Ching Feng Home Fashions Co., Ltd.

Regulations Governing Financial and Operational Transactions Among Related Parties

Article 1

These Regulations are specially established to strengthen the financial and operational interactions between the Company and its related parties, and to prevent unconventional transactions or improper tunneling of interests in matters such as sales and purchasing transactions, acquisition or disposal of assets, endorsements/guarantees, and monetary loans among related parties.

Article 2

Unless otherwise provided by laws and regulations or the Articles of Incorporation, all financial and operational interactions between the Company and its related parties (including affiliates) shall be handled in accordance with these Regulations.

Article 3

The term "related party" as used in these Regulations shall be identified and determined in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Article 4

The Finance Department shall periodically compile statistics on related-party (including affiliates) transactions regarding the following matters, and submit a summary report to the President and the Chairman:

(1) Purchases.

(2) Sales.

(3) Asset transactions and long-term equity investments.

(4) Financing and monetary loans.

(5) Endorsements and guarantees.

(6) Others.

Article 5

The Finance Department shall be the department responsible for this operation, in charge of managing these Regulations and ensuring that relevant operations are conducted in accordance herewith.

Article 6

The Finance Department shall periodically compile statistics on related-party (including affiliates) transactions regarding the following matters, and submit a summary report to the President and the Chairman:

(1) Name of the related party.

(2) Relationship with the related party.

(3) Contents of the transaction, and the pricing and payment terms thereof.

Article 7

Any transactions between the Company and its related parties (including affiliates) involving asset trades, leases, derivatives, mergers, demergers, acquisitions, share transfers, or long-term equity investments shall be governed by the Company's Procedures for the Acquisition or Disposal of Assets.

Any loaning of funds between the Company and its related parties (including affiliates) shall be governed by the Company's Procedures for Loaning Funds to Others.

Any endorsements and guarantees between the Company and its related parties (including affiliates) shall be governed by the Company's Procedures for Endorsements and Guarantees.

Any donations made by the Company to its related parties (including affiliates) shall be governed by the Company's Rules Governing the Scope of Responsibilities of Independent Directors and Rules of Procedure for Board of Directors Meetings.

Article 8

The Company's oversight of the operations and management of its affiliates shall be carried out pursuant to its relevant internal control systems. For entities within a parent-subsidiary relationship, the Regulations Governing the Supervision and Management of Subsidiaries shall apply concurrently.

Article 9

Any business transactions between the Company and its related parties (including affiliates) subject to resolutions of both the Audit Committee and the Board of Directors shall be governed by the Company's Rules Governing the Scope of Responsibilities of Independent Directors and Rules of Procedure for Board of Directors Meetings.

Article 10

Any material transactions between the Company and its related parties (including affiliates) must receive prior approval from both the Audit Committee and the Board of Directors, unless the transaction falls under regulatory authorizations allowing the Chairman's pre-approval. Once approved, the actual status of these transactions must be reported to the Shareholders' Meeting following the end of the fiscal year.

Article 11

Pricing terms and payment methods for business transactions between the Company and its related parties (including affiliates) must be clearly defined. The purpose, price, terms, substance, form, and operating procedures of such transactions shall not deviate significantly from, or be manifestly less reasonable than, arm's length transactions conducted with non-related parties.

Article 12

Accounting personnel of the Company and its related parties (including affiliates) shall perform monthly cross-reconciliations of intercompany purchases, sales, and accounts receivable/payable balances from the prior month,If any discrepancy is found, the reasons must be identified and a reconciliation statement shall be prepared.

Article 13

Where the Company's anticipated annual transaction amount for purchases, sales, services, or technical services with related parties (including affiliates) reaches five percent of the Company's most recent consolidated total assets or its most recent annual net consolidated operating revenues, except for transactions subject to the Regulations Governing the Acquisition or Disposal of Assets by Public Companies, or transactions between the Company and its parent company, subsidiaries, or among subsidiaries, the transaction shall be submitted to both the Audit Committee and the Board of Directors for approval before it can be conducted.

Article 14

Where joint administrative or other expenses are incurred between the Company and its related parties (including affiliates), the Management Department shall determine the annual allocation ratios or amounts. Such allocations shall take effect upon approval by the Chairman and be submitted to the Board of Directors for acknowledgment.

Article 15

Should any affiliate of the Company trigger any event specified in the TWSE Procedures for Verification and Public Disclosure of Material Information by Listed Companies, the Company shall file and disclose the relevant material information on behalf of such affiliate.

Article 16

These Regulations, and any subsequent amendments, shall take effect upon the approval of the Board of Directors.
The first amendment was made on October 8, 2018.
The second amendment was made on August 11, 2023.