<u>90,224</u>

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Notes to the Consolidated Financial Statements (Continued)
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(a) Amortization

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

	For the years ended	
	December 31,	
	2025	2024
Operating expenses	<u>\$ 5,379</u>	<u>20,314</u>

(b) Impairment test of goodwill

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

	December	December
	31, 2025	31, 2024
LAMAE' GLOBAL HOME FASHION CO., LTD.	<u>\$ 70,630</u>	<u>73,721</u>

The recoverable amounts of cash-generating units of LAMAE' GLOBAL HOME FASHION CO., LTD. based on fair value less disposal costs on December 31, 2025 and 2024 are 503,489 thousand (USD16,025 thousand) and 468,167 thousand (USD14,276 thousand) respectively. Both are higher than its carrying amount, there is no need to recognize impairment loss. The fair value minus disposal cost is estimated by an independent evaluation agency using the value multiplier of comparable companies, and at the same time, taking the control premium and liquidity discount into consideration. Fair value measurements are classified as Level 3 using significant unobservable inputs.

(11) Other non-current assets

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

	December	December
	31, 2025	31, 2024
Refundable deposits	\$ 21,415	10,195
Others	<u>42,623</u>	<u>45,553</u>
	<u>\$ 64,038</u>	<u>55,748</u>

As of December 31, 2025 and 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:

	December	December
	31, 2025	31, 2024
Unsecured bank loans	<u>\$ 696,900</u>	<u>210,000</u>
Unused short-term credit lines	<u>\$ 1,023,100</u>	<u>1,281,176</u>
Range of Interest rate	<u>2.1%~2.3784%</u>	<u>2.2899%~2.35%</u>

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Notes to the Consolidated Financial Statements (Continued)
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(a) Borrowing and repayment of short-term loans

The newly increased amounts from January 1 to December 31, 2025 and 2024 were 876,900 thousand and 820,000 thousand respectively, and the repaid amounts are 390,000 thousand and 610,000 thousand respectively.

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

	December 31, 2025	December 31, 2024
Taiwan	2.1%~2.3784%	2.2899%~2.35%

As of December 31, 2025 and 2024, the maturity dates of short-term loans of the Group are July 2026 and July 2025, respectively.

As of December 31, 2024, the Group did not apply for short-term loan financing.

(b) Collateral for bank loans

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

(13) Short-term notes and bills payable

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

December 31, 2025			
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	China Bills Finance Corporation	2.238%	\$ 79,907
	O-Bank	1.628%	119,968
	Taiwan Cooperative Bank	2.2%	59,996
Total			\$ 259,871

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

Please refer to Note 6 (24) for details on interest expense.

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

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Notes to the Consolidated Financial Statements (Continued)
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(14) Long-term Loans

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

	December 31, 2025		
	Range of interest rate	Expiration Date	Amount
Unsecured bank loans	2.22%~2.8789%	2027.7	\$ 2,027,000
Secured bank loans	1.05%~2.255%	2035.7	380,103
			2,407,103
Less: current portion			(220,559)
Total			\$ 2,186,544
Unused long-term credit lines			\$ 2,290,000
	December 31, 2024		
	Range of interest rate	Expiration Date	Amount
Unsecured bank loans	2.22%~2.8789%	2027.7	\$ 2,176,889
Secured bank loans	1.05%~2.255%	2035.7	475,566
			2,652,455
Less: current portion			(232,296)
Total			\$ 2,420,159
Unused long-term credit lines			\$ 653,231

(a) Borrowing and repayment of long-term loans

From January 1 to December 31, 2025, there are no new long-term loans; from January 1 to December 31, 2024, the new long-term was 95,000 thousand, the interest rate was 2.3004%~2.8789%, and the maturity date is July 2027; the repayment amounts from January 1 to December 31, 2025 and 2024 were 247,850 thousand and 528,710 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%

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Notes to the Consolidated Financial Statements (Continued)

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- C. Interest coverage ratio: not less than 3 times
- D. Net worth: not less than NT\$1,800,000 thousand.

In addition, on November 25, 2025, the Group signed a new joint loan credit contract with Bank SinoPac, O-Bank, Entie Commercial Bank, Next Bank, and China Bills Finance Corporation.

The joint credit contract entered into by the Group with banks in 2025 stipulate that the consolidated financial statements shall meet the following conditions during the term of the agreements.

- 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 2025 and 2024 as the calculation basis, and none of them violated the restrictions.

(15) Bonds payable

The information on the issuance of unsecured convertible bonds by the Group is as follows:

	December 31, 2025	December 31, 2024
Total amount of the third domestic unsecured convertible corporate bonds issuance	\$ 300,000	300,000
Discount on bonds payable unamortized balance	<u>(14,931)</u>	<u>(22,939)</u>
Balance at the end of period Bonds payable	<u>\$ 285,069</u>	<u>277,061</u>
Embedded derivatives		
Embedded derivative redemption right (reported under financial assets at fair value through profit or loss - non-current)	<u>\$ -</u>	<u>180</u>
Embedded derivative instrument repurchase right (reported under financial Fair value measurement liabilities - non-current)	<u>\$ 3,210</u>	<u>2,040</u>
Equity conversion rights of components (reported under capital surplus options)	<u>\$ 21,661</u>	<u>21,661</u>
	For the years ended December 31, 2025	For the years ended December 31, 2024
Loss on remeasurement at fair value of embedded derivative call and put options (reported under other gains and losses)	<u>\$ 1,350</u>	<u>720</u>
Interest expense	<u>\$ 8,008</u>	<u>1,640</u>

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

The main rights and obligations of the unsecured convertible bonds issued by the company and outstanding (hereinafter referred to as "the Convertible Bonds") are as follows:

(a) Repayment method

Except for the convertible bonds that have been redeemed early, repurchased and canceled, or converted, the company will repay the principal amount in cash in one lump sum within ten business days after the maturity date of the convertible bonds.

(b) Conversion method

Bondholders may, from the day following the completion of three months after the issuance of the bonds by the Company until the maturity date, request at any time to convert these convertible bonds into ordinary shares of the Company in accordance with relevant laws and the provisions of the trust agreement.

(c) Conversion price and its adjustment

The conversion price of this convertible bond is determined by selecting the simple arithmetic average of the closing prices of the Company's ordinary shares on either the business day before the pricing date, the three business days prior, or the five business days prior as the base price, multiplied by a conversion premium rate of 106% to arrive at the conversion price. The conversion price of this convertible bond is set at NT\$34.8 per share. However, in the event of changes in the issuance of the company's ordinary shares, the conversion price shall be adjusted according to the formula stipulated in the issuance terms.

Effective from the ex-dividend record date, July 8, 2025, the conversion price has been adjusted to NT\$32.2.

(d) Redemption rights of the Company

From the day following three months after the issuance of these convertible bonds until forty days before the end of the issuance period, if the closing price of the Company's ordinary shares exceeds the then conversion price by thirty percent (inclusive) for thirty consecutive trading days, the Company may, within the subsequent thirty trading days, send a bond redemption notice and redeem the outstanding convertible bonds at face value in cash within five trading days after the bond redemption record date.

From the day following three months after the issuance of the convertible bonds until forty days before the end of the issuance period, if the outstanding balance of these convertible bonds is less than ten percent of the original total issuance amount, the company may issue a "bond redemption notice" and redeem the outstanding convertible bonds in cash at face value

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Notes to the Consolidated Financial Statements (Continued)
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within five business days after the bond redemption record date.

(e) Put option of bondholders

The redemption base date for the convertible bonds by the bondholders is set as the second anniversary of the issuance of the convertible bonds. The company shall send a "Put Option Exercise Notice" to bondholders at least forty days before the put date. Convertible bondholders may fill out a put application form with the original brokerage within forty days before the put date. The original brokerage will then submit the application to Taiwan Depository & Clearing Corporation. Upon receiving the application, Taiwan Depository & Clearing Corporation will request the company to redeem the bonds held by bondholders in cash at 100% of the bond's face value (put yield 0%). The company shall redeem the convertible bonds in cash within five business days after the repurchase base date upon acceptance of the repurchase request.

(16) Lease liabilities

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

	December 31,2025	December 31, 2024
Current	\$ 42,342	20,866
Non-current	\$ 169,623	79,759

For the maturity analysis, please refer to Note 6 (25) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2025	2024
Interest on lease liabilities	\$ 10,545	2,741
Expenses relating to short-term leases	\$ 1,787	988
Expenses relating to leases of low-value assets, excluding	\$ 2,544	1,827

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

	For the years ended December 31,	
	2025	2024
Total cash outflow for leases	\$ 48,573	36,865

(a) Leasing of land, houses and buildings

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

(b) Other lease

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

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

(17) Employee benefits

(a) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to 11,423 thousand and 11,331 thousand for the years ended December 31, 2025 and 2024, respectively.

Overseas subsidiaries will contribute pension benefits for employees to pension management organization in accordance with the local regulations. The recognized pension expenses for the years ended December 31, 2025 and 2024 were 21,169 thousand and 21,547 thousand respectively.

(18) Income taxes

(a) Income tax

The components of income tax for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Current tax expense		
Current period	\$ 127,790	120,262
Adjustment for prior periods	(8,003)	9,010
	119,787	129,272
Deferred tax expense		
Origination and reversal of temporary differences	(40,191)	1,507
Income tax expense	\$ 79,596	130,779

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ 27,165	(22,957)

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Notes to the Consolidated Financial Statements (Continued)
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Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

	For the years ended	
	December 31,	
	2025	2024
Net income before tax	\$ 369,333	546,242
Income tax using the Company's domestic tax rate	73,867	109,248
Effect of tax rates in foreign jurisdiction	93,686	46,181
Non-deductible expenses	7,595	6,797
Tax-exempt income	(1,001)	(1,401)
Change in unrecognized temporary differences	(93,830)	(38,018)
Tax incentives	-	(84)
Recognition of previously unrecognized tax losses	(8,003)	12,080
Additional tax on undistributed earnings	7,282	-
Others	-	(4,024)
Income tax expenses	\$ 79,596	130,779

(b) Deferred tax assets and liabilities

(i) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2025	December 31, 2024
Investments accounted for using the equity method	\$ 102,549	61,114

(ii) Unrecognized deferred tax assets

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

	December 31, 2025	December 31, 2024
Share of loss of subsidiaries, associates accounted for using equity method	\$ 57,086	104,310
Impairment of asset	10,456	10,456
Tax loss	5,587	10,758
Total	\$ 73,129	125,524

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

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(iii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

Deferred Tax Liabilities:

	Others
Balance at January 1, 2025	\$ 21,706
Recognized in profit or loss	(11,615)
Effect of exchange rate	(207)
Balance at December 31, 2025	<u>\$ 9,884</u>
Balance at January 1, 2024	\$ 9,688
Recognized in profit or loss	11,513
Effect of exchange rate	505
Balance at December 31, 2024	<u>\$ 21,706</u>

Deferred Tax Assets:

	Write-down of inventories	Allowance for sales return	Exchange Differences on Translation of Foreign Operations	Others	Total
Balance at January 1, 2025	\$ 5,293	30,673	218	19,665	16,921
Recognized in profit or loss	(282)	8,894	-	16,262	3,702
Recognized in other comprehensive income	-	-	27,165	-	-
Effect of exchange rate	(24)	(1,181)	-	(444)	(203)
Balance at December 31, 2025	<u>\$ 4,987</u>	<u>38,386</u>	<u>27,383</u>	<u>35,483</u>	<u>20,420</u>
Balance at January 1, 2024	\$ 6,789	18,333	23,175	15,919	18,843
Recognized in profit or loss	(1,660)	10,882	-	2,856	(2,072)
Recognized in Other comprehensive income	-	-	(22,957)	-	-
Effect of exchange rate	164	1,458	-	890	150
Balance at December 31, 2024	<u>\$ 5,293</u>	<u>30,673</u>	<u>218</u>	<u>19,665</u>	<u>16,921</u>

(c) Income tax examination

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

(19) Capital and other equity

As of December 31, 2025 and 2024, the total value of authorized ordinary shares was amounted to 3,000,000 thousand with par value of \$10 per share. The issued shares are 1,778,389 thousand and 1,738,389 thousand respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2025 and 2024 was as follows:

	Ordinary Shares	
(in thousands of shares)	2025	2024
Balance on January 1	177,839	173,839
Proceeds from issuing shares	-	4,000
Balance on December 31	<u>177,839</u>	<u>177,839</u>

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(a) Issuance of ordinary shares

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

(b) Capital surplus

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

	December 31, 2025	December 31, 2024
Additional paid-in capital	\$ 83,617	83,617
Issuance of convertible corporate bond options	21,661	21,661
Compensation cost for employee subscription of transferred treasury shares	5,820	5,820
	\$ 111,098	111,098

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

(c) Retained earnings

According to the Articles of Incorporation, if the Company has a surplus in the annual settlement, it should first cover losses of previous years. If there is still a surplus, after 10% of the legal reserve, and another sum as special reserve are set aside, together with the unappropriated surplus at the beginning of the period, and the adjusted amount of the unappropriated surplus of the current year, such surplus will be the surplus available for appropriation, but a part of it may be retained depending on the situation of the Company,

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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) Legal reserve

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

(ii) Special reserve

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

(iii) Earnings distribution

The amounts of cash dividends for the 2024 earnings distribution had been approved, the board meeting held on February 27, 2025, as well as the shareholders' meeting on May 21, 2025. The amounts of cash dividends for the 2023 earnings distribution had been

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approved, the board meeting held on March 13, 2024, and on May 28, 2024, the shareholders' meeting decided on the amount of stock dividends, were as follows:

	For the years ended December 31,			
	2024		2023	
	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)	Amount
Dividends distributed to shareholders of common stocks				
Cash	\$ 1.800	320,110	0.500	86,669

The board of directors of the company proposed the distribution of dividends for the year of 2025 on March 11, 2026. The amount of dividends to be distributed to owners is as follows:

	For the years ended December 31, 2025	
	Amount per share	Total amount
Dividends distributed to shareholders of ordinary shares:		
Cash	\$ 1.200	211,009

(iv) Treasury shares

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

	In thousands of shares Amount	
Balance at January 1, 2025	-	\$ -
Transfer	1,998	41,186
Balance at December 31, 2025	1,998	\$ 41,186
Balance at January 1, 2024	500	\$ 9,950
Repurchase	(500)	(9,950)
Balance at December 31, 2024	-	\$ -

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

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(v) Other equities (net amount after tax)

	Exchange differences on translation of foreign operations
Balance at January 1, 2025	\$ (872)
Exchange differences on foreign operations	(108,661)
Balance at December 31, 2025	\$ (109,533)
Balance at January 1, 2024	\$ (92,700)
Liquidation of subsidiaries	15,685
Exchange differences on foreign operations	76,143
Balance at December 31, 2024	\$ (872)

(20) Share-based payment

The Group had the following share-based payments transactions as of December 31, 2025 and 2024, all issued by the Company:

	Equity settlement	
	Treasury shares transferred to employees	Proceeds from issuing shares reserved for employee subscription
Grant date	2024.12.6	2024.9.26
Quantity granted	500	542
Grantee	Employees meeting specific conditions	Full-time employees within the official establishment
Vesting conditions	Immediate vesting	Immediate vesting

(a) Measurement parameters of fair value on grant date

	2024	
	Treasury shares transferred to employees	Proceeds from issuing shares reserved for employee subscription
Grant-date fair value	11.64	6.25
Stock price on the grant date	31.60	33.55
Exercise price	19.96	27.30

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(b) Information on transfer of treasury shares

	2024	
	Weighted average exercise price (NT \$)	Number of options
Outstanding as of January 1	\$ -	-
Granted during the period	19.96	500
Executed during the period	19.96	<u>(500)</u>
Outstanding as of December 31	-	<u>-</u>
Executable as of December 31	-	<u>-</u>

(c) Employee remuneration expenses

The expenses incurred by the Group for the years ended December 31, 2024 due to share-based payments are as follows:

	2024
Expenses incurred due to transfer of treasury shares to employees	\$ 5,820
Expenses incurred due to employee subscription allocation from proceeds from issuing shares	<u>3,387</u>
Total	<u>\$ 9,207</u>

The Group had no share-based payment arrangements for the year 2025.

(21) Earnings per share

(a) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2025 and 2024 was based on the profit attributable to ordinary shareholders of the Company amounting to 289,737 thousand and 415,463 thousand, and the weighted average number of ordinary shares outstanding of 177,193 thousand and 173,948 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31,	
	2025	2024
Profit of the Company for the year	<u>\$ 289,737</u>	<u>415,463</u>

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

	For the years ended December 31,	
	2025	2024
Common stock outstanding on January 1	177,839	173,839
Cash capital increase	-	590
The impact of treasury stocks	(646)	(481)
Weighted average shares outstanding as of December 31,	177,193	173,948
Basic earnings per share (Unit: NT\$)	\$ 1.64	2.39

(b) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2025 and 2024 was based on the profit attributable to ordinary shareholders of the Company amounting to 297,223 thousand and 417,351 thousand, and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 186,824 thousand and 176,167 thousand, respectively, as follows:

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

	For the years ended December 31,	
	2025	2024
Profit attributable to ordinary shareholders of the Company (basic)	289,737	415,463
The post-tax impact of interest expense and other income or loss on convertible bonds	7,486	1,888
Profit attributable to ordinary shareholders of the Company (diluted)	297,223	417,351

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

	For the years ended December 31,	
	2025	2024
Weighted average shares outstanding as of December 31 (basic)	177,193	173,948
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	314	358
Conversion of convertible bonds impact	9,317	1,861
Weighted average number of ordinary shares (diluted) at December 31	186,824	176,167
Diluted earnings per share (Unit: NT\$)	\$ 1.59	2.37

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(22) Revenue from contracts with customers

(a) Disaggregation of revenue

	For the years ended	
	December 31,	
	2025	2024
Primary geographical markets		
USA	\$ 4,225,858	4,339,742
Europe	471,805	803,303
Taiwan	92,036	128,646
Others	151,848	127,391
	<u>\$ 4,941,547</u>	<u>5,399,082</u>

(b) Contract balances

	December	December
	31, 2025	31, 2024
Notes Receivable and Accounts	\$ 1,649,685	1,563,810
Less: Allowance for losses	(471)	(492)
Total	<u>\$ 1,649,214</u>	<u>1,563,318</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.

(23) Remunerations to employees, directors and supervisors

On May 21, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 2% shall be allocated as employee remuneration (including a minimum of 40% to those base-level employees) and a maximum of 3% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, may include employees of the subsidiaries who meet certain specific requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 2% should be allocated as employee remuneration and no more than 3% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, could include employees of the subsidiaries who met certain specific requirements.

The remunerations to employees recognized for the years ended December 31, 2025 and 2024 were 5,412 thousand and 9,605 thousand respectively. The remunerations to directors and supervisors recognized for the years ended December 31, 2025 and 2024 were 2,706 thousand

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and 4,802 thousand respectively. It is calculated by multiplying the net profit before tax before deducting the compensation of employees and directors by the distribution ratio stipulated in the company's Articles of Incorporation, and present it as operating costs or operating expenses for the period. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2025 and 2024.

(24) Non-operating income and expenses

(a) Interest income

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

	For the years ended December 31,	
	2025	2024
Interest income from deposits in banks	\$ 12,494	16,633
Interest income from foreign bonds	16,071	7,381
	\$ 28,565	24,014

(b) Other income

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

	For the years ended December 31,	
	2025	2024
Rental income	\$ 3,378	2,622
Other income	2,200	5,894
	\$ 5,578	8,516

(c) Other gains and losses

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

	For the years ended December 31,	
	2025	2024
Losses of disposal of property, plant and equipment losses	\$ (685)	(27,403)
Foreign exchange gains	(55,796)	94,627
Net gains on financial assets (liabilities) at fair value through profit or loss	(38,677)	(9,236)
Other gains and losses	1,337	(17,086)
	\$ (93,821)	40,902

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(d) Finance cost

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

	For the years ended December 31,	
	2025	2024
Interest expense	\$ 86,436	86,430
Add: Interest of below-market interest rate loan	2,498	3,307
Interest of Lease liabilities	10,545	2,741
Corporate bonds Interest expense	8,008	1,640
	\$ 107,487	94,118

(25) Financial instruments

(a) Credit risk

(i) Risk of credit risk

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

(ii) Concentration of credit risk

In order to reduce the credit risk of accounts receivable, the Group continuously evaluates the financial status of customers, and regularly evaluates the possibility of recovering accounts receivable and has allowance for impairment losses. The impairment losses are always within the expectations of the management. As of December 31, 2025 and 2024, 96% and 94% of the Group's accounts receivable balance came from several major customers, which made the Group have significant concentration of credit risk.

(iii) Credit risk of accounts receivable

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

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

	For the years ended	
	December 31,	
	2025	2024
Opening balance	\$ 6,113	31,032
Recognition of impairment losses (Impairment losses reversed)	4,748	(24,919)
Ending balance	<u>\$ 10,861</u>	<u>6,113</u>

(b) Liquidity risk

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

	Carrying amounts:	Contractual cash flows	Within 6 months	6-12Months	Over 1 years
December 31, 2025					
Non-derivative financial liabilities					
Bank loans	\$ 3,104,003	3,193,397	688,448	297,417	2,207,532
Short-term notes and bills payable	259,871	260,000	260,000	-	-
Notes payable, accounts payable and other payables	1,033,810	1,033,810	1,033,810	-	-
Lease liabilities	211,965	254,593	26,766	26,170	201,657
Other financial liabilities	170,000	170,905	170,905	-	-
Bonds payable	285,069	300,000	-	-	300,000
Derivative financial liabilities					
Forward exchange contract:					
Flow Out	14,150	14,150	14,150	-	-
	<u>\$ 5,078,868</u>	<u>5,226,855</u>	<u>2,194,079</u>	<u>323,587</u>	<u>2,709,189</u>
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					
FX swap contracts:					
Flow Out	7,450	7,450	7,450	-	-
	<u>\$ 4,666,777</u>	<u>4,878,001</u>	<u>1,686,448</u>	<u>277,155</u>	<u>2,914,398</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.

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(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)						
	December 31, 2025			December 31, 2024			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	29,483	31.419	926,326	32,446	32.794	1,064,034
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		12,451	31.419	391,198	18,207	32.794	597,080

(ii) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets at fair value through profit or loss, accounts and other receivables, loans and borrowings; and accounts and other payables that are denominated in foreign currency. On December 31, 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 December 31, 2025 and 2024 will increase or decrease by 5,351 thousand and 4,670 thousand respectively, the analysis for the two periods was conducted using the same basis.

(iii) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to (55,796) thousand and 94,627 thousand, respectively.

(d) Interest rate analysis

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

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

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If the interest rate is increased or decreased by 0.25% with all other variables remaining unchanged, the Group's net profit for the period from January 1 to December 31, 2025 and 2024 will be decreased or increased by 7,262 thousand and 5,897 thousand respectively. The main reason is the floating interest rates on loans, time deposits and demand deposits.

(e) Information on fair value

(i) Types and fair values of financial instruments

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

	December 31, 2025				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Fund	\$ 21,709	21,709	-	-	21,709
Domestic and foreign bonds	461,682	259,598	202,084	-	461,682
Stocks listed on domestic markets	15,876	15,876	-	-	15,876
Stocks of foreign non-listed companies	154,886	-	-	154,886	154,886
Sub-total	654,153	297,183	202,084	154,886	654,153
Financial assets measured at amortized cost					
Cash and cash equivalents	388,015	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,697,586	-	-	-	-
Other current assets	72,655	-	-	-	-
Other financial assets - current	241,080	-	-	-	-
Sub-total	2,399,336	-	-	-	-
Total	\$ 3,053,489	297,183	202,084	154,886	654,153
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	\$ 14,150	14,150	-	-	14,150
Unsecured convertible bonds - put option	3,210	3,210	-	-	3,210
Sub-total	17,360	17,360	-	-	17,360
Financial liabilities measured at amortized cost					
Bank loans	3,104,003	-	-	-	-
Short-term notes and bills payable	259,871	-	-	-	-
Notes payable, accounts payable and other payables	1,033,810	-	-	-	-
Other financial liabilities	170,000	-	-	-	-
Bonds payable	285,069	-	-	-	-
Lease liabilities	211,965	-	-	-	-
Sub-total	5,064,718	-	-	-	-
Total	\$ 5,082,078	17,360	-	-	17,360

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	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
Foreign bonds	261,426	261,426	-	-	261,426
Stocks listed on domestic markets	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
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

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

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

A. Financial assets measured at amortized cost

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

B. Financial assets and liabilities measured at amortized cost

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

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using the discounted value of the cash flow.

(iii) Valuation techniques for financial instruments that are 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 discount method and option pricing model.

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

C. Unlisted company stocks at fair value level 3

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

(iv) Transfer of levels

There were no transfers of levels in the years ended December 31, 2025 and 2024.

(v) Detailed schedule of changes in Level 3

	Financial assets at Fair value through profit or loss without public quotation of equity instruments
Balance at January 1, 2025	\$ 13,042
Total gains and losses recognized in profit or loss	(15,396)
Purchase	157,240
Balance at December 31, 2025	<u>\$ 154,886</u>

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

For the years ended December 31, 2025 and 2024, total gains and losses that were included in “other gains and losses” were as follows:

	For the years ended December 31,	
	2025	2024
Total gains and losses recognized:		
In profit or loss, and including “other gains and losses”	\$ (15,396)	-

(vi) Quantitative information of significant unobservable inputs (Level 3) for Fair value.

The Group's fair value measurements classified as Level 3 primarily include financial assets at fair value through profit or loss - equity securities 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	Relationship between Material Unobservable Inputs and Fair Value
Financial assets at fair value through profit or loss - equity instruments without an active market	Transaction price	• No active market trading price	• Not applicable
"	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Terminal growth rate (2.00% as of December 31, 2025) • Weighted average cost of capital (7.44%~11.11% as of December 31, 2025) 	<ul style="list-style-type: none"> • The higher the terminal growth rate, the higher the fair value. • The higher the weighted average cost of capital, the lower the fair value.

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(vii) Sensitivity analysis of fair value measurements at level 3 to 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. The impact on current profit and loss or other comprehensive income for financial instruments classified as level three, if there is a change in valuation parameters, is as follows:

	Input value	Upwards or downwards change	Changes in fair value are reflected in current profit and loss	
			Favorable change	Adverse changes
December 31, 2025				
Financial assets at fair value through profit or loss without an active market equity instrument investment-	Transaction price	5%	\$ <u>25</u>	<u>(25)</u>
"	Terminal growth rate	0.3%	\$ <u>10,574</u>	<u>(9,413)</u>
"	Weighted average cost of capital	3%	\$ <u>254,938</u>	<u>(76,439)</u>
December 31, 2024				
Financial assets at fair value through profit or loss without an active market equity instrument investment-	Transaction price	5%	\$ <u>499</u>	<u>(821)</u>

(26) Financial risk management

(a) Overview

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

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

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

(b) Structure of risk management

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and

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management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

(c) Credit risk

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

(i) Accounts receivable and other receivable

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

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

(ii) Investments

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

(iii) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2025 and 2024, no other guarantees were outstanding.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it maintains sufficient cash to support expected operating expenses

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for a period of sixty days, including fulfilling financial obligations, while excluding potential impacts that cannot be reasonably anticipated under extreme circumstances, such as natural disasters. For the Group's unused credit line information, please refer to Note 6(12), (14).

(e) Market risk

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

(i) Currency risk

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

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

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

(ii) Interest rate risk

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

(iii) Other market price risk

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

(27) Capital management

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

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

The Group's liabilities-to-assets ratio at the end of the reporting period as of December 31, 2025 and 2024, is as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 5,176,897	4,755,612
Total Assets	7,819,098	7,578,033
Liabilities-to-assets	66.21 %	62.76 %

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024, were as follows:

			Non-cash changes					
			Changes in lease payments	Foreign exchange movement	Changes in Deferred Government Subsidies	Others		
	January 1, 2025	Cash flows					December 31, 2025	
Long-term loans	\$ 2,652,455	(247,850)	-	-	2,498	-	2,407,103	
Short-term loan	210,000	486,900	-	-	-	-	696,900	
Lease liabilities	100,625	(33,697)	146,027	(990)	-	-	211,965	
Bonds payable	277,061	-	-	-	-	8,008	285,069	
Total liabilities from financing activities	\$ 3,240,141	205,353	146,027	(990)	2,498	8,008	3,601,037	

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

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7. Related-party transactions

(1) Names of related parties and their relationships with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Hsu, Ming-Hsuan	Key management personnel of the Group
Hsu, Chun-Jan	Key management personnel of the Group
Hong, Yi-Jing	With President of the Group are relatives within one generation
Chain Yarn Co., Ltd. Directors, general manager and deputy general managers	Other Related Parties

(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>December 31, 2025</u>	<u>December 31, 2024</u>
Other payables	Other related parties	<u>\$ 35</u>	<u>18</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 years ended December 31, 2025 and 2024 are 6 thousand and 11 thousand respectively. As of December 31, 2025 and 2024, the balance of lease liabilities is 1,023 thousand and 533 thousand respectively.

(3) Key management personnel transactions

Key management personnel compensation comprised:

	<u>For the years ended</u>	
	<u>December 31,</u>	<u>December 31,</u>
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 34,890	40,178
Termination benefits	616	689
	<u>\$ 35,506</u>	<u>40,867</u>

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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>December 31, 2025</u>	<u>December 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	\$ 241,080	141,151
Property, plant and equipment Fixed certificates of deposits	"	1,109,435	1,145,626
Financial assets at fair value through profit or loss	Short-term loans and line of credit	308,086	158,846
		<u>\$ 1,658,601</u>	<u>1,445,623</u>

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 :

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Contract price	<u>\$ 72,803</u>	<u>20,166</u>
Unpaid amount	<u>\$ 35,537</u>	<u>8,554</u>

(2) Others

On December 31, 2025 and 2024, the Group issued guarantee notes for the security of long-term and short-term loan secure of 2,509,348 thousand and 4,041,270 thousand respectively.

10. Losses due to major disasters: None.

11. Subsequent events:

The Group obtained board approval on November 11, 2025, for the authorization to acquire land located in the Longfu Section, Xitun District, Taichung. On January 2, 2026, the Group purchased the land from a non-related party for a total consideration of 525,470 thousand. The acquisition was made to support future operational growth, with the land intended for office use.

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Notes to the Consolidated Financial Statements (Continued)
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12. Others

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

By item	By function	For the years ended December 31, 2025			For the years ended December 31, 2024		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		574,701	258,583	833,284	563,083	284,453	847,536
Labor and health insurance (Note)		41,083	21,878	62,961	32,505	24,086	56,591
Pension		18,668	13,924	32,592	6,703	26,175	32,878
Remuneration of directors		-	12,272	12,272	-	13,857	13,857
Other		25,908	13,239	39,147	26,044	12,870	38,914
Depreciation		153,815	66,600	220,415	165,860	59,498	225,358
Amortization		21,585	7,402	28,987	15,552	22,553	38,105

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

(2) Seasonality of operations

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

(3) Based on the guarantee agreement and obligations not performed by the counterparty, the Group filed for arbitration, requesting Strength Sharp Corporation to pay an amount of USD 692 thousand. As of the date of this financial report, the arbitration case has not yet proceeded to litigation; however, the outcome is still subject to the court's final decision. The Group has already assessed this matter and recognized an appropriate expected credit loss provision accordingly.

13. Other disclosures

(1) Information on significant transaction:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2025:

(a) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No (Note1)	Lender	Borrower	Account	Related Party	Highest Amount in the Period	Ending Balance	Actual Amount	Interest	Nature (Note2)	Translation between both parties	Reason for the short-term financing	Allowance for bad debt	Collateral		Limit for Each Borrower (Note3)	Total Limit of Loan (Note3)
													Title	Value		
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Other Receivables - Related Party	Yes	78,548	3,142	3,142	-	2	-	Working capital turnover	-	-	-	264,220	396,330
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd	Other Receivables - Related Party	Yes	31,419	-	-	-	2	-	Working capital turnover	-	-	-	264,220	396,330
0	Ching Feng Home Fashions Co., Ltd.	Osaley Home Fashions Co., Ltd.	Other Receivables	Yes	7,576	-	-	-	2	-	Working capital turnover	-	-	-	264,220	396,330

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

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

Note 2: Nature of the loan:

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

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

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

(b) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan 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	1,321,101	94,257	-	-	-	- %	2,642,201	Y	N	N

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

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

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

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

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

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

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(c) Securities held as of December 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				Highest Percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value		
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	14,503	- %	14,503	- %	
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	2,014	- %	2,014	- %	
Ching Feng Home Fashions Co., Ltd.	Mega Dual Momentum Fund of Funds (C244)	None	Financial assets at fair value through profit or loss-Current	300,000	3,141	- %	3,141	- %	
Ching Feng Home Fashions Co., Ltd.	Fubon NASDAQ-100 Index Fund (48BG)	None	Financial assets at fair value through profit or loss-Current	204,687	2,051	- %	2,051	- %	
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	120,000	6,144	- %	6,144	- %	
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	6,570	- %	6,570	- %	
Ching Feng Home Fashions Co., Ltd.	Yageo Corporation (2327) Ordinary Shares	None	Financial assets at fair value through profit or loss-Current	2,000	462	- %	462	- %	
Ching Feng Home Fashions Co., Ltd.	E.Sun Financial Holding Company,LTD. (2884) Ordinary Shares	None	Financial assets at fair value through profit or loss-Current	80,000	2,700	- %	2,700	- %	
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	3,145	- %	3,145	- %	
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	2,972	- %	2,972	- %	
Ching Feng Home Fashions Co., Ltd.	Exxon Mobil Corp. Bonds (US30231GBF81)	None	Financial assets at fair value through profit or loss- Non-Current	80	2,309	- %	2,309	- %	
Ching Feng Home Fashions Co., Ltd.	Saudi Arabia Konigreich Bonds (XS1694218469)	None	Financial assets at fair value through profit or loss- Non-Current	400	10,762	- %	10,762	- %	
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	11,873	- %	11,873	- %	
Ching Feng Home Fashions Co., Ltd.	Wells Fargo & Co. Bonds (US94974BGT17)	None	Financial assets at fair value through profit or loss- Non-Current	400	10,427	- %	10,427	- %	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RDI86)	None	Financial assets at fair value through profit or loss- Non-Current	200	5,193	- %	5,193	- %	
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	5,782	- %	5,782	- %	
Ching Feng Home Fashions Co., Ltd.	Berkshire Hathaway Finance Corp. Bonds (US084664DB47)	None	Financial assets at fair value through profit or loss- Non-Current	200	4,850	- %	4,850	- %	
Ching Feng Home Fashions Co., Ltd.	Philip Morris International Inc. Bonds (US718172BD03)	None	Financial assets at fair value through profit or loss- Non-Current	400	11,595	- %	11,595	- %	
Ching Feng Home Fashions Co., Ltd.	PacifiCorp Bonds (US695114DA39)	None	Financial assets at fair value through profit or loss- Non-Current	600	16,897	- %	16,897	- %	
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	10,936	- %	10,936	- %	
Ching Feng Home Fashions Co., Ltd.	Brazilian Government International Bonds (US105756BW95)	None	Financial assets at fair value through profit or loss- Non-Current	700	17,665	- %	17,665	- %	
Ching Feng Home Fashions Co., Ltd.	Ford Motor Co. Bonds (US345370CQ17)	None	Financial assets at fair value through profit or loss- Non-Current	300	7,457	- %	7,457	- %	
Ching Feng Home Fashions Co., Ltd.	Oracle Corp. Bonds (US68389XBJ37)	None	Financial assets at fair value through profit or loss- Non-Current	200	4,345	- %	4,345	- %	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RKF81)	None	Financial assets at fair value through profit or loss- Non-Current	100	1,995	- %	1,995	- %	

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(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Company	Type and name of securities	Relationship with company	Account	End of period				Highest Percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value		
Ching Feng Home Fashions Co., Ltd.	Nippon Life Insurance Co. Bonds (USJ54675BA04)	None	Financial assets at fair value through profit or loss- Non-Current	300	8,515	- %	8,515	- %	
Ching Feng Home Fashions Co., Ltd.	Kingdom of Saudi Arabia USD Bonds (XS2109770151)	None	Financial assets at fair value through profit or loss- Non-Current	400	8,902	- %	8,902	- %	
Ching Feng Home Fashions Co., Ltd.	Perusahaan Lestari Negara Bonds (US71568QAK31)	None	Financial assets at fair value through profit or loss- Non-Current	300	8,244	- %	8,244	- %	
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	4,484	- %	4,484	- %	
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 (B99511)	None	Financial assets at fair value through profit or loss- Non-Current	100,000	101,000	- %	101,000	- %	
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	80,000	81,200	- %	81,200	- %	
Ching Feng Home Fashions Co., Ltd.	Cathay Life Insurance Co., Ltd. Subordinated Bonds (B99607)	None	Financial assets at fair value through profit or loss- Non-Current	20,000	20,134	- %	20,134	- %	
Ching Feng Home Fashions Co., Ltd.	Mercuries Life Insurance Co., Ltd. Subordinated Bonds (B99211)	None	Financial assets at fair value through profit or loss- Non-Current	50,000	50,500	- %	50,500	- %	
Ching Feng Home Fashions Co., Ltd.	Dentall (Global) Limited Series A Preferred Shares	None	Financial assets at fair value through profit or loss- Non-Current	305,000	8,333	2.00 %	8,333	2.00 %	
Ching Feng Home Fashions Co., Ltd.	Seedlee Consultant Company	None	Financial assets at fair value through profit or loss- Non-Current	Note 1	490	3.00 %	490	3.00 %	
Ching Feng Home Fashions Co., Ltd.	Chain Yarn Co., Ltd. (4427) Ordinary Shares	None	Financial assets at fair value through profit or loss- Non-Current	14,250,000	146,063	6.70 %	146,063	6.70 %	

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

Note1: The investee company is a limited liability 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	(2,305,638)	63.66%	T/T 195 days	Sell at agreed price	-	901,149	76.69%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Sub-subsidiary	Purchases	768,864	23.24%	T/T 180 days	Sell at agreed price	-	(122,347)	(18.33)%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Subsidiary	Purchases	1,164,604	35.20%	T/T 180 days	Sell at agreed price	-	(276,603)	(41.43)%	
All Strong Industry (USA) Inc.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchases	2,305,638	100.00%	T/T 195 days	Sell at agreed price	-	(901,149)	(100.00)%	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sales	(768,864)	(100.00)%	T/T 180 days	Sell at agreed price	-	122,347	100.00%	
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sales	(1,164,604)	(100.00)%	T/T 180 days	Sell at agreed price	-	276,603	100.00%	

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

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

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

(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	901,149	227%	-		167,833	-
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	122,347	536%	-		71,598	-
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	276,603	519%	-		96,068	-

Note 1: It refers to the amount recovered as of January 30, 2026.

(f) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Company	Counterparty	Relationship	Transaction Details			Percentage of the consolidated net revenue or total assets
				Account	Amount	Trading terms	
0	Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	1	Sales	2,305,638	The price is at the normal or negotiated price	46.66%
			1	Accounts receivables	901,149	The terms of payment are based on the agreement or the general terms of payment	11.52%
			1	Other Receivables	19,745	The terms of payment are based on the agreement or the general terms of payment	0.25%
			1	Other payables	7	The terms of payment are based on the agreement or the general terms of payment	-%
			1	Other income	17,384	The price is at the normal or negotiated price	0.35%
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	1	Sales	94	The price is at the normal or negotiated price	-%
			1	Other Receivables	123,948	The terms of payment are based on the agreement or the general terms of payment	1.59%
			1	Purchases	1,164,604	The price is at the normal or negotiated price	23.57%
			1	Accounts payables	276,603	The terms of payment are based on the agreement or the general terms of payment	3.54%
			1	Other income	29	The price is at the normal or negotiated price	-%
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	2	Sales	6,777	The price is at the normal or negotiated price	0.14%
			2	Accounts receivables	863	The terms of payment are based on the agreement or the general terms of payment	0.01%
			2	Other Receivables	252	The terms of payment are based on the agreement or the general terms of payment	-%
			2	Purchases	17,788	The price is at the normal or negotiated price	0.36%
			2	Accounts payables	17,587	The terms of payment are based on the agreement or the general terms of payment	0.22%
			2	Other payables	14	The terms of payment are based on the agreement or the general terms of payment	-%
			2	Other income	250	The price is at the normal or negotiated price	0.01%

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

No.	Company	Counterparty	Relation-ship	Transaction Details			
				Account	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd	2	Sales	3,145	The price is at the normal or negotiated price	0.06%
			2	Accounts receivables	189	The terms of payment are based on the agreement or the general terms of payment	-%
			2	Other Receivables	49,484	The terms of payment are based on the agreement or the general terms of payment	0.63%
			2	Purchases	768,864	The price is at the normal or negotiated price	15.56%
			2	Accounts payables	122,347	The terms of payment are based on the agreement or the general terms of payment	1.56%
			2	Other income	5,547	The price is at the normal or negotiated price	0.11%
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	1	Purchases	12,043	The price is at the normal or negotiated price	0.24%
			1	Other Receivables	3,142	The terms of payment are based on the agreement or the general terms of payment	0.04%
0	Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	2	Purchases	1	The price is at the normal or negotiated price	-%
			2	Accounts payables	1	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	Sales	1,629	The price is at the normal or negotiated price	0.03%
			2	Accounts receivables	423	The terms of payment are based on the agreement or the general terms of payment	0.01%
			2	Other Receivables	40	The terms of payment are based on the agreement or the general terms of payment	-%
			2	Other income	22	The price is at the normal or negotiated price	-%
1	ALL STRONG INDUSTRY (USA) INC.	REGAL ESTATE (USA) INC.	3	Sales	12,786	The price is at the normal or negotiated price	0.26%
			3	Accounts receivables	6,392	The terms of payment are based on the agreement or the general terms of payment	0.08%
			3	Other Receivables	1,556	The terms of payment are based on the agreement or the general terms of payment	0.02%
1	ALL STRONG INDUSTRY (USA) INC.	Fu Yue Window Decoration Co., Ltd.	3	Sales	77	The price is at the normal or negotiated price	-%
			3	Accounts receivables	77	The terms of payment are based on the agreement or the general terms of payment	-%
2	Grandtop Decorative Product (Zhenjing) Co., Ltd.	Sun Ocean Vietnam Co., Ltd	3	Sales	277	The price is at the normal or negotiated price	0.01%

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

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

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

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

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

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

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

The followings are the information on investees for the years ended December 31, 2025:

(In Thousands of New Taiwan Dollar/shares)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of December 31, 2024			Highest Percentage of ownership (%)	Net income (loss) of the investee	Investment income(loss) recognized by the company (Note2)	Note
				December 31, 2025	December 31, 2024	Shares (in thousands)	percentage	Carrying value (Note1)				
Ching Feng Home Fashions Co., Ltd.	ALL STRONG INDUSTRY (USA) INC.	USD	Buy & sell of blinds, pleated curtain	202,863	202,863	65	100.00%	689,061	100.00%	207,176	207,176	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%	757,525	100.00%	2,347	2,347	"
Ching Feng Home Fashions Co., Ltd.	SINCERE CAPITAL LIMITED.	Samoa	Investment	398,660	398,660	13,084	100.00%	437,912	100.00%	46,019	46,019	"
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry co., Ltd.	Thailand	Manufacture of plastic bags & shopping bag	193,059	217,099	1,750	100.00%	47,716	100.00%	(8,841)	(8,841)	"
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Vietnam	Production and processing of plastic and alu. Blinds, Faux wood shutters	590,129	590,129	Note 3	100.00%	890,674	100.00%	195,951	195,951	"
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Taiwan	Manufacture and sale of blinds, pleated blinds.	5,000	5,000	Note 3	100.00%	4,556	100.00%	4	4	"
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Manufacture and assembly of blinds and textiles	167,384	167,384	Note 3	64.71%	123,432	100.00%	(25,041)	(22,639)	"
Ching Feng Home Fashions Co., Ltd.	Ching Feng Singapore Pte. Ltd.	Singapore	Home decor wholesale	87,420	-	3,000	100.00%	67,967	100.00%	(1,754)	(1,754)	"
LAMAE' GLOBAL HOME FASHION CO., LTD.	NEW NICE HOME FASHION L.L.C.	USD	Investment	1,209,223 (USD38,487 thousand)	1,262,143 (USD38,487 thousand)	24,655	100.00%	757,521	100.00%	16,373	2,347	Sub-subsidiary
SINCERE CAPITAL LIMITED.	SUN OCEAN INVESTMENT LIMITED	Samoa	Investment	423,308 (USD13,473 thousand)	441,834 (USD13,473 thousand)	13,473	100.00%	437,910	100.00%	46,019	46,019	"
SUN OCEAN INVESTMENT LIMITED	Sun Ocean Vietnam Co., Ltd	Vietnam	Manufacture and assembly of blinds	413,663 (USD13,166 thousand)	431,766 (USD13,166 thousand)	Note 3	100.00%	430,378	100.00%	46,019	46,019	"
ALL STRONG INDUSTRY (USA) INC.	REGAL ESTATE (USA) INC.	USD	Buy & sell of blinds, pleated curtains	12,568 (USD400 thousand)	3,279 (USD100 thousand)	400	100.00%	4,136	100.00%	(6,175)	(6,175)	"
Ching Feng Singapore Pte. Ltd.	Fu Vietnam Company Limited	Vietnam	Manufacture and assembly of blinds and textiles	94,257 (USD3,000 thousand)	-	Note 3	35.29%	92,128	35.29%	(25,041)	(2,402)	"

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

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

Note 3: The invested company is a limited company.

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

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

(3) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Investee	Main businesses and products	Total amount of paid-in capital	Method of Investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2025(Note 2)	Investment		Accumulated outflow of investment from Taiwan as of December 31, 2025 (Note 2)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (loss) recognized (Note 3)	Carrying value as of December 31, 2025 (Note 4)	Accumulated inward remittance as of December 31, 2025
					Outflow	Inflow							
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Processing, production, assembly and sales of blinds.	559,241 USD (17,000 thousand)	(2)	559,241 (USD 17,000 thousand)	-	-	559,241 (USD 17,000 thousand)	16,373	100.00%	100.00%	16,373 (USD 526 thousand)	361,371 (USD 11,502 thousand)	-
Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	- USD -thousand)	(1)	6,038 (USD 200 thousand)	-	6,038 (USD 200 thousand)	-	-	%	%	(16)	-	-
Fu Yue Window Decoration Technology Zhenjiang Co., Ltd.	Buy & sell of blinds, pleated curtains	434 RMB (100 thousand)	(2)	434 (RMB 100 thousand)	-	-	434 (RMB 100 thousand)	(97)	100.00%	100.00%	(97)	(226)	-

(b) Upper limit on investment in Mainland China:

Accumulated investment in Mainland China as of December 31, 2025	Investment amount authorized by Investment Commission, MOEA (Note 2、4、6、7)	Upper limit on investment
1,019,672 (USD 32,454 thousand)	1,022,846 (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 8.29.2008, since the Group has obtained a certificate indicating the compliance with the range of business issued by the Industrial Development Bureau, Ministry of Economic Affairs, there is no need to calculate the investment limit.

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

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

(c) Significant transactions:

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

14. Segment information

(1) General information

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

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

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

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

	For the years ended	
	December 31,	
	2025	2024
Revenue		
Revenue from external customers	\$ 4,941,547	5,399,082
Interest income	28,565	24,014
Total revenue	\$ 4,970,112	5,423,096
Financing costs	\$ 107,487	94,118
Depreciation and amortization	\$ 249,402	263,463
Reportable segment profit or loss	\$ 289,737	415,463
Reportable segment assets	\$ 7,819,098	7,578,033
Reportable segment liabilities	\$ 5,176,897	4,755,612

(3) Geographic information

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

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

Geographical information	For the years ended December 31,	
	2025	2024
Revenue from external customers :		
USA	\$ 4,225,858	4,339,742
Europe	471,805	803,303
Taiwan	92,036	128,646
Others	151,848	127,391
	\$ 4,941,547	5,399,082

Geographical information	December 31, 2025	December 31, 2024
Non-current assets :		
Taiwan	\$ 1,578,024	1,634,092
USA	147,527	14,177
Others	1,438,074	1,496,244
Total	\$ 3,163,625	3,144,513

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

(4) Major customers

Customer information	For the years ended December 31,	
	2025	2024
A customer	\$ 1,849,850	1,912,133
B customer	635,966	1,171,862
C customer	457,029	731,489
	\$ 2,942,845	3,815,484