



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

## **PARENT COMPANY ONLY 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 parent company only 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 parent company only financial statements shall prevail.

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## **Independent Auditors' Report**

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

### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 parent company only financial statements section of our report. We are independent of Ching Feng Home Fashions Co., Ltd. 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 judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only 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 Co., Ltd.'s parent company only 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 Note 4 (14) to the parent company only financial report. For the disclosure of revenue, please refer to Note 6 (21).

Explanation of key audit matters:

Ching Feng Home Fashions Co., Ltd. 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 Co., Ltd. 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 parent company only financial reports of Ching Feng Home Fashions Co., Ltd.

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 Ching Feng Home Fashions Co., Ltd.'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.

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements, management is responsible for assessing the Ching Feng Home Fashions Co., Ltd.'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 Co., Ltd. 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 Co., Ltd.'s financial reporting process.

## **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 Co., Ltd.'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 Co., Ltd.'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 parent company only 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 Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the notes, and whether the parent company only 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 investee companies accounted for using equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit cases, and we remain solely responsible for forming the audit opinion of Ching Feng Home Fashions Co., Ltd.

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 parent company only 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.**  
**Parent Company Only Balance Sheet**  
**December 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024			
		Amount	%	Amount	%			Amount	%	Amount	%		
<b>Assets</b>								<b>Liabilities and Equity</b>					
<b>Current assets :</b>								<b>Current liabilities :</b>					
1100	Cash and cash equivalents (Note 6(1))	\$ 159,278	2	402,481	5	2100	Short-term loans (Note 6(11) 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	1	27,611	-	2110	Short-term notes and bills payable (Note 6(12) 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))	272,202	4	192,357	3	2150	Notes and Accounts payable	251,021	4	383,736	6		
1180	Accounts receivable - net amount of related parties (Notes 6(3) and 7)	902,624	12	1,141,793	15	2180	Notes payable and accounts payable - related parties (Note 7)	416,538	6	362,531	5		
1200	Other receivables (Note 6(4))	47,445	1	171,012	2	2200	Other payables	276,631	4	307,812	4		
1210	Other receivables - related parties (Note 7)	196,611	3	137,067	2	2220	Other payables - related parties (Note 7)	56	-	50	-		
1220	Current tax assets (Note 6(17))	9,144	-	-	-	2230	Current income tax liabilities (Note 6(17))	29,366	-	28,237	-		
130X	Inventories (Note 6(5))	265,615	4	336,842	5	2280	Lease liabilities - current (Note 6(15))	11,572	-	9,645	-		
1410	Prepayments	17,554	-	40,108	1	2305	Other financial liabilities - current	170,000	2	85,000	1		
1470	Other current assets (Note 6(7))	104,074	1	216,393	3	2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(13))	220,559	3	232,296	3		
1476	Other financial assets - current (Note 8)	195,738	2	156,880	2	2399	Other current liabilities - Others	5,963	-	4,723	-		
<b>Total current assets</b>		<b>2,208,118</b>	<b>30</b>	<b>2,822,748</b>	<b>38</b>	<b>Total current liabilities</b>		<b>2,352,627</b>	<b>31</b>	<b>1,821,338</b>	<b>25</b>		
<b>Non-current assets :</b>								<b>Non-current liabilities :</b>					
1511	Financial assets at fair value through profit or loss - non-current (Note 6(2), (14) and 8)	616,568	8	274,648	4	2500	Financial liabilities at fair value through profit or loss – non-current (Note 6(2) and (14))	3,210	-	2,040	-		
1551	Investment accounted for using equity method (Note 6(6))	3,018,843	40	2,633,665	36	2540	Long-term loans (Note 6(13) and 8)	2,186,544	30	2,420,159	33		
1600	Property, plant and equipment (Notes 6(8) and 8)	1,422,740	20	1,479,812	20	2569	Current tax liabilities - non-current (Note 6(17))	-	-	6,889	-		
1755	Right-of-use assets (Note 6(9))	34,789	-	36,766	1	2530	Bonds payable (Notes 6(2) and (14))	285,069	4	277,061	4		
1760	Investment property, net (Note 6(10))	73,996	1	74,653	1	2570	Deferred income tax liabilities (Note 6(17))	-	-	11,513	-		
1780	Intangible assets (Note 6(11))	12,733	-	13,463	-	2580	Lease liabilities - non-current (Note 6(15))	24,955	-	28,599	-		
1840	Deferred income tax assets (Note 6(17))	67,206	1	17,548	-	2645	Guarantee deposits received	162	-	-	-		
1915	Advance payment for equipment	13,043	-	10,638	-	<b>Total non-current liabilities</b>		<b>2,499,940</b>	<b>34</b>	<b>2,746,261</b>	<b>37</b>		
1900	Other non-current assets	26,732	-	26,079	-	<b>Total liabilities</b>		<b>4,852,567</b>	<b>65</b>	<b>4,567,599</b>	<b>62</b>		
<b>Total non-current assets</b>		<b>5,286,650</b>	<b>70</b>	<b>4,567,272</b>	<b>62</b>	<b>Equity (Note 6(14) and (18)):</b>							
								3110	Ordinary shares	1,778,389	24	1,778,389	24
								3200	Capital surplus	111,098	1	111,098	1
								3300	Retained earnings	903,433	12	933,806	13
								3400	Other components of equity	(109,533)	(1)	(872)	-
								3500	Treasury Shares	(41,186)	(1)	-	-
								<b>Total equity</b>		<b>2,642,201</b>	<b>35</b>	<b>2,822,421</b>	<b>38</b>
<b>Total Assets</b>		<b>\$ 7,494,768</b>	<b>100</b>	<b>7,390,020</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$ 7,494,768</b>	<b>100</b>	<b>7,390,020</b>	<b>100</b>		

(Please refer to the notes to the parent company only financial report.)

**Ching Feng Home Fashions Co., Ltd.**  
**Parent Company Only 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)**

		<b>For the years ended December 31,</b>			
		<b>2025</b>		<b>2024</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6(21) and 7)</b>	\$ 3,622,059	100	4,474,057	100
5000	<b>Operating costs (Notes 6(5), (16), (19) and 7)</b>	3,308,486	91	3,902,839	87
	<b>Gross profit</b>	313,573	9	571,218	13
5910	Less: Unrealized profit or loss on sales	(25,322)	(1)	(39,333)	(1)
5920	Add: Realized profit or loss on sales	39,333	1	22,963	-
	<b>Gross profit, net</b>	327,584	9	554,848	12
	<b>Operating expenses (Notes 6(16), (19) and 7):</b>				
6100	Selling and marketing expenses	123,963	4	102,877	3
6200	General and administrative expenses	154,444	4	188,019	4
6300	Research and development expenses	50,685	1	57,359	1
6450	Expected credit losses (gains) (Note 6(3) and (24))	4,748	-	(24,919)	(1)
	<b>Total operating expenses</b>	333,840	9	323,336	7
	<b>Operating income (loss)</b>	(6,256)	-	231,512	5
	<b>Non-operating income and expenses (Notes 6(14), (23) and 7):</b>				
7100	Interest income	26,868	1	23,522	1
7110	Other income	21,574	1	2,622	-
7020	Other gains and losses	(100,128)	(3)	75,424	2
7050	Financing costs	(97,890)	(3)	(91,980)	(2)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	418,263	11	224,733	4
	<b>Total non-operating income and expenses</b>	268,687	7	234,321	5
	<b>Net income before tax</b>	262,431	7	465,833	10
7951	<b>Less: Income tax expenses (benefit) (Note 6(17))</b>	(27,306)	(1)	50,370	1
	<b>Net income</b>	289,737	8	415,463	9
8300	<b>Other comprehensive income :</b>				
8360	<b>Items that may subsequently be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign operating institutions	(135,826)	(4)	99,100	2
8399	Less: Income tax related to items that may be reclassified subsequently (Note 6(17))	(27,165)	(1)	22,957	-
	<b>Total items that may subsequently be reclassified to profit or loss</b>	(108,661)	(3)	76,143	2
8300	<b>Total other comprehensive income (loss)</b>	(108,661)	(3)	76,143	2
	<b>Total comprehensive income (loss)</b>	<b>\$ 181,076</b>	<b>5</b>	<b>491,606</b>	<b>11</b>
	<b>Earnings per share (Note 6(20))</b>				
9750	<b>Basic earnings per share (Unit: NT\$)</b>	<b>\$ 1.64</b>		<b>2.39</b>	
9850	<b>Diluted earnings per share (Unit: NT\$)</b>	<b>\$ 1.59</b>		<b>2.37</b>	

(Please refer to the notes to the parent company only financial report.)

**Ching Feng Home Fashions Co., Ltd.**  
**Parent Company Only 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	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations		
<b>Balance as of January 1, 2024</b>	\$ 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
<b>Balance as of December 31, 2024</b>	1,778,389	111,098	105,081	92,700	736,025	(872)	-	2,822,421
Appropriations of earnings :								
Legal reserve	-	-	41,546	-	(41,546)	-	-	-
Reversal of 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)
<b>Balance as of December 31, 2025</b>	\$ 1,778,389	111,098	146,627	872	755,934	(109,533)	(41,186)	2,642,201

(Please refer to the notes to the parent company only financial report.)

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

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities :</b>		
<b>Net income before tax</b>	\$ 262,431	465,833
<b>Adjustments :</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	84,870	96,847
Amortization expense	4,470	3,323
Expected credit losses (gains)	4,748	(24,919)
Net losses on financial assets at fair value through profit or loss	38,677	9,301
Interest expense	97,890	91,980
Interest income	(26,868)	(23,522)
Dividend income	(401)	-
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	(418,263)	(224,733)
Loss (gain) on disposal of property, plant and equipment, net	(133)	150
Unrealized loss (gain) from sales changes	(15,321)	15,059
Share-based payment	-	9,207
Others adjustments to reconcile profit (loss)	(31)	15,685
<b>Total adjustments to reconcile profit (loss)</b>	<b>(230,362)</b>	<b>(31,622)</b>
<b>Changes in assets and liabilities related to operating activities :</b>		
<b>Changes in assets related to operating activities:</b>		
Notes receivable	(44)	(204)
Accounts receivable	(79,845)	(37,675)
Accounts receivable - related parties	239,169	(233,102)
Other receivables	142,961	180,817
Other receivables - related parties	(66,240)	59,933
Inventories	71,227	(58,529)
Prepayments	4,700	1,911
Other current assets	111,367	(43,536)
<b>Total net changes in assets related to operating activities</b>	<b>423,295</b>	<b>(130,385)</b>
<b>Changes in liabilities related to operating activities :</b>		
Notes and Accounts payable	(132,715)	(82,247)
Notes and Accounts payable - related parties	54,007	(53,708)
Other payables	(32,114)	156,966
Other payables - related parties	6	(21)
Other current liabilities	1,240	(131)
<b>Total net changes in liabilities related to operating activities</b>	<b>(109,576)</b>	<b>20,859</b>
<b>Total net changes in assets and liabilities related to operating activities</b>	<b>313,719</b>	<b>(109,526)</b>
<b>Total adjustment</b>	<b>83,357</b>	<b>(141,148)</b>

(Continued)

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

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Cash inflow generated from operations	345,788	324,685
Interest charged	23,211	19,953
Dividends received	401	269
Interest paid	(84,881)	(86,649)
Income taxes paid	(21,604)	(109,080)
<b>Net cash flows from operating activities</b>	<b>262,915</b>	<b>149,178</b>
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through profit or loss	(459,097)	(289,627)
Disposal of financial assets at fair value through profit or loss	96,189	21,862
Financial liabilities at fair value through profit or loss	(19,793)	(4,263)
Acquisition of investments accounted for using equity method	(87,420)	-
Disposal of investment accounted for using equity method	-	16,195
Acquisition of property, plant and equipment	(14,710)	(134,954)
Disposal of property, plant and equipment price	240	166
Other receivables - related parties	6,696	28,209
Acquisition of intangible assets	(3,740)	(2,858)
Acquisition of investment properties	(104)	(22,099)
Other financial assets - current	(38,858)	36,583
Other non-current assets	(3,903)	4,895
Advance payment for equipment	(2,405)	3,965
<b>Net cash flows used in investing activities</b>	<b>(526,905)</b>	<b>(341,926)</b>
<b>Cash flows from financing activities :</b>		
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)	(525,580)
Payments of lease liabilities	(12,142)	(10,360)
Other financial liabilities	85,000	85,000
Guarantee deposits received	162	(180)
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)	-
<b>Net cash flows from financing activities</b>	<b>20,787</b>	<b>212,595</b>
Net increase (decrease) in cash and cash equivalents	(243,203)	19,847
Cash and equivalent cash, beginning balance	402,481	382,634
Cash and equivalent cash, ending balance	<b>\$ 159,278</b>	<b>402,481</b>

**(Please refer to the notes to the parent company only financial report.)**

**Ching Feng Home Fashions Co., Ltd.**  
**Notes to the Parent Company Only Financial Statements**  
**(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 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 parent company only financial statements**

The accompanying parent company only 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 Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only 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 Company 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 parent company only 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 "Nature-dependent Electricity Contracts"

(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 Company, 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.**

**Notes to the Parent Company Only Financial Statements (Continued)**

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

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

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

The Company 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 parent company only financial statements :

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS19 “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 parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

##### **(1) Statement of compliance**

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

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

Except for the following significant accounts, the parent company only 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 Company entity is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

#### (3) Foreign currencies

##### (a) Foreign currency transactions

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

#### (4) Classification of current and non-current assets and liabilities

The Company 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:

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

The Company 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 Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

#### **(5) 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 Company's overall cash management are included as a component Item of cash and cash equivalents in the Statement of cash flows.

#### **(6) 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 Company 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.

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

### **Notes to the Parent Company Only Financial Statements (Continued)**

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company 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 Company 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 Company 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 Company assesses the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

### **Notes to the Parent Company Only Financial Statements (Continued)**

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

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

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

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

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

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

- (v) Impairment of financial assets

The Company 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).

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

### **Notes to the Parent Company Only Financial Statements (Continued)**

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

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

The Company 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 Company, 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 Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

The Company 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 ;

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

### **Notes to the Parent Company Only Financial Statements (Continued)**

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

- due to economic or contractual reasons related to the financial difficulties of the borrower, the Company grants concessions to the borrower that it would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

#### (vi) Derecognition of financial assets

The Company 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 Company 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 Company 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.

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(ii) Equity instrument

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

(iii) Treasury shares

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

(iv) Compound financial instruments

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

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

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

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

(v) Financial liabilities

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

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

### **Notes to the Parent Company Only Financial Statements (Continued)**

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

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

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

(vii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company 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 Company 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.

(7) 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.

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

#### **(8) Investment in subsidiaries**

In preparing the parent company only financial statements, the Company evaluates its controlled investee using the equity method. Under the equity method, the current period profit or loss and other comprehensive income in the parent company only financial statements are attributed to the parent company's owners in the same proportion as in the consolidated financial statements, and the equity of the parent company's owners in the parent company only financial statements is consistent with that attributed to the parent company's owners in the consolidated financial statements.

Changes in ownership interests of subsidiaries that do not result in loss of control are treated as transactions with owners.

#### **(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.

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 Company.

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(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 : 3~15 years ;
- (iii) Transportation Equipment : 5~25 years ;
- (iv) Office Equipment : 2~20 years ;
- (v) Other Equipment : 2~20 years ◦

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

(d) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(11) Leases

At inception of a contract, the Company 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 Company 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.

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company 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 Company'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 Company 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 Company 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 Company 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 Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

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

(b) As a lessor

When the Company 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 Company 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 Company 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 Company 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 Company 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 : 5~10 years ;

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

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

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

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

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

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 Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

#### (i) Sale of goods

The Company 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 Company has objective evidence that all acceptance conditions have been met.

The Company 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 Company 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 Company.

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

#### (ii) Financing components

The Company 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 Company 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 Company 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.

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

#### (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 Company 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 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;

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (a) the Company 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 Company 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.

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

For each business combination, the Company 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 Company 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 Company include convertible bonds.

#### **(21) Operating segments**

Since the Company has already disclosed segment information in the consolidated financial statements, segment information is not disclosed in the parent company only financial statements.

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

In preparing these parent company only 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 Company'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 parent company only 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:

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Valuation of inventories

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

#### 6. Explanation of significant accounts

(1) Cash and cash equivalents

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash on hand	\$ 481	466
Check and demand deposit	35,874	165,136
Foreign currency deposit	122,923	61,651
Time deposits	-	87,228
Cash equivalents	-	88,000
<b>Total</b>	<b>\$ 159,278</b>	<b>402,481</b>

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

Please refer to Note 6 (24) for the exchange rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
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
<b>Total</b>	<b>\$ 654,153</b>	<b>302,259</b>
Current	\$ 37,585	27,611
Non-current	616,568	274,648

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

Total	<u>\$ 654,153</u>	<u>302,259</u>
	<b>December 31,</b>	<b>December</b>
	<b>2025</b>	<b>31, 2024</b>
Financial liabilities at fair value through profit or loss :		
Forward exchange contracts	\$ 14,150	7,450
Unsecured convertible bonds - put option	<u>3,210</u>	<u>2,040</u>
Total	<u>\$ 17,360</u>	<u>9,490</u>
Current	\$ 14,150	7,450
Non-current	<u>3,210</u>	<u>2,040</u>
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 Company did not adopt hedge accounting, and financial assets measured at fair value through profit and loss and derivatives of financial liabilities held for trading are as follows:

<b>December 31, 2025</b>				
	<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	
<b>December 31, 2024</b>				
	<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 (23) for the amount recognized in profit or loss based on remeasurement at fair value.

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

- (3) Notes receivable, Notes receivable-related parties, Accounts receivable and Accounts receivable-related parties

	<b>December</b>	<b>December</b>
	<b>31, 2025</b>	<b>31, 2024</b>
Notes receivable- measured at amortized cost	<u>\$ 248</u>	<u>204</u>
Accounts receivable - measured at amortized cost	\$ 272,202	192,357
Accounts receivable - related parties	902,624	1,141,793
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 1,174,826</u>	<u>1,334,150</u>

A simplified approach is adopted to estimate the expected credit losses of all bills and accounts receivables that are lifetime expected credit losses. For this purpose, these notes receivable and

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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 (including related parties) and accounts receivable (including related parties), the loss allowance is as follows:

	<b>December 31, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,150,103	-%	-
Less than 90 days past due	24,971	-%	-
91 to 180 days past due	-	-%	-
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	<b>\$ 1,175,074</b>		<b>-</b>

  

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,316,023	-%	-
Less than 90 days past due	18,331	-%	-
91 to 180 days past due	-	-%	-
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	<b>\$ 1,334,354</b>		<b>-</b>

The movements in the allowance for accounts receivable and accounts receivable-related parties were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Equity at end of period (Equity at beginning of period)	<b>\$ -</b>	<b>-</b>

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

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

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>	USD18,000,000	<u>-</u>	<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>	USD18,000,000	<u>64,000</u>	<u>161,165</u>	2.2643%	-

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

#### (4) Other Receivables

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Tax refund receivable	\$ 4,908	4,789
Unused amount of sold receivables	17,431	161,165
Others	<u>25,106</u>	<u>5,058</u>
	<b><u>\$ 47,445</u></b>	<b><u>171,012</u></b>

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

#### (5) Inventories

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Raw materials	\$ 47,109	105,614
Supplies	33,213	42,635
Work-in progress, semi-finished goods	87,737	81,753
Inventory-Merchandise	23,918	43,155
Finished goods	<u>73,638</u>	<u>63,685</u>
	<b><u>\$ 265,615</u></b>	<b><u>336,842</u></b>

The details of the cost of sales were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Inventory that has been sold	\$ 3,305,360	3,896,654
Inventory write-off loss	4,518	-
Write-down of inventories (Reversal of write-downs)	<u>(1,392)</u>	<u>6,185</u>
	<b><u>\$ 3,308,486</u></b>	<b><u>3,902,839</u></b>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
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As of December 31, 2025 and 2024, the Company's inventory were not used as guarantees for long-term, short-term loans and financing.

(6) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Subsidiaries	<b>\$ 3,018,843</b>	<b>2,633,665</b>

Please refer to the consolidated financial report for the year of 2025.

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.

(7) Other current assets

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Temporary debits	\$ 31,419	32,061
Payment on behalf of others	-	45,626
Payment on behalf of others — Osaley (OSL)	72,655	138,655
Others	-	51
	<b>\$ 104,074</b>	<b>216,393</b>

The above Payment on behalf of others - OSL is the advance payment made by the Company on its behalf. Please refer to Note 6 (24) for the changes in allowance for losses.

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

	<b>December 31, 2025</b>		
	<b>Gross carrying amounts</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
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	-	-	-
	<b>\$ 72,655</b>		<b>-</b>

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

	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	-	-	-
	<b>\$ 138,655</b>		<b>-</b>

#### (8) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company 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	\$ 568,115	854,936	255,431	706	2,614	237,537	1,782	1,921,121
Additions	-	1,573	4,925	-	1,440	6,772	-	14,710
Disposals	-	(31,874)	(22,345)	-	-	(9,279)	-	(63,498)
Reclassification	-	-	-	-	-	1,782	(1,782)	-
Balance at December 31, 2025	<b>\$ 568,115</b>	<b>824,635</b>	<b>238,011</b>	<b>706</b>	<b>4,054</b>	<b>236,812</b>	<b>-</b>	<b>1,872,333</b>
Balance at January 1, 2024	\$ 448,883	854,460	287,210	1,917	618	236,622	21,495	1,851,205
Additions	119,232	476	5,500	601	1,996	5,367	1,782	134,954
Disposals	-	-	(37,279)	(1,812)	-	(4,452)	-	(43,543)
Reclassification	-	-	-	-	-	-	(21,495)	(21,495)
Balance at December 31, 2024	<b>\$ 568,115</b>	<b>854,936</b>	<b>255,431</b>	<b>706</b>	<b>2,614</b>	<b>237,537</b>	<b>1,782</b>	<b>1,921,121</b>
Accumulated depreciation and Impairment losses:								
Balance at January 1, 2025	\$ -	228,360	134,578	120	284	77,967	-	441,309
Additions	-	18,859	29,710	138	651	22,317	-	71,675
Disposals	-	(31,874)	(22,345)	-	-	(9,172)	-	(63,391)
Balance at December 31, 2025	<b>\$ -</b>	<b>215,345</b>	<b>141,943</b>	<b>258</b>	<b>935</b>	<b>91,112</b>	<b>-</b>	<b>449,593</b>
Balance at January 1, 2024	\$ -	197,272	140,404	1,469	37	60,234	-	399,416
Additions	-	31,088	31,453	147	247	22,185	-	85,120
Disposals	-	-	(37,279)	(1,496)	-	(4,452)	-	(43,227)
Balance at December 31, 2024	<b>\$ -</b>	<b>228,360</b>	<b>134,578</b>	<b>120</b>	<b>284</b>	<b>77,967</b>	<b>-</b>	<b>441,309</b>
Carrying value:								
Balance at December 31, 2025	<b>\$ 568,115</b>	<b>609,290</b>	<b>96,068</b>	<b>448</b>	<b>3,119</b>	<b>145,700</b>	<b>-</b>	<b>1,422,740</b>
Balance at January 1, 2023/4	<b>\$ 448,883</b>	<b>657,188</b>	<b>146,806</b>	<b>448</b>	<b>581</b>	<b>176,388</b>	<b>21,495</b>	<b>1,451,789</b>
Balance at December 31, 2024	<b>\$ 568,115</b>	<b>626,576</b>	<b>120,853</b>	<b>586</b>	<b>2,330</b>	<b>159,570</b>	<b>1,782</b>	<b>1,479,812</b>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

As of October 31, 2024, the Company 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.

(9) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Transportation Equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 12,733	37,856	3,592	3,873	58,054
Additions	1,079	818	2,533	6,508	10,938
Disposal/Write-off	<u>(6,646)</u>	<u>(3,073)</u>	<u>(3,164)</u>	<u>(2,508)</u>	<u>(15,391)</u>
Balance at December 31, 2025	<u><b>\$ 7,166</b></u>	<u><b>35,601</b></u>	<u><b>2,961</b></u>	<u><b>7,873</b></u>	<u><b>53,601</b></u>
Balance at January 1, 2024	\$ 12,865	10,254	3,940	3,669	30,728
Additions	-	34,784	202	1,525	36,511
Disposal/Write-off	<u>(132)</u>	<u>(7,182)</u>	<u>(550)</u>	<u>(1,321)</u>	<u>(9,185)</u>
Balance at December 31, 2024	<u><b>\$ 12,733</b></u>	<u><b>37,856</b></u>	<u><b>3,592</b></u>	<u><b>3,873</b></u>	<u><b>58,054</b></u>
Accumulated depreciation losses:					
Balance at January 1, 2025	\$ 9,331	6,669	3,072	2,216	21,288
Depreciation for the year	1,427	7,092	1,828	2,087	12,434
Disposal/Write-off	<u>(6,333)</u>	<u>(3,073)</u>	<u>(2,996)</u>	<u>(2,508)</u>	<u>(14,910)</u>
Balance at December 31, 2025	<u><b>\$ 4,425</b></u>	<u><b>10,688</b></u>	<u><b>1,904</b></u>	<u><b>1,795</b></u>	<u><b>18,812</b></u>
Balance at January 1, 2024	\$ 7,592	7,412	1,713	2,260	18,977
Depreciation for the year	1,871	6,439	1,909	1,277	11,496
Disposal/Write-off	<u>(132)</u>	<u>(7,182)</u>	<u>(550)</u>	<u>(1,321)</u>	<u>(9,185)</u>
Balance at December 31, 2024	<u><b>\$ 9,331</b></u>	<u><b>6,669</b></u>	<u><b>3,072</b></u>	<u><b>2,216</b></u>	<u><b>21,288</b></u>
Carrying amounts:					
Balance at December 31, 2025	<u><b>\$ 2,741</b></u>	<u><b>24,913</b></u>	<u><b>1,057</b></u>	<u><b>6,078</b></u>	<u><b>34,789</b></u>
Balance at January 1, 2024	<u><b>\$ 5,273</b></u>	<u><b>2,842</b></u>	<u><b>2,227</b></u>	<u><b>1,409</b></u>	<u><b>11,751</b></u>
Balance at December 31, 2024	<u><b>\$ 3,402</b></u>	<u><b>31,187</b></u>	<u><b>520</b></u>	<u><b>1,657</b></u>	<u><b>36,766</b></u>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(10) Investment property

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

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

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

Please refer to Notes 6(8) for the explanation of the transfer of Property, plant and equipment item.

The Company'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 Company's investment properties were not used as guarantees for long-term, short-term loans and financing.

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

(11) Short-term loans

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

	December 31, 2025	December 31, 2024
Unsecured bank loans	\$ 696,900	210,000
Unused short-term credit lines	\$ 1,023,100	1,182,794
Range of Interest rate	2.1%~2.3784%	2.2899%~2.35%

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

(12) Short-term notes and bills payable

The details of short-term notes and bills payable of the Company 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 (23) for details on interest expense.

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

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(13) Long-term Loans

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

	<b>December 31, 2025</b>		
	<b>Range of interest rate</b>	<b>Expiration Date</b>	<b>Amount</b>
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			<b>\$ 2,186,544</b>
Unused long-term credit lines			<b>\$ 2,290,000</b>
	<b>December 31, 2024</b>		
	<b>Range of interest rate</b>	<b>Expiration Date</b>	<b>Amount</b>
Unsecured bank loans	2.22%~2.8789%	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			<b>\$ 2,420,159</b>
Unused long-term credit lines			<b>\$ 590,000</b>

(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 525,580 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 Company 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 Company with the banks in 2023 restricts that the consolidated financial report after 2023 must meet the following conditions:

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

- 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.

In addition, on November 25, 2025, the company 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 Company with the 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 Company took the consolidated financial reports of 2025 and 2024 as the calculation basis, and none of them violated the restrictions.

#### (14) Bonds payable

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total amount of the third domestic unsecured convertible corporate bonds issuance	\$ 300,000	300,000
Unamortized discounted corporate bonds payable	<u>(14,931)</u>	<u>(22,939)</u>
Ending balance of bonds payable	<u>\$ 285,069</u>	<u>277,061</u>
Embedded derivatives		
Embedded derivative - call options, included in financial assets at fair value through profit or loss - non-current	<u>\$ -</u>	<u>180</u>
Embedded derivative - put options, included in financial liabilities at fair value through profit or loss - non-current	<u>\$ 3,210</u>	<u>2,040</u>
Equity component - conversion options, included in capital surplus— stock options	<u>\$ 21,661</u>	<u>21,661</u>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Loss on remeasurement of embedded derivatives - call and put options at fair value, included in other gains and losses)	<b>\$ 1,350</b>	<b>720</b>
Interest expense	<b>\$ 8,008</b>	<b>1,640</b>

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

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

(a) Repayment method

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

(b) Conversion method

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

(c) Conversion price and its adjustment

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

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

From the ex-dividend record date, July 8, 2025, the conversion price of the Company's 3rd domestic unsecured convertible corporate bonds is adjusted to \$32.2 per share.

(d) Call option of the Company

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

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

**Notes to the Parent Company Only Financial Statements (Continued)**

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

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

(e) Put option of bondholders

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

(15) Lease liabilities

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current	<b>\$ 11,572</b>	<b>9,645</b>
Non-current	<b>\$ 24,955</b>	<b>28,599</b>

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

The amounts recognized in profit or loss were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	<b>\$ 948</b>	<b>643</b>
Expenses relating to short-term leases	<b>\$ -</b>	<b>247</b>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b>\$ 2,544</b>	<b>1,827</b>

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

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	<b>\$ 15,634</b>	<b>13,077</b>

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

#### (a) Leasing of land and buildings

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

#### (b) Other lease

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

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

#### (16) Employee benefits

##### Defined contribution plans

The Company 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 Company 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, which have been allocated to the Bureau of Labor Insurance.

#### (17) 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	\$ 8,503	29,494
Adjustment for prior periods	(1,803)	5,447
	<u>6,700</u>	<u>34,941</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(34,006)</u>	<u>15,429</u>
Income tax expense	<u>\$ (27,306)</u>	<u>50,370</u>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

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

Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income before tax	\$ 262,431	465,833
Income tax using the Company's domestic tax rate	52,486	93,167
Non-deductible expenses	4,389	2,307
Tax-exempt income	(1,001)	(1,401)
Tax incentives	-	(84)
Change in unrecognized temporary differences	(88,659)	(46,012)
Recognition of previously unrecognized tax losses	(1,803)	6,417
Additional tax on undistributed earnings	7,282	-
Others	-	(4,024)
	<b>\$ (27,306)</b>	<b>50,370</b>

(b) Deferred tax assets and liabilities

(i) Unrecognized deferred tax liabilities

The Company 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:

	<b>December</b>	<b>December</b>
	<b>31, 2025</b>	<b>31, 2024</b>
Share of loss of subsidiaries, associates accounted for using equity method	<b>\$ 102,549</b>	<b>61,114</b>

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

(ii) Unrecognized deferred tax assets

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Share of loss of subsidiaries, associates accounted for using equity method	\$ 57,086	104,310
Impairment of asset	10,456	10,456
<b>Total</b>	<b>\$ 67,542</b>	<b>114,766</b>

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

(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:

	<b>Others</b>
<b>Balance at January 1, 2025</b>	\$ 11,513
Recognized in profit or loss	(11,513)
<b>Balance at December 31, 2025</b>	<b>\$ -</b>
<b>Balance at January 1, 2024</b>	\$ -
Recognized in profit or loss	11,513
<b>Balance at December 31, 2024</b>	<b>\$ 11,513</b>

Deferred Tax Assets:

	Write-down of inventories	Exchange Differences on Translation of Foreign Operations	Allowance for sales return	Loss carryforwards	Others	Total
<b>Balance at January 1, 2025</b>	\$ 4,728	218	581	-	12,02	17,548
Recognized in profit or loss	(278)	-	80	19,218	3,47	22,493
Recognized in other comprehensive income	-	27,165	-	-	-	27,165
<b>Balance at December 31, 2025</b>	<b>\$ 4,450</b>	<b>27,383</b>	<b>661</b>	<b>19,218</b>	<b>15,49</b>	<b>67,206</b>
<b>Balance at January 1, 2024</b>	\$ 3,491	23,175	-	-	17,75	44,421
Recognized in profit or loss	1,237	-	581	-	(5,73)	(3,916)
Recognized in other comprehensive income	-	(22,957)	-	-	-	(22,957)
<b>Balance at December 31, 2024</b>	<b>\$ 4,728</b>	<b>218</b>	<b>581</b>	<b>-</b>	<b>12,02</b>	<b>17,548</b>

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(c) Assessment of tax

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

(18) 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 the years of 2025 and 2024 was as follows:

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

(a) Issuance of ordinary shares

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

(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 treasury shares	5,820	5,820
	<u>\$ 111,098</u>	<u>111,098</u>

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received.

According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total ordinary shares outstanding.

#### **(c) Retained earnings**

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

Ching Feng Home Fashions Co., Ltd. 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.

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(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 cash dividend amounts for the 2024 earnings distribution were approved during the board meeting on February 27, 2025, and other earnings distribution items were approved at the shareholders' meeting on May 21, 2025. The cash dividend amounts for the 2023 earnings distribution were approved during the board meeting on March 13, 2024, and other earnings distribution items were approved at the shareholders' meeting on May 28, 2024. The dividend amounts were as follows:

	<b>For the years ended December 31,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Dividend per share (NT\$)</b>	<b>Total amount</b>	<b>Dividend per share (NT\$)</b>	<b>Total amount</b>
Dividends distributed to shareholders of ordinary shares :				
Cash dividends	\$ 1.800	<u><u>320,110</u></u>	0.500	<u><u>86,669</u></u>

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:

	<b>For the years ended December 31, 2025</b>	
	<b>Dividend per share (NT\$)</b>	<b>Total amount</b>
Dividends distributed to shareholders of ordinary shares:		
Cash dividends	\$ 1.200	<u><u>211,009</u></u>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(iv) Treasury shares

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

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

(v) Other equities (net amount after tax)

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

(19) Share-based payment

As of December 31, 2025 and 2024, the Company has the following share-based payments transactions, all of which are issued by the Company:

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

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(a) Measurement parameters of fair value on grant date

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

(b) Information of treasury shares transfer arrangements

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

(c) Employee remuneration expenses

The Company incurred expenses of share-based arrangements in 2024 as follows:

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

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

(20) 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

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

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

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

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Issued ordinary shares at January 1	177,839	173,839
Proceeds from issuing shares	-	590
Effect of treasury shares	(646)	(481)
Weighted average number of ordinary shares at December 31	<b>177,193</b>	<b>173,948</b>
Basic earnings per share (Unit: NT\$)	<b>\$ 1.64</b>	<b>2.39</b>

(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 5417,351 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)

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Profit attributable to ordinary shareholders of the Company (basic)	\$ 289,737	415,463
Interest expense and other income or expense on convertible bonds, net of tax	7,486	1,888
Profit attributable to ordinary shareholders of the Company (diluted)	<b>\$ 297,223</b>	<b>417,351</b>

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

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

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

(21) Revenue from contracts with customers

(a) Details of revenue

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Primary geographical markets		
United States	\$ 3,379,382	3,856,289
Europe	88,582	386,041
Taiwan	92,054	128,321
Others	62,041	103,406
	<b>\$ 3,622,059</b>	<b>4,474,057</b>

(b) Contract balances

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Notes Receivable and Accounts Receivable	\$ 1,175,074	1,334,354
Less: Allowance for losses	-	-
Total	<b>\$ 1,175,074</b>	<b>1,334,354</b>

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

(22) 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.

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

The remunerations to employees recognized for the years ended December 31, 2025 and 2024 were 5,412 thousand (including the amount allocated to base-level employees) 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 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.

#### (23) Non-operating income and expenses

##### (a) Interest income and other income

The details of the Company's interest income and other income are as follows:

	For the years ended December 31,	
	2025	2024
Interest income	\$ 26,868	23,522
Service revenue	17,007	-
Rental income	3,379	2,622
Other income	1,188	-
	<u>\$ 48,442</u>	<u>26,144</u>

##### (b) Other gains and losses

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

	For the years ended December 31,	
	2025	2024
Foreign exchange gains	\$ (70,815)	95,493
Net gains on financial assets (liabilities) at fair value through profit or loss	(38,677)	(9,301)
Loss (gain) on disposal of property, plant and equipment	133	(150)
Subsidiary liquidation loss	-	(15,677)
Other	9,231	5,059
	<u>\$ (100,128)</u>	<u>75,424</u>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(c) Finance cost

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

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest expense	\$ 86,436	86,390
Add: Interest of below-market interest rate loan	2,498	3,307
Interest of Lease liabilities	948	643
Corporate bonds interest expense	8,008	1,640
	<b><u>\$ 97,890</u></b>	<b><u>91,980</u></b>

(24) 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 Company continuously evaluates the financial status of customers, and regularly evaluates the possibility of recovering accounts receivable and has allowance for impairment losses. The impairment losses are always within the expectations of the management. As of December 31, 2025 and 2024, 89% and 90% of the Company's accounts receivable balance came from several major customers, which made the Company have significant concentration of credit risk.

(iii) Credit risk of accounts receivable

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).

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

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

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

(b) Liquidity risk

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

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 6 months</b>	<b>6-12Months</b>	<b>Over 1 years</b>
<b>December 31, 2025</b>					
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	944,246	944,246	944,246	-	-
Other financial liabilities	170,000	170,905	170,905	-	-
Bonds payable	285,069	300,000	-	-	300,000
Lease liabilities	36,527	38,090	6,278	6,050	25,762
Derivative financial liabilities					
Forward exchange contract:					
Flow Out	14,150	14,150	14,150	-	-
	<b>\$ 4,813,866</b>	<b>4,920,788</b>	<b>2,084,027</b>	<b>303,467</b>	<b>2,533,294</b>
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Bank loans	\$ 2,862,455	3,026,021	245,494	267,249	2,513,278
Short-term notes and bills payable	189,858	190,000	190,000	-	-
Notes payable, accounts payable and other payables	1,054,129	1,054,129	1,054,129	-	-
Other financial liabilities	85,000	85,441	85,441	-	-
Bonds payable	277,061	300,000	-	-	300,000
Lease liabilities	38,244	40,343	5,478	4,973	29,892
Derivative financial liabilities					
Forward exchange contract:					
Flow Out	7,450	7,450	7,450	-	-
	<b>\$ 4,514,197</b>	<b>4,703,384</b>	<b>1,587,992</b>	<b>272,222</b>	<b>2,843,170</b>

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

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(c) Market risk

(i) Risk of foreign exchange rate

Financial assets and liabilities of the Company exposed to significant foreign exchange risks were as follows:

	(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	\$ 62,487	31.419	1,963,279	70,088	32.794	2,298,466
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	23,328	31.419	732,942	25,567	32.794	838,444

(ii) Sensitivity analysis

The Company'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 12,030 thousand and 14,600 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 Company 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 (70,815) thousand and 95,493 thousand, respectively.

(d) Interest rate analysis

Please refer to the note of the liquidity risk management for the interest rate risk of the Company'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.

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

If the interest rate is increased or decreased by 0.25% with all other variables remaining unchanged, the Company's net profit for the period from January 1 to December 31, 2025 and 2024 will be decreased or increased by 7,947 thousand and 6,445 thousand respectively. The main reason is the floating interest rates on loans, Other financial Liabilities, demand deposits and time deposits.

(e) Information on fair value

(i) Types and fair values of financial instruments

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

	December 31, 2025				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
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
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	159,278	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,419,130	-	-	-	-
Other current assets	72,655	-	-	-	-
Other financial assets - current	195,738	-	-	-	-
Sub-total	1,846,801	-	-	-	-
<b>Total</b>	<b>\$ 2,500,954</b>	<b>297,183</b>	<b>202,084</b>	<b>154,886</b>	<b>654,153</b>
<b>Financial liabilities at fair value through profit or loss</b>					
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
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	3,104,003	-	-	-	-
Short-term notes and bills payable	259,871	-	-	-	-
Notes payable, accounts payable and other payables	944,246	-	-	-	-
Other financial liabilities	170,000	-	-	-	-
Bonds payable	285,069	-	-	-	-
Lease liabilities	36,527	-	-	-	-
Sub-total	4,799,716	-	-	-	-
<b>Total</b>	<b>\$ 4,817,076</b>	<b>17,360</b>	<b>-</b>	<b>-</b>	<b>17,360</b>

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

	December 31, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Fund	\$ 27,611	27,611	-	-	27,611
Domestic and foreign bonds	261,426	261,426	-	-	261,426
Stocks of foreign non-listed companies	13,042	-	-	13,042	13,042
Unsecured convertible bonds – call option	180	180	-	-	180
Sub-total	<u>302,259</u>	<u>289,217</u>	<u>-</u>	<u>13,042</u>	<u>302,259</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	402,481	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,642,433	-	-	-	-
Other current assets	184,281	-	-	-	-
Other financial assets - current	156,880	-	-	-	-
Sub-total	<u>2,386,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,688,334</u>	<u>289,217</u>	<u>-</u>	<u>13,042</u>	<u>302,259</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Forward exchange contracts	\$ 7,450	7,450	-	-	7,450
Unsecured convertible bonds - put option	2,040	2,040	-	-	2,040
Sub-total	<u>9,490</u>	<u>9,490</u>	<u>-</u>	<u>-</u>	<u>9,490</u>
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	2,862,455	-	-	-	-
Short-term notes and bills payable	189,858	-	-	-	-
Notes payable, accounts payable and other payables	1,054,129	-	-	-	-
Other financial liabilities	85,000	-	-	-	-
Bonds payable	277,061	-	-	-	-
Lease liabilities	38,244	-	-	-	-
Sub-total	<u>4,506,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,516,237</u>	<u>9,490</u>	<u>-</u>	<u>-</u>	<u>9,490</u>

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

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

A. Financial assets measured at amortized cost

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

B. Financial assets and liabilities measured at amortized cost

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

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

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

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

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

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

B. Derivative financial instruments

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

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

C. Unlisted company stocks at fair value level 3

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

(iv) Transfers between Level 1 and Level 2

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

(v) Reconciliation of Level 3 fair values

	<b>Financial assets at Fair value through profit or loss without public quotation of equity instruments</b>
Balance at January 1, 2025	\$ 13,042
Recognized in profit or loss	(15,396)
Purchase	157,240
Balance at December 31, 2025	<u><u>\$ 154,886</u></u>
Balance at January 1, 2024	\$ -
Purchase	13,042
Balance at December 31, 2024	<u><u>\$ 13,042</u></u>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
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For the years ended December 31, 2025 and 2024, total gains and losses that were included in “other gains and losses” were as follows:

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

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

The Company’s financial instruments that use Level 3 inputs to measure fair value include “fair value through other comprehensive income – equity investments”.

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

<b>Item</b>	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through profit or loss - equity instruments without an active market	Transaction price	<ul style="list-style-type: none"> <li>• No active market trading price</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
//	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Terminal growth rate (2.00% as of December 31, 2025)</li> <li>• Weighted average cost of capital (7.44%~11.11% as of December 31, 2025)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the terminal growth rate, the higher the fair value.</li> <li>• The higher the weighted average cost of capital, the lower the fair value.</li> </ul>

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

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

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

**Notes to the Parent Company Only Financial Statements (Continued)**

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

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

(25) Financial risk management

(a) Overview

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

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

The following likewise discusses the Company'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 Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

### **Notes to the Parent Company Only Financial Statements (Continued)**

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

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

##### **(i) Accounts receivable and other receivable**

The Company 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 Company, historical transaction records, and current economic conditions, all of which may affect their ability to make payments. The Company 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 Company's finance department. Due to the Company'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 Company'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 Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

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

### **Notes to the Parent Company Only Financial Statements (Continued)**

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

The Company ensures that it maintains sufficient cash to support expected operating expenses for a period of sixty days, including fulfilling financial obligations, while excluding potential impacts that cannot be reasonably anticipated under extreme circumstances, such as natural disasters. For the Company's unused credit line information, please refer to Note 6(11), (13).

(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 Company'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 Company 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 Company conducts sales, purchases, and borrowing transactions are the NTD and the USD.

The Company 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 Company.

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

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued)

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

#### (26) Capital management

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

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

The Company'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	\$ 4,852,567	4,567,599
Total Assets	7,494,768	7,390,020
Liabilities-to-assets Ratio	64.75 %	61.81 %

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

The Company'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:

	January 1, 2025	Cash flows	Non-cash changes				December 31, 2025
			Changes in lease payments	Foreign exchange movement	Changes in deferred government grants	Others	
Long-term loans	\$ 2,652,455	(247,850)	-	-	2,498	-	2,407,103
Short-term loans	210,000	486,900	-	-	-	-	696,900
Lease liabilities	38,244	(12,142)	-	10,425	-	-	36,527
Bonds payable	277,061	-	-	-	-	8,008	285,069
Total liabilities from financing activities	<b>\$ 3,177,760</b>	<b>226,908</b>	<b>-</b>	<b>10,425</b>	<b>2,498</b>	<b>8,008</b>	<b>3,425,599</b>

	January 1, 2024	Cash flows	Non-cash changes				December 31, 2024
			Changes in lease payments	Foreign exchange movement	Changes in deferred government grants	Others	
Long-term loans	\$ 3,079,728	(430,580)	-	-	3,307	-	2,652,455
Short-term loan	-	210,000	-	-	-	-	210,000
Lease liabilities	12,093	(10,360)	-	36,511	-	-	38,244
Bonds payable	-	298,222	-	-	-	(21,161)	277,061
Total liabilities from financing activities	<b>\$ 3,091,821</b>	<b>67,282</b>	<b>-</b>	<b>36,511</b>	<b>3,307</b>	<b>(21,161)</b>	<b>3,177,760</b>

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

**Notes to the Parent Company Only Financial Statements (Continued)**

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

**7. Related-party transactions**

(1) Names and relationship with the Company

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
ALL STRONG INDUSTRY (USA) INC. (All Strong)	Subsidiaries
CHING FENG VIETNAM COMPANY LIMITED (Ching Feng Vietnam)	Subsidiaries
FU VIETNAM COMPANY LIMITED (Fu Vietnam)	Subsidiaries
GRANDTOP DECORATIVE PRODUCT (ZHENJING) CO., LTD. (Grandtop)	Sub-sub-sidiaries
FU YUE WINDOW DECORATION TECHNOLOGY ZHENJIANG CO., LTD. (Fu Yue Zhenjiang)	Sub-sub-sidiaries
REGAL ESTATE (USA) INC.	Sub-sub-sidiaries
CHING FENG SINGAPORE PTE. LTD.	Subsidiaries
SUN OCEAN VIETNAM CO., LTD. (Sun Ocean Vietnam)	Sub-sub-sidiaries
FU YUE WINDOW DECORATION CO., LTD. (Fu Yue)	Subsidiaries
Hsu, Ming-Hsuan	Key management personnel of the Company
Hsu, Chun-Jan	Key management personnel of the Company
Hong, Yi-Jing	In close relationship with the chairman of the Company
CHAIN YARN CO., LTD.	Other related parties
All directors, the Company's key management personnel, including the general manager and deputy general manager.	

(2) Significant transactions with related parties

(a) Sales

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

	<u>For the years ended 31,</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries-All Strong	\$ 2,305,638	2,306,905
Subsidiaries/Sub-sub-sidiaries	11,645	30,390
Other related parties	-	-
Total	<u>\$ 2,317,283</u>	<u>2,337,295</u>

The sales conditions for sales to related parties are different from those for non-related parties, primarily due to adjustments made to the subsidiary's selling prices considering the reasonableness of transfer pricing.

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(b) Purchases

The amounts of significant purchases by the Company to related parties were as follows:

	<b>For the years ended 31,</b>	
	<b>2025</b>	<b>2024</b>
Sub-subsidiary- Grandtop	\$ 17,788	20,072
Sub-subsidiary-Sun Ocean Vietnam	768,864	886,135
Subsidiary-Ching Feng Vietnam	1,164,604	988,936
Subsidiaries/Sub-subsidiaries	12,044	-
Total	<b>\$ 1,963,300</b>	<b>1,895,143</b>

The purchase prices and payment terms of the Company for the above-mentioned companies are not significantly different from those of general suppliers.

(c) Receivables from related parties

The receivables from related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Accounts receivable	Subsidiary-All Strong	\$ 901,149	1,133,722
Accounts receivable	Subsidiaries/Sub-subsidiaries	1,475	8,071
		<b>\$ 902,624</b>	<b>1,141,793</b>
Other receivables	Subsidiary-Ching Feng Vietnam	123,948	64,377
Other receivables	Sub-subsidiary-Sun Ocean Vietnam	49,484	61,725
Other receivables	Subsidiary-All Strong	19,745	1,108
Other receivables	Subsidiaries/Sub-subsidiaries	292	19
		<b>\$ 193,469</b>	<b>127,229</b>

The collection conditions of the above accounts receivable are based on the collection conditions for end customers. Please refer to Note 6(3) and (24) for relevant impairment assessment methods.

The above Other receivables from subsidiaries mainly consist of advance payments for purchases, Other expenses, and payments for services provided.

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(d) 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>
Accounts payable	Sub-subsidiary-Grandtop	\$ 17,587	25,510
Accounts payable	Sub-subsidiary-Sun Ocean Vietnam	122,347	164,796
Accounts payable	Subsidiary-Ching Feng Vietnam	276,603	172,225
Accounts payable	Sub-subsidiaries	1	-
Other payables	Subsidiaries/Sub-subsidiaries	21	31
Other payables	Other related parties	35	19
		<u>\$ 416,594</u>	<u>362,581</u>

(e) Leases

The Company 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. °

(f) Loans to related parties (recorded as Other receivables - related parties)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary-Fu Vietnam	<u>\$ 3,142</u>	<u>9,838</u>

The Company provided interest-free and unsecured loans to related parties. There are no expected credit loss required after the management's assessment.

(g) Others

Other income

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Subsidiary-All Strong	\$ 17,384	46
Sub-subsidiary-Sun Ocean Vietnam	5,547	15
Subsidiaries/Sub-subsidiaries	301	875
	<u>\$ 23,232</u>	<u>936</u>

(h) Guarantee

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Subsidiary-Ching Feng Vietnam	\$ -	<u>98,382</u>

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(i) Cash capital increase

For details regarding the capital increases of the Company's subsidiaries for the years ended December 31, 2025 and 2024, please refer to Note 6(6).

(3) Key management personnel transactions

Key management personnel compensation comprised:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 32,147	37,368
Termination benefits	616	689
	<b>\$ 32,763</b>	<b>38,057</b>

**8. Assets pledged as security**

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

<b>Assets pledged as security</b>	<b>Liabilities secured by pledge</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Fixed certificates of deposits and restricted deposits (listed as other financial assets-current)	Long-term and short-term loans and line of credit	\$ 195,738	140,483
Property, plant and equipment	Long-term and short-term loans and line of credit	1,109,435	1,145,626
Financial assets at fair value through profit or loss	Long-term and short-term loans and line of credit	308,086	158,846
		<b>\$ 1,613,259</b>	<b>1,444,955</b>

**9. Significant Commitments and Contingencies**

(1) Unrecognized contractual commitments

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Contract price	\$ 7,877	8,448
Unpaid amount	\$ 2,835	4,027

(2) Others

On December 31, 2025 and 2024, the Company 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.**

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

**Notes to the Parent Company Only Financial Statements (Continued)**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

**11. Subsequent events**

The Company 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 Company 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.

**12. Others**

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

By item	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	172,985	143,024	316,009	189,895	165,164	355,059
Labor and health insurance	17,855	14,356	32,211	18,503	12,909	31,412
Pension	5,204	6,219	11,423	5,779	5,552	11,331
Remuneration of directors	-	12,272	12,272	-	13,857	13,857
Other	9,390	7,270	16,660	10,187	5,968	16,155
Depreciation	65,785	19,085	84,870	80,779	16,068	96,847
Amortization	129	4,341	4,470	-	3,323	3,323

The following is additional information on the number of employees and employee benefits expenses for the years 2025 and 2024:

	For the years ended December 31,	
	2025	2024
The number of employees	<u>506</u>	<u>535</u>
The number of directors who were not concurrently employees	<u>6</u>	<u>6</u>
Average employee benefit expenses	<u>\$ 759</u>	<u>791</u>
Average salary expenses	<u>\$ 641</u>	<u>682</u>
Average salary expense adjustment	<u>(6.01)%</u>	<u>20.71%</u>
Compensation to supervisors	<u>\$ -</u>	<u>-</u>

The compensation policy, including to directors, independent directors, managers and employees, is as follows:

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

### **Notes to the Parent Company Only Financial Statements (Continued)** **(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

(a) Directors and managers:

The company's compensation policy is based on the average salary of the position in the same industry, the position's responsibilities within the company, the contribution to the company's business goals, and the Performance-based Compensation Plan of the company. The Performance-based Compensation Plan of the company refers to the overall operating performance of the company, future operating risks, the individual's performance achievement and contribution to the company. The year-end bonus is allocated based on a fixed ratio of net profit.

(b) Independent directors:

When independent directors and supervisors perform their duties, the company will pay a certain amount of compensation every month whether the company is making a profit. The compensation committee will make discretionary adjustments based on participation and contributions.

(c) Employees:

Employee compensation is allocated depending on the company's operating conditions, and is distributed taking into consideration of position, performance and seniority. The year end bonus is allocated according to the company's operating conditions with the performance appraisal as the reference basis. The annual salary adjustment is based on the economic growth rate, price index, industry average increase, etc. with the range set according to the performance appraisal.

- (2) Based on the guarantee agreement and obligations not performed by the counterparty, the Company 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 Company 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 Company for the years ended December 31, 2025:

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(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	No	7,576	-	-	-	2	-	Working capital turnover	-	-	-	264,220	396,330

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

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

Note 2: Nature of the loan:

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

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

(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 Company.
- (2) The subsidiary is numbered sequentially starting from 1.

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

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

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued)

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

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

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

(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				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 Global Dynamic 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 Dynamic Allocation Fund (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 Co., 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 (US00206RDJ86))	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.

### Notes to the Parent Company Only Financial Statements (Continued)

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

Company	Type and name of securities	Relationship with company	Account	End of period				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value	
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	
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 Listrik 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.	Fubon Life Insurance Subordinated Corporate 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 Subordinated Corporate 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 Subordinated Corporate 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	
Ching Feng Home Fashions Co., Ltd.	SEEDLEE CONSULTANT COMPANY	None	Financial assets at fair value through profit or loss-Non-Current	Note1	490	3.00 %	490	
Ching Feng Home Fashions Co., Ltd.	Chain Yarn Corporation (4427) Ordinary Shares	None	Financial assets at fair value through profit or loss-Non-Current	14,250,000	146,063	6.70 %	146,063	

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

Note 1: The invested company is a limited company.

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

(In Thousands of New Taiwan Dollars)

Company	Related party	Nature of relationship	Transaction Details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Note
			Item	Amount	Percentage of total purchases (sales) (%)	Payment terms	Unit Price	Payment terms (Note2)	Ending balance	Percentage of total receivables (payables)	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	Sales	(2,305,638)	63.66%	T/T 195	Sell at days 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	Sell at days 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	Sell at days 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	Sell at days 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	Sell at days 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	Sell at days agreed price	-	276,603	100.00%	

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only Financial Statements (Continued) (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

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

(In Thousands of New Taiwan Dollars)

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

(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, 2025			(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.	United States	Buy & sell of blinds, pleated curtain	202,863	202,863	65	100.00%	689,061	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	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	46,019	46,019	"
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry co., Ltd.	Thailand	Plastic bags, etc.	193,059	217,099	1,750	100.00%	47,716	(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	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	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	(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	(1,754)	(1,754)	"
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	United States	Investment	1,209,223	1,262,143	24,655	100.00%	757,521	16,373	2,347	Sub-subsiary
Sincere Capital Limited	Sun Ocean Investment Limited	Samoa	Investment	(USD)38,487 thousand	(USD)38,487 thousand						
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	423,308	441,834	13,473	100.00%	437,910	46,019	46,019	"
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	(USD)13,473 thousand	(USD)13,473 thousand						
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	413,663	431,766	Note 3	100.00%	430,378	46,019	46,019	"
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	(USD)13,166 thousand	(USD)13,166 thousand						
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	United States	Buy & sell of blinds, pleated shades	12,568	3,279	400	100.00%	4,136	(6,175)	(6,175)	"
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	United States	Buy & sell of blinds, pleated shades	(USD)400 thousand	(USD)100 thousand						
CHING FENG SINGAPORE PTE. LTD.	Fu Vietnam Company Limited	Vietnam	Manufacture and assembly of blinds and textiles	94,257	-	Note 3	35.29%	92,128	(25,041)	(2,402)	"
CHING FENG SINGAPORE PTE. LTD.	Fu Vietnam Company Limited	Vietnam	Manufacture and assembly of blinds and textiles	(USD)3,000 thousand							

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.

## Ching Feng Home Fashions Co., Ltd.

### Notes to the Parent Company Only 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		outflow of investment from Taiwan as of December 31, 2025 (Note 2)	Net income (losses) of the investee	Percentage of ownership	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%	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 (USD200 thousand)	-	-	-%	-	-	-
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%	(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.**

**Notes to the Parent Company Only 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**

The Company is mainly engaged in various blinds, pleated curtains and other curtain products, operating as a single product and segment. Please refer to the consolidated financial report for the year of 2025.

**Ching Feng Home Fashions Co., Ltd.**  
**Statement of Cash and Cash Equivalents**  
**December 31 2025**

**Unit: Thousands of NTD**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ <u>481</u>
Cash in bank		
Check and demand deposit		35,874
Foreign currency deposit		<u>122,923</u>
Total cash in bank		<u>158,797</u>
Total		<u><b>\$ 159,278</b></u>

Note: Foreign currency deposits are converted according to the spot exchange rate announced by Taiwan Cooperative Bank on December 31, 2025.

US\$1:NT\$31.419

**Statement of Accountants Receivables**

<u>Customers</u>	<u>Description</u>	<u>Amount</u>
Company A	Sales	\$ 148,963
Company B	"	68,582
Company C	"	24,227
Others (Less than 5% of the account balance) (Note)		<u>30,430</u>
Sub-total		272,202
Less: Allowance for losses		<u>-</u>
Total		<u><b>\$ 272,202</b></u>

Note: There is no accounts receivable are overdue for more than 90 days, no loss allowance will be set aside.

**Ching Feng Home Fashions Co., Ltd.**  
**Statement of Changes of Investment Accounting for Using Equity Method**  
**January 1, 2025 to December 31, 2025**

Name	Balance at the beginning of the period		Additions		Decrease in Investment		Others	Investment income and loss	Foreign currency translation Adjustment number	Ending Balance			Market price or net equity (Note 1)		Provide guarantees or pledges or Pledge situation
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares	Percentage	Amount	Unit Price	Total	
Investment accounted for using equity method:															
All Strong Industry INC.	65	\$ 488,105	-	-	-	-	14,011	207,176	(20,231)	65	100.00%	689,061	-	714,383	None
Lame' Global Home Fashion CO., LTD	35,525	780,100	-	-	-	-	-	2,347	(24,922)	35,525	100.00%	757,525	-	757,525	"
Sincere Capital Limited	13,084	421,887	-	-	-	-	-	46,019	(29,994)	13,084	100.00%	437,912	-	437,912	"
Praise Home Industry CO., LTD	2,000	54,782	-	-	-	-	-	(8,841)	1,775	2,000	100.00%	47,716	-	47,716	"
Ching Feng Vietnam	Note1	752,028	-	-	-	-	1,310	195,951	(58,615)	Note1	100.00%	890,674	-	896,683	"
Fu Vietnam CO., LTD	Note1	132,211	-	-	-	-	24,799	(22,639)	(10,939)	Note1	64.71%	123,432	-	123,432	"
Fu Yue Window Decoration Co., Ltd.	Note1	4,552	-	-	-	-	-	4	-	Note1	100.00%	4,556	-	4,556	"
CHING FENG SINGAPORE PTE.LTD.	-	-	3,000	87,420	-	-	(24,799)	(1,754)	7,100	3,000	100.00%	67,967	-	92,766	"
		<u>\$ 2,633,665</u>		<u>87,420</u>		<u>-</u>	<u>15,321</u>	<u>418,263</u>	<u>(135,826)</u>			<u>3,018,843</u>		<u>3,074,973</u>	

Note 1: The invested company is a limited company.

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

**Statement of Inventory**

**December 31 2025**

**Unit: Thousands of NTD**

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Market Price</b>
Inventory-Merchandise	\$ 23,928	23,918
Raw materials	54,317	47,109
Supplies	47,880	33,213
Work-in progress, semi-finished goods	87,737	87,737
Finished goods	74,001	73,638
Less: Allowance for inventory valuation losses and obsolescence losses	(22,248)	-
Total	<u>\$ 265,615</u>	<u>265,615</u>

**Statement of Other Financial Assets - Current**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash in bank	Restricted asset	<u>\$ 195,738</u>

**Ching Feng Home Fashions Co., Ltd.**  
**Statement of Changes in Accumulated Depreciation**  
**of Property, Plant and Equipment**  
**January 1, 2025 to December 31, 2025**

**Unit: Thousands of NTD**

Please refer to Note 6 (8) in the financial report.

**Statement of Changes in Right-of-use Assets**

Please refer to Note 6 (9) in the financial report.

**Statement of Notes and Accounts Payable**  
**December 31 2025**

<u>Suppliers</u>	<u>Amount</u>
Company A	\$ 101,111
Company B	29,363
Company C	12,566
Others (Less than 5%)	<u>107,981</u>
	<u><u>\$ 251,021</u></u>

## Ching Feng Home Fashions Co., Ltd.

### Long-term borrowings statement

December 31 2025

Unit: Thousands of NTD

Creditor	Description	Amount	Term	Repayment	Interest Rate (%)	Collateral or security
Taiwan Cooperative Bank	Unsecured	\$ 146,400	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Taiwan Cooperative Bank	Unsecured	254,164	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Entie Commercial Bank	Unsecured	98,400	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Entie Commercial Bank	Unsecured	170,834	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Taiwan Cooperative Bank	Unsecured	98,400	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Taiwan Cooperative Bank	Unsecured	170,834	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Land Bank of Taiwan	Unsecured	79,200	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Land Bank of Taiwan	Unsecured	137,500	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Hua Nan Bank	Unsecured	69,600	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Hua Nan Bank	Unsecured	120,834	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
First Commercial Bank	Unsecured	69,600	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
First Commercial Bank	Unsecured	120,834	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
The Shanghai Commercial Savings Bank	Unsecured	57,600	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None

**Ching Feng Home Fashions Co., Ltd.**  
**Long-term borrowings statement (Continued)**  
**December 31 2025**

**Unit: Thousands of NTD**

Creditor	Description	Amount	Term	Repayment	Interest Rate (%)	Collateral or security
The Shanghai Commercial Savings Bank	Unsecured	100,000	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Cathay United Bank	Unsecured	48,000	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Cathay United Bank	Unsecured	83,334	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Taichung Commercial Bank	Unsecured	36,000	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Taichung Commercial Bank	Unsecured	62,500	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Shin Kong Commercial Bank	Unsecured	16,800	2022.01.28~2027.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Shin Kong Commercial Bank	Unsecured	29,166	2025.08.28~2026.01.28	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.8789%	None
Taiwan Cooperative Bank Savings Account	Unsecured	12,000	2019.07.29~2026.07.15	Monthly payments that are applied to both the principal and interest.	2.22%	None
Taiwan Cooperative Bank Savings Account	Secured loans	17,524	2020.07.10~2027.07.10	Monthly payments that are applied to both the principal and interest.	2.22%	Note 8
Land Bank of Taiwan Demand Deposit	Secured loans	148,173	2020.07.03~2035.07.03	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.255%	Note 8
Land Bank of Taiwan Demand Deposit	Secured loans	214,406	2020.07.03~2029.01.15	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	1.05%	Note 8
China Export-Import Bank	Unsecured	<u>45,000</u>	2024.07.08~2027.07.08	Monthly payments that are applied to both the principal and interest, amortized on a monthly basis from a certain period.	2.302%	None
Sub-total		2,407,103				
Less: Current portion due within 1 year		<u>(220,559)</u>				
		<b><u>\$ 2,186,544</u></b>				

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

**Statement of Operating Revenue**

**January 1, 2025 to December 31, 2025**

**Unit: Thousands of NTD**

<u>Item</u>	<u>Quantity (KPCS)</u>	<u>Amount (Net)</u>
Blinds	23,970	\$ 2,999,678
Home textile	4,198	592,015
Others	13	<u>31,083</u>
		3,622,776
Less: Sales returns		(3)
Sales allowances		<u>(714)</u>
Total		<u><u>\$ 3,622,059</u></u>

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

**Statement of Operating Costs**

**January 1, 2025 to December 31, 2025**

**Unit: Thousands of NTD**

<b>Item</b>	<b>Amount</b>
Merchandise	
Beginning balance	\$ 47,857
Add: Purchased	2,497,290
Less: Ending balance	(23,928)
Other	<u>(1,185)</u>
Transfer to cost of goods sold	<u>2,520,034</u>
Raw materials	
Beginning balance	113,946
Add: Purchased	144,329
Production of the year	15
Inventory profit	54
Less: Ending balance	(54,317)
Transferred to samples	(118)
Transferred to consumables	(102)
Scrapped	(1,383)
Other	(162)
Raw materials used	<u>202,262</u>
Supplies	
Beginning balance	51,404
Add: Purchased	181,298
Inventory profit	195
Less: Ending balance	(47,880)
Transferred to samples	(187)
Transferred to consumables	(3,238)
Scrapped	(1,925)
Sold	(11,659)
Other	(975)
Supplies used	<u>167,033</u>
Direct labor	<u>132,404</u>
Manufacturing overheads	<u>225,471</u>
Manufacturing cost Total	<u>727,190</u>

**Ching Feng Home Fashions Co., Ltd.**  
**Statement of Operating Costs (Continued)**  
**January 1, 2025 to December 31, 2025**

**Unit: Thousands of NTD**

<b>Item</b>	<b>Amount</b>
Work in process	
Beginning balance	82,962
Add: Purchased	308
Production of the year	727,190
Less: Ending balance	(87,737)
Others	(3,385)
Scrapped	(1,210)
Inventory loss	(88)
Finished goods cost	718,040
Finished goods	
Beginning balance	64,313
Add: Production of the year	718,040
Other	2
Less: Ending balance	(74,001)
Inventory loss	(18)
Other	(4,682)
Cost of goods manufactured	703,654
Cost of goods sold	3,223,688
Add: Cost of supplies	11,659
Processing expense	70,051
Scrapped	4,518
Inventory loss	(143)
Other	105
Less: Write-down of inventories	(1,392)
Operating cost	<b>\$ 3,308,486</b>

**Ching Feng Home Fashions Co., Ltd.**  
**Statement of Manufacturing Expenses**  
**January 1, 2025 to December 31, 2025**

Unit: Thousands of NTD

Item	Amount
Indirect labor	\$ 66,410
Shipping expense	13,301
Utilities expense	16,238
Depreciation expense	65,785
Others (Less than 5%)	63,737
	<b>\$ 225,471</b>

**Statement of Operating Expenses**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	\$ 60,064	69,776	25,456	155,296
Insurance expense	9,420	7,575	2,729	19,724
Depreciation expense	5,184	9,213	4,688	19,085
Professional fee	19,340	22,542	3,388	45,270
Miscellaneous	11,458	8,723	5,539	25,720
Others (Less than 5%)	18,497	36,615	8,885	63,997
Total	<b>\$ 123,963</b>	<b>154,444</b>	<b>50,685</b>	<b>329,092</b>

**Ching Feng Home Fashions Co., Ltd.**  
**Statement of Non-Operating Income and Expenses**  
**January 1, 2025 to December 31, 2025**

**Unit: Thousands of NTD**

Please refer to Note 6 (23) in the financial report.