STOCK CODE：9935

CHING FENG HOME FASHIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
with Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Notice to Readers

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in Taiwan. In the event of any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version of consolidated financial statements shall prevail.

373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan
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Contents

Representation Letter

The entities that are required to be included in the combined financial statements of CHING FENG HOME FASHIONS CO., LTD. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHING FENG HOME FASHIONS CO., LTD. and subsidiaries do not prepare a separate set of combined financial statements.

Hereby certified.

CHING FENG HOME FASHIONS CO., LTD.

Hsu, Ming-Hsuan
Chairman

March 13, 2024

Independent Auditors’ Report

March 13, 2024

To the Board of Directors of CHING FENG HOME FASHIONS CO., LTD.：

Opinion

We have audited the accompanying consolidated financial statements of Ching Feng Home Fashions Co., Ltd., and its subsidiaries (collectively, the “Ching Feng Home Fashions Group”) which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended.

In our opinion, based on our audit results, the above-mentioned consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and present fairly, the financial position of the Company as of December 31, 2023 and 2022, and the financial performance and its cash flows for the years then ended.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matter for the Ching Feng Home Fashions Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

1. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Note 4 (15) to the consolidated financial report. For the disclosure of revenue, please refer to Note 6 (22).

Explanation of key audit matters:

Operating revenue is an important indicator for investors and management to evaluate the financial and business performance of Ching Feng Home Fashions Group. Whether the amount and timing of income recognition are correct will have a significant impact on financial reports. Thus, the authenticity and rationality of revenue recognition is a matter that accountants must pay close attention to when auditing the consolidated financial reports.

Corresponding audit procedures:

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

- Assessed the rationality for revenue recognition (including sales discounts and allowance).
- For new customers who are a related party and have a large transaction volume, and new top ten customers, we checked the similarities and differences between their conditions of transaction and those of general customers, and whether there are any abnormal frequent or major returns, to evaluate the authenticity of income.
- Selected an appropriate sample size of sales invoices and shipping documents, checked and confirmed the receipt of payment, and paid attention to whether the remitter is the same as the purchaser to evaluate the authenticity of the income.
- Based on the delivery conditions, checked the shipping documents before and after the end of the year to assess the correctness of the period of revenue recognition.

Others

Ching Feng Home Fashions Co., Ltd. has prepared parent company only financial reports for the years ended December 31, 2023 and 2022, and we have also issued opinions without reservations for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by ecurities Issuers, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ching Feng Home Fashions Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention of users in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ching Feng Home Fashions Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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 dverse 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
Taipei, Taiwan

With Approval from the Competent Authorities:

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

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6(1))	$ 497,239	7	539,333	8
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	32,561	-	16,471	-
1150	Net notes receivable (Note 6(3))	-	-	600	-
1170	Net accounts receivable (Note 6(3))	1,199,201	18	1,654,973	23
1180	Accounts receivable - net amount of related parties (Notes 6(3) ,7)	-	-	149,890	2
1200	Other receivables (Note 6(4))	376,682	6	291,520	4
1210	Other receivables - related parties (Note 7)	-	-	8,094	-
130X	Inventories (Note 6(5))	904,514	14	959,597	14
1410	Prepayments	129,504	2	124,503	2
1470	Other current assets (Note 6(7))	127,187	2	80,067	1
1476	Other financial assets - current (Note 8)	194,088	3	164,875	2
	Total current assets	3,460,976	52	3,989,923	56
	Non-current assets				
1600	Property, plant and equipment (Notes 6(8) and 8)	2,320,303	35	2,321,655	31
1755	Right-of-use assets (Note 6(9))	541,508	8	580,748	8
1760	Investment property, net (note 6 (10))	31,290	-	-	-
1780	Intangible assets (Note 6(11))	101,563	2	116,382	2
1840	Deferred income tax assets (Note 6(18))	83,059	1	37,330	1
1915	Advance payment for equipment	71,486	1	53,125	1
1900	Other non-current assets (Notes 6(12) and 8)	42,456	1	44,422	1
	Total non-current assets	3,191,665	48	3,153,662	44
	Total Assets	$ 6,652,641	100	7,143,585	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term loans (Note 6(13), 8)	$ -	-	327,592	5
2110	Short-term notes and bills payable (Note 6(14))	159,846	2	-	-
2120	Financial liabilities at fair value through profit or loss-current (Note 6(2))	1,379	-	51	-
2150	Notes and Accounts payable	675,961	10	676,067	10
2200	Other payables	254,584	4	243,071	3
2230	Current income tax liabilities (Note 6(18))	105,454	2	120,603	2
2280	Lease liabilities - current (Note 6(16))	24,240	-	23,187	-
2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(15))	264,529	4	219,627	3
2399	Other current liabilities - Others	5,113	-	2,763	-
	Total current liabilities	1,491,106	22	1,612,961	23
	Non-current liabilities：				
2540	Long-term loans (Note 6(15), 8)	2,818,291	42	3,170,816	44
2569	Current tax liabilities-non-current (Note 6(18))	26,484	1	-	-
2570	Deferred income tax liabilities (Note 6(18))	9,688	-	4,755	-
2580	Lease liabilities - non-current (Note 6(16))	51,908	1	74,943	1
2670	Other current liabilities – others	1,383	-	1,412	-
	Total non-current liabilities	2,907,754	44	3,251,926	45
	Total liabilities	4,398,860	66	4,864,887	68
	Equity attributable to owners of parent company (Note 6 (19))：				
3110	Ordinary shares	1,738,389	26	1,696,233	24
3200	Capital surplus	13,030	-	13,030	-
3300	Retained earnings	605,012	9	652,769	9
3400	Other components of equity	(92,700)	(1)	(63,404)	(1)
3500	Treasury shares	(9,950)	-	(19,930)	-
	Total equity attributable to owners of the parent company	2,253,781	34	2,278,698	32
	Total equity	2,253,781	34	2,278,698	32
	Total liabilities and equity	$ 6,652,641	100	7,143,585	100

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(22) and 7)**	$ 4,547,224	100	5,287,076	100
5000	**Operating costs (Notes 6(5), (17))**	3,637,227	80	4,366,460	83
	Gross profit	909,997	20	920,616	17
	Operating expenses (Notes 6(17))：				
6100	Selling and marketing expenses	226,830	5	231,413	4
6200	General and administrative expenses	340,214	7	324,418	6
6300	Research and development expenses	74,691	2	94,859	2
6450	Expected credit losses (Note 6(3) and (25))	24,528	1	7,997	-
	Total operating expenses	666,263	15	658,687	12
	Operating income	243,734	5	261,929	5
	Non-operating income and expenses (Notes 6(6), (24) and 7)：				
7100	Interest income	9,666	-	1,689	-
7010	Other income	6,849	-	5,519	-
7020	Other gains and losses	(12,785)	-	83,252	2
7050	Financing costs	(93,060)	(2)	(71,672)	(1)
7060	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	(95)	-	-	-
	Total non-operating income and expenses	(89,425)	(2)	18,788	1
7900	**Net income before tax**	154,309	3	280,717	6
7950	**Less: Income tax expenses (Note 6(18))**	50,305	1	60,126	1
	Net income	104,004	2	220,591	5
8300	**Other comprehensive income(Note6(18) and (19))：**				
8360	**Items that may subsequently be reclassified to profit or loss**				
8361	Exchange difference on translation of foreign operating institutions	(36,620)	(1)	150,829	3
8399	Less: Income tax related to items that may be reclassified subsequently	(7,324)	-	30,166	1
	Total items that may subsequently be reclassified to profit or loss	(29,296)	(1)	120,663	2
8300	**Total other comprehensive income (loss)**	(29,296)	(1)	120,663	2
	Total comprehensive income (loss)	**$ 74,708**	**1**	**341,254**	**7**
	Earnings per share (Note 6(21))				
9750	**Basic earnings per share (Unit: NT$)**	**$ 0.60**		**1.28**	
9850	**Diluted earnings per share (Unit: NT$)**	**$ 0.60**		**1.27**	

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Other equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Treasury Shares	Total Equity
Balance as of January 1, 2022	$ 1,696,233	56,029	64,642	157,393	253,142	(184,067)	(19,910)	2,023,462
Appropriations of earnings：								
Legal reserve	-	-	7,980	-	(7,980)	-	-	-
Special reserve	-	-	-	26,674	(26,674)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(42,999)	-	-	(42,999)
Cash dividends from capital surplus	-	(42,999)	-	-	-	-	-	(42,999)
Reacquire of treasury shares	-	-	-	-	-	-	(20)	(20)
Net income of the period	-	-	-	-	220,591	-	-	220,591
Other comprehensive income (loss) of the period	-	-	-	-	-	120,663	-	120,663
Total comprehensive income (loss) of the period	-	-	-	-	220,591	120,663	-	341,254
Balance as of December 31, 2022	**1,696,233**	**13,030**	**72,622**	**184,067**	**396,080**	**(63,404)**	**(19,930)**	**2,278,698**
Appropriations of earnings：								
Legal reserve	-	-	22,059	-	(22,059)	-	-	-
Special reserve	-	-	-	(120,663)	120,663	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(109,605)	-	-	(109,605)
Stock dividends of ordinary shares	42,156	-	-	-	(42,156)	-	-	-
Transfer of treasury shares	-	-	-	-	-	-	9,980	9,980
Net income of the period	-	-	-	-	104,004	-	-	104,004
Other comprehensive income (loss) of the period	-	-	-	-	-	(29,296)	-	(29,296)
Total comprehensive income (loss) of the period	-	-	-	-	104,004	(29,296)	-	74,708
Balance as of December 31, 2023	**$ 1,738,389**	**13,030**	**94,681**	**63,404**	**446,927**	**(92,700)**	**(9,950)**	**2,253,781**

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,	
		2023	**2022**
Cash flows from operating activities：			
Net income before tax	$	154,309	280,717
Adjustments：			
Adjustments to reconcile profit (loss)			
Depreciation expense		202,406	183,302
Amortization expense		31,345	20,626
Expected credit losses (gains)		24,528	7,997
Net losses (gains) on financial assets at fair value through profit or loss		351	1,057
Interest expense		93,060	71,672
Interest income		(9,666)	(1,689)
Share of loss (profit) of associates and joint ventures accounted or using equity method		95	-
Loss (gain) on disposal of property, plant and equipment, net		369	475
Loss (gain) on disposal of investments accounted for using equity method		(95)	-
Other adjustments to reconcile profit (loss)		(43)	-
Total adjustments to reconcile profit (loss)		342,350	283,440
Changes in assets related to operating activities：			
Notes receivable		600	(454)
Notes receivable - related parties		-	10
Accounts receivable		454,205	(635,975)
Accounts receivable - related parties		149,890	(21,516)
Other receivables		(90,042)	(126,139)
Other receivables - related parties		-	18
Inventories		55,083	(65,231)
Prepayments		(8,055)	7,178
Other current assets		(105,421)	(63,766)
Total net changes in assets related to operating activities		456,260	(905,875)
Changes in liabilities related to operating activities：			
Notes and Accounts payable		(106)	(18,223)
Notes and Accounts payable - related parties		-	(345)
Other payables		12,006	88,323
Other current liabilities		2,350	(3,574)
Total net changes in liabilities related to operating activities		14,250	66,181
Total net changes in assets and liabilities related to operating activities		470,510	(839,694)
Total adjustment		812,860	(556,254)

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2023	2022
Cash inflow (outflow) from operations	$ 967,169	(275,537)
Interest charged	9,666	1,689
Interest paid	(89,453)	(63,754)
Income taxes paid	(60,532)	(60,601)
Net cash flows from operating activities	826,850	(398,203)
Cash flows from investing activities：		
Acquisition of financial assets at fair value through profit or loss	(17,404)	(8,197)
Disposal of financial assets at fair value through profit or loss	6,198	57,855
Financial liabilities at fair value through profit or loss	(3,907)	-
Acquisition of investment accounted for using equity method	(2,400)	-
Disposal of investment accounted for using equity method	2,400	-
Acquisition of property, plant and equipment	(142,134)	(303,147)
Disposal of property, plant and equipment price	3,834	1,577
Other receivables	(12,021)	-
Other receivables - related parties	-	(16,188)
Acquisition of intangible assets	(1,200)	(1,330)
Acquisition of use-of-right assets	(3,395)	-
Acquisition of investment properties	(31,304)	-
Other financial assets – Current	(29,213)	169,314
Other non-current assets	(35)	5,425
Advance payment for equipment	(19,313)	28,790
Net cash flows used in investing activities	(249,894)	(65,901)
Cash flows from financing activities：		
Short-term loans	391,028	1,186,709
Repayment of short-term loans	(718,620)	(1,264,502)
Increase in short-term notes and bills payable	219,846	-
Decrease in short-term notes and bills payable	(60,000)	-
Long-term loans	-	2,363,157
Repayment of long-term loans	(311,819)	(1,591,926)
Payments of lease liabilities	(28,690)	(26,233)
Other non-current liabilities	(29)	465
Cash dividends paid	(109,605)	(85,998)
Treasury shares sold to employees	9,980	-
Cost of reacquiring treasury shares	-	(20)
Net cash flows from financing activities	(607,909)	581,652
Effects of exchange rate changes	(11,141)	46,594
Net increase (decrease) in cash and cash equivalents	(42,094)	164,142
Cash and equivalent cash, beginning balance	539,333	375,191
Cash and equivalent cash, ending balance	**$ 497,239**	**539,333**

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Company history

Ching Feng Home Fashions Co., Ltd. (hereinafter referred to as the "Company") was established on March 9, 1977 with the approval of the Ministry of Economic Affairs. The registered address is at 373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan. The main business items of the company and its subsidiaries are the manufacturing, processing of various blinds, pleated curtains, and their accessories for export and domestic sales. The company's stock has been officially listed and traded on the Taiwan Stock Exchange since August 18, 1989.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the "Group") for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 13, 2024.

(3) New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023：

–Amendments to IAS 1 "Disclosure of Accounting Policies"

–Amendments to IAS 8 "Definition of Accounting Estimates"

–Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the (following) new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023：

–Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

–Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

–Amendments to IAS 1 "Non-current Liabilities with Covenants"

–Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

–Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback" (c)The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

–Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

–IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"

–Amendments to IAS21"Lack of Exchangeability"

(4) Summary of material accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

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

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principles of preparation of the consolidated financial statements

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

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

2. List of subsidiaries in the consolidated financial statements

Subsidiaries Included in Consolidated Financial Reports:

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**Dec. 31, 2023**	**Dec. 31, 2022**	**Note**
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Buy & sell of blinds, pleated curtains	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Lamae' Global Home Fashion Co., Ltd.	Investment	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Investment	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	International trade	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Plastic bags, etc.	100.00%	100.00%	

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

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**Dec. 31, 2023**	**Dec. 31, 2022**	**Note**
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Production and processing of plastic and alu. Blinds, Faux wood shutters	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Cutting, assembly and packaging of curtains and textiles	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Manufacture and sale of blinds, pleated blinds.	100.00%	100.00%	
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	Investment (Investment in China)	100.00%	100.00%	
Sincere Capital Limited	Sun Ocean Investment Limited	Investment	100.00%	100.00%	
New Nice Home Fashion L.L.C.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	Manufacture, process, and assembly of blinds.	100.00%	100.00%	
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Manufacture and assembly of blinds	100.00%	100.00%	
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Fu Yue Window Decoration Technology (Zhenjing)	Buy & sell of blinds, pleated curtains	100.00%	100.00%	

3.Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

1.Foreign currency transactions

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

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

(i) an investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

2.Foreign operations

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

Exchange differences are recognized in other comprehensive income.

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

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;

3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) 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.

(g) Financial instruments

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

1. Financial assets

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

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

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

(i) Financial assets measured at amortized cost

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

–it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

–its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

(ii) Fair value through profit or loss (FVTPL)

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(iii) Impairment of financial assets

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

–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 allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

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

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-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；

–the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

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

(iv) Derecognition of financial assets

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

2. Financial liabilities and equity instruments

(i) Classification of debt or equity

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

(ii) Equity instrument

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

(iii) Treasury shares

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

(iv) Financial liabilities

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

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

(v) Derecognition of financial liabilities

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

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

(vi) Offsetting of financial assets and liabilities

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

3. Derivative financial instruments

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

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

(h) 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.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) 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.

(k) Property, plant and equipment

1.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.

2.Subsequent expenditure

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

3.Depreciation

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

Land is not depreciated.

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

(i) Buildings and Structures：5~55 years；

(ii) Machinery Equipment：3~20 years；

(iii) Transportation Equipment：5~25 years；

(iv) Office Equipment：1~20 years；

(v) Other Equipment：2~37 years。

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

(l) Leases

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

1.As a leasee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

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

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

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

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

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

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

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

2.As a lessor

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

(m) Intangible assets

1.Recognition and measurement

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

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

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

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

2.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.

3.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) Technical Know-how：15 years；

(ii) Computer Software：3~10 years；

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

(n) Impairment of non-financial assets

At each reporting date, the Group 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.

(o) Recognition of Revenue

1.Revenue from contracts with customers

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

(i) Sale of goods

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

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

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

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

(ii) Financing components

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

(p) Government grants

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

(q) Employee benefits

1. Defined contribution plans

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

2. Short-term employee benefits

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

(r) Share-based payment

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.

(s) 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:

1. 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;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. 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:

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. 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.

(t) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(u) Earnings per share

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

(v) Operating segments

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

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainty, such as COVID-19 and inflation. Those events do not have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Valuation of inventory

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 1,009	2,628
Check and demand deposit	208,615	183,891
Time deposits	3,281	113,540
Foreign currency deposit	284,334	239,274
Total	$ 497,239	539,333

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

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

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss：		
Fund	$ 22,568	16,471
Foreign bonds	8,311	-
Stocks listed on domestic markets	1,682	-
Total	$ 32,561	16,471
Financial liabilities at fair value through profit or loss：		
Forward exchange contracts	$ -	51
Foreign Exchange Swap	1,379	-
Total	$ 1,379	51

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, 2023 and 2022, the Group did not adopt hedge accounting, and financial assets measured at fair value through profit and loss and derivatives of financial liabilities held for trading are as follows:

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

	December 31, 2022		
	Amount(in thousands)	Currency	Maturity dates
Forward exchange sold	US$ 1,000	USD to NTD	112.1.16

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

Please refer to Note 6 (24) for the amount recognized in profit or loss based on remeasurement at fair value.

None of the financial assets measured at fair value through profit or loss on December 31, 2023 and 2022 were used as guarantees for long-term and short-term loans and financing.

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

	December 31, 2023	December 31, 2022
Notes receivable - measured at amortized cost	$ -	600
Accounts receivable - measured at amortized cost	$ 1,201,288	1,655,493
Accounts receivable - related parties	-	149,890
Less: Allowance for losses	(2,087)	(520)
	$ 1,199,201	1,804,863

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

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

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,131,747	-	-
Less than 90 days past due	67,862	0.6%	408
91 to 180 days past due	8	100%	8
181 to 270 days past due	-	-	-
More than 270 days past due	1,671	100%	1,671
	$ 1,201,288		2,087

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

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 1,547,218	-	-
Less than 90 days past due	258,423	0.07%	178
91 to 180 days past due	237	100%	237
181 to 270 days past due	-	-	-
More than 270 days past due	105	100%	05
	$ 1,805,983		**520**

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

	For the years ended December 31,	
	2023	**2022**
Balance at January 1	$ 520	3,325
Impairment losses recognized(reversed)	1,590	(97)
Amount written off	-	(2,756)
Foreign exchange gains(losses)	(23)	48
Balance at December 31	**$ 2,087**	**520**

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

December 31, 2023

Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	$ 341,260	USD15,000,000	-	341,260	5.28%~6.43%	-

December 31, 2022

Purchaser	Amount Derecognized	Credit Lines	Amount Advanced-Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	$ 219,172	USD15,000,000	-	219,172	0.89%~5.15%	-

On December 31, 2023 and 2022, the Group's notes and accounts receivable were not used as guarantees for long-term, short-term loans and financing.

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

(d) Other Receivables

	December 31, 2023	December 31, 2022
Tax refund receivable	$ 20,429	68,729
Unused amount of sold receivables	341,260	219,172
Other Receivables - Osaley (OSL)	28,209	(Note)
Less: Allowance for losses	(21,109)	(Note)
Others	7,893	3,619
	$ 376,682	291,520

Other receivables - OSL are overdue accounts receivable arising from the sale of goods and are considered as a form of fund financing in the financial statements. Please refer to Note 6 (25) for the movements in the allowance.

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

Regarding other receivables - OSL, the loss allowance is as follows:

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

As of December 31, 2023 and 2022, the Group's other receivables were not used as guarantees for long-term, short-term loans and financing.

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 223,443	172,789
Supplies	154,861	168,826
Work-in process, semi-finished goods	120,100	134,162
Finished goods	406,110	483,820
	$ 904,514	959,597

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

The details of the cost of sales were as follows:

	For the years ended December 31,	
	2023	**2022**
Inventory that has been sold	$ 3,642,129	4,376,629
Reversal of write-downs	(4,902)	(10,169)
Total	$ 3,637,227	4,366,460

As of December 31, 2023 and 2022, the Group's inventory was not used as guarantees for long-term, short-term loans and financing.

(f) Investments using the equity method

1. Associates

The Group's financial information for investments using the equity method that are individually insignificant was as follows:

	December 31, 2023
Carrying amount of individually insignificant associates' equity	$ -

	2023
Attributable to the Group:	
Loss from continuing operations	$ (95)

As of December 31, 2022, the Group did not adopt the investments accounted for using equity method.

2. The Group acquired 48% of the equity of nextTB International CO., LTD. for $2,400,000 in January 2023, and therefore obtained significant influence over nextTB International CO., LTD., and evaluated it using Equity method; In December of the same year, the Group sold its entire equity and lost its significant influence on it. The disposal price was NT $2,400,000, and its disposal benefit was $95,000, which was recognized under other gains and losses.

3. Guarantee

As of December 31, 2023 and 2022, the Group's Investments using the equity method was not used as guarantees for long-term, short-term loans and financing.

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

(g) Other current assets

	December 31, 2023	December 31, 2022
Temporary debits	$ 32,115	25,497
Payment on behalf of others	3,840	54,138
Payment on behalf of others - Osaley(OSL)	94,583	(Note)
Less: Allowance for losses	(9,923)	(Note)
Others	6,572	432
	$ 127,187	80,067

The above Payment on behalf of others - OSL is the advance payment made by the Group on its behalf. Please refer to Note 6 (25) for the changes in allowance for losses.

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

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

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

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

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and Structures	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost:								
Balance at Jan. 1, 2023	$ 459,076	1,190,545	1,051,818	15,706	7,818	289,460	216,605	3,231,028
Additions	-	1,562	70,739	3,320	2,585	41,211	22,717	142,134
Disposals	-	(37,325)	(41,840)	(2,593)	(3,417)	(20,362)	-	(105,537)
Reclassification	8,211	-	185,142	-	-	-	(153,850)	39,503
Impact of exchange rate changes	256	(6,302)	(17,539)	(195)	(130)	(1,525)	(2,353)	(27,788)
Balance at Dec.31, 2023	$ 467,543	1,148,480	1,248,320	16,238	6,856	308,784	83,119	3,279,340
Balance at Jan. 1, 2022	$ 457,836	1,153,835	986,541	15,006	7,493	257,692	23,317	2,901,720
Additions	-	18,696	89,531	619	294	49,237	144,770	303,147
Disposals	-	(1,134)	(70,864)	(495)	(500)	(19,892)	-	(92,885)
Reclassification	-	(894)	7,738	-	-	(579)	41,193	47,458
Impact of exchange rate changes	1,240	20,042	38,872	576	531	3,002	7,325	71,588
Balance at Dec.31, 2022	$ 459,076	1,190,545	1,051,818	15,706	7,818	289,460	216,605	3,231,028
Accumulated depreciation and Impairment losses:								
Balance at Jan. 1, 2023	$ -	288,424	536,561	9,161	5,177	70,050	-	909,373
Additions	-	35,707	87,079	1,060	837	32,840	-	157,523
Disposals	-	(37,325)	(38,681)	(1,810)	(3,417)	(20,101)	-	(101,334)
Reclassification	-	-	(43)	-	-	-	-	(43)
Impact of exchange rate changes	-	(663)	(5,205)	(40)	(25)	(549)	-	(6,482)
Balance at Dec.31, 2023	$ -	286,143	579,711	8,371	2,572	82,240	-	959,037
Balance at Jan. 1, 2022	$ -	263,024	505,064	8,114	4,382	55,140	-	835,724
Additions	-	34,943	69,259	1,220	737	34,093	-	140,252
Disposals	-	(1,134)	(68,829)	(495)	(500)	(19,876)	-	(90,834)
Reclassification	-	(24)	-	-	-	24	-	-
Impact of exchange rate changes	-	(8,385)	31,067	322	558	669	-	24,231
Balance at Dec.31, 2022	$ -	288,424	536,561	9,161	5,177	70,050	-	909,373
Carrying value								
Balance at Dec.31, 2023	$ 467,543	862,337	668,609	7,867	4,284	226,544	83,119	2,320,303
Balance at Jan. 1, 2022	$ 457,836	890,811	481,477	6,892	3,111	202,552	23,317	2,065,996
Balance at Dec.31, 2022	$ 459,076	902,121	515,257	6,545	2,641	219,410	216,605	2,321,655

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

Please refer to Note 8 for details of the guarantees for long-term and short-term loans and financing as of December 31, 2023 and 2022.

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

(i) Right-of-use assets

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

	Land	Buildings	Machinery Equipment	Transportation Equipment	Total
Cost:					
Balance at January 1, 2023	$ 560,866	141,298	20,895	3,669	726,728
Additions	3,761	936	6,364	-	11,061
Disposal/Write-off	(591)	(6,255)	(11,662)	-	(18,508)
Impact of exchange rate changes	(4,070)	(877)	(311)	-	(5,258)
Balance at December.31, 2023	**$ 559,966**	**135,102**	**15,286**	**3,669**	**714,023**
Balance at January 1, 2022	$ 510,541	125,482	12,222	14,539	662,784
Additions	1,394	10,948	570	3,243	16,155
Disposal/Write-off	(1,347)	(3,579)	(1,783)	(5,373)	(12,082)
Reclassification	-	-	9,129	(9,129)	-
Impact of exchange rate changes	50,278	8,447	757	389	59,871
Balance at December.31, 2022	**$ 560,866**	**141,298**	**20,895**	**3,669**	**726,728**
Accumulated depreciation:					
Balance at January 1, 2023	$ 69,689	61,054	14,200	1,037	145,980
Depreciation for the year	18,718	19,305	5,623	1,223	44,869
Disposal/Write-off	(591)	(5,126)	(11,569)	-	(17,286)
Impact of exchange rate changes	(557)	(321)	(170)	-	(1,048)
Balance at December.31, 2023	**$ 87,259**	**74,912**	**8,084**	**2,260**	**172,515**
Balance at January 1, 2022	$ 47,791	40,023	4,598	9,076	101,488
Depreciation for the year	18,101	17,432	3,584	3,933	43,050
Disposal/Write-off	(1,140)	(511)	(1,176)	(5,373)	(8,200)
Reclassification	-	-	6,823	(6,823)	-
Impact of exchange rate changes	4,937	4,110	371	224	9,642
Balance at December.31, 2022	**$ 69,689**	**61,054**	**14,200**	**1,037**	**145,980**
Carrying amount:					
Balance at December.31, 2023	**$ 472,707**	**60,190**	**7,202**	**1,409**	**541,508**
Balance at January 1, 2022	**$ 462,750**	**85,459**	**7,624**	**5,463**	**561,296**
Balance at December.31, 2022	**$ 491,177**	**80,244**	**6,695**	**2,632**	**580,748**

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

(j) Investment property

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

The cost, depreciation, and impairment of the investment property of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Total
Cost:			
Balance at January 1, 2023	$ -	-	-
Purchases	28,375	2,929	31,304
Balance at December 31, 2023	**$ 28,375**	**2,929**	**31,304**
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ -	-	-
Depreciation for the year	-	14	14
Balance at December 31, 2023	**$ -**	**14**	**14**
Carrying amount:			
Balance at December 31, 2023	**$ 28,375**	**2,915**	**31,290**
Fair value:			
Balance at December 31, 2023			**$ 33,850**

The Group's investment properties are measured using the cost model. The fair value of the investment properties is determined based on the transaction price of similar properties in the near term announced by the website of Real Estate Price Inquiry Service, Ministry of the Interior.

As of December 31, 2023 and 2022, the Group's investment properties were not used as guarantees for long-term, short-term loans and financing.

The Group has no investment property as of December 31, 2022.

(k) Intangible assets

	Goodwill	Technical Know-how	Computer Software	Total
Cost:				
Balance at January 1, 2023	$ 136,327	174,729	22,331	333,387
Additions	-	-	1,200	1,200
Disposals	-	-	(720)	(720)
Reclassification	-	-	2,960	2,960
Impact of exchange rate changes	(46)	(973)	(92)	(1,111)
Balance at December 31, 2023	**$ 136,281**	**173,756**	**25,679**	**335,716**

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

	Goodwill	Technical Know-how	Computer Software	Total
Balance at January 1, 2022	$ 127,990	156,606	22,992	307,588
Additions	-	-	1,330	1,330
Disposals	-	-	(1,129)	(1,129)
Impact of exchange rate changes	8,337	18,123	(862)	25,598
Balance at December 31, 2022	$ 136,327	174,729	22,331	333,387
Accumulated amortization and impairment losses:				
Balance at January 1, 2023	$ 67,257	143,239	6,509	217,005
Amortization for the year	-	15,977	3,095	19,072
Disposals	-	-	(720)	(720)
Impact of exchange rate changes	(8)	(1,196)	-	(1,204)
Balance at December 31, 2023	$ 67,249	158,020	8,884	234,153
Balance at January 1, 2022	$ 65,771	114,057	5,320	185,148
Amortization for the year	-	15,297	3,181	18,478
Disposals	-	-	(1,129)	(1,129)
Impact of exchange rate changes	1,486	13,885	(863)	14,508
Balance at December 31, 2022	$ 67,257	143,239	6,509	217,005
Carrying amounts:				
Balance at December 31, 2023	$ 69,032	15,736	16,795	101,563
Balance at January 1, 2022	$ 62,219	42,549	17,672	122,440
Balance at December 31, 2022	$ 69,070	31,490	15,822	116,382

1. Amortization

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

	For the years ended December 31, 2023	2022
Operating expenses	$ 19,072	18,478

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

	December 31, 2023	December 31, 2022
LAMAE’ GLOBAL HOME FASHION CO., LTD.	$ 69,032	69,070

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

The recoverable amounts of cash-generating units of Lamae' Global Home Fashion Co., Ltd. based on fair value less disposal costs on December 31, 2023 and 2022 are 570,094 thousand (USD18,565 thousand) and 564,633 thousand (USD18,377 thousand) respectively. Both are higher than its carrying amount, there is no need to recognize impairment loss. The fair value minus disposal cost is estimated by an independent evaluation agency using the value multiplier of comparable companies, and at the same time, taking the control premium and liquidity discount into consideration. Fair value measurements are classified as Level 3 using significant unobservable inputs.

(l) Other non-current assets

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

	December 31, 2023	December 31, 2022
Refundable deposits	$ 7,340	6,452
Other financial assets - non-current	-	19,724
Others	35,116	18,246
	$ 42,456	44,422

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

As of December 31, 2022, part of other non-current assets of the Group has been used as guarantees for long-term and short-term loans and financing. Please refer to Note 8.

(m) Short-term loans

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

	December 31, 2023	December 31, 2022
Letter of Credit	$ -	37,592
Unsecured bank loans	-	100,000
Secured bank loans	-	190,000
Total	$ -	327,592
Unused short-term credit lines	$ 1,255,664	989,658
Range of interest rates	-	1.94%~2.59%

1. Borrowing and repayment of short-term loans

The newly increased amounts from January 1 to December 31, 2023 and 2022 were 391,028 thousand and 1,186,709 thousand respectively, and the repaid amounts are 718,620 thousand and 1,264,502 thousand respectively.

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

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

	December 31, 2022
Taiwan	1.94%~2.59%

Note：As of December 31, 2022, the Group did not apply for short-term loan financing outside Taiwan.

As of December 31, 2022, the maturity dates of short-term loans of the Group are December, 2023. As of December 31, 2023, the Group did not apply for short-term loan financing.

2. Collateral for bank loans

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

(n) Short-term notes and bills payable

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

	December 31, 2023		
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	China Bills Finance Corporation	2.238%	$ 59,959
	O-Bank	1.438%~1.478%	99,887
Total			$ 159,846

As of December 31, 2022, the Group did not adopt short-term notes and bills payable.

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

(o) Long-term Loans

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

	December 31, 2023		
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.8%~6.99%	2027.10	$ 2,512,599
Secured bank loans	0.925%~2.125%	2035.7	570,221
			3,082,820
Less: current portion			(264,529)
Total			$ 2,818,291
Unused long-term credit lines			$ 697,383

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

	December 31, 2022		
	Range of interest rates	**Expiration Date**	**Amount**
Unsecured bank loans	1.55%~5.65%	2027.10	$ 2,703,755
Secured bank loans	0.68%~3.33%	2035.7	686,688
			3,390,443
Less: current portion			(219,627)
Total			**$ 3,170,816**
Unused long-term credit lines			**$ 640,000**

1. Borrowing and repayment of long-term loans

From January 1 to December 31, 2023, there are no new long-term loans; from January 1 to December 31, 2022, the new long-term was 2,363,157 thousand, the interest rate was 2.48%~5.65%, and the maturity date is October 2027; the repayment amounts from January 1 to December 31, 2023 and 2022 were 311,819 thousand and 1,591,926 thousand respectively.

2. Collateral for bank loans

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

3. Special agreement on the joint credit contract

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

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

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

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

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

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.

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

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

(p) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	$ 24,240	23,187
Non-current	$ 51,908	74,943

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2023	2022
Interest on lease liabilities	$ 3,125	3,720
Expenses relating to short-term leases	$ 814	593
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 1,691	1,711

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

	For the years ended December 31, 2023	2022
Total cash outflow for leases	$ 34,320	32,257

1. Leasing of land, houses and buildings

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

2. Other lease

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

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

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

(q) Employee benefits

1. Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to 11,103 thousand and 10,396 thousand for the years ended December 31, 2023 and 2022, respectively.

Overseas subsidiaries will contribute pension benefits for employees to pension management organization in accordance with the local regulations. The recognized pension expenses for the years ended December 31, 2023 and 2022 were 18,574 thousand and 16,007 thousand respectively.

(r) Income taxes

1. Income tax

The components of income tax in the years 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Current tax expense		
Current period	$ 77,307	52,488
Adjustment for prior periods	6,704	12,053
	84,011	64,541
Deferred tax expense		
Origination and reversal of temporary differences	(33,706)	(4,415)
Income tax expense	$ 50,305	60,126

The adjustment of the income tax of the period from January 1 to December 31, 2023 and 2022 refers to the amount of additional tax payable for years of 2021 and 2018, 2019 and 2020 determined by the taxation agency in the period.

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

The amounts of income tax recognized in other comprehensive income for the three months and nine months ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2023**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	$ 7,324	(30,166)

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	For the years ended December 31,	
	2023	**2023**
Net income before tax	$ 154,309	280,717
Income tax using the Company’s domestic tax rate	30,862	56,143
Effect of tax rates in foreign jurisdiction	20,943	14,392
Non-deductible expenses	5,148	1,014
Change in unrecognized temporary differences	4,993	(18,851)
Tax incentives	(18,834)	(5,549)
Recognition of previously unrecognized tax losses	(558)	12,977
Additional tax on undistributed earnings	7,751	-
	$ 50,305	60,126

2. Deferred tax assets and liabilities

(i) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	**December 31, 2022**
Aggregate amount of temporary differences related to investments in subsidiaries	$ 37,532	25,131
Unrecognized deferred tax liabilities	$ -	6,778

(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:

	December 31, 2023	December 31, 2022
Share of loss of subsidiaries, associates accounted for using equity method	$ 126,740	118,888
Impairment of asset	10,456	10,456
Tax loss	2,764	-
Total	$ 139,960	129,344

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

(iii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Liabilities:

	Others
Balance at January 1, 2023	$ 4,755
Recognized in profit or loss	5,044
Foreign currency translation differences for foreign operations	(111)
Balance at December 31, 2023	$ 9,688
Balance at January 1, 2022	$ 8,128
Recognized in profit or loss	(3,373)
Balance at December 31, 2022	$ 4,755

Deferred Tax Assets:

	Write-down of inventories	Allowance for sales return	Exchange Differences on Translation of Foreign Operations	Others	Total
Balance at January 1, 2023	$ 4,382	8,483	15,851	8,614	37,330
Recognized in profit or loss	2,415	10,005	-	26,330	38,750
Recognized in other comprehensive income	-	-	7,324	-	7,324
Foreign currency translation differences for foreign operations	(8)	(155)	-	(182)	(345)
Balance at December 31, 2023	$ 6,789	18,333	23,175	34,762	83,059
Balance at January 1, 2022	$ 5,629	7,641	46,017	5,927	65,214
Recognized in profit or loss	(1,536)	-	-	2,578	1,042
Recognized in other comprehensive income	-	-	(30,166)	-	(30,166)
Foreign currency translation differences for foreign operations	289	842	-	109	1,240
Balance at December 31, 2022	$ 4,382	8,483	15,851	8,614	37,330

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

(s) Capital and other equity

1. Capital - Ordinary shares

As of December 31, 2023 and 2022, 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 1,738,389 thousand and 1,696,233 thousand respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	Ordinary Shares	
(in thousands of shares)	**2023**	**2022**
Balance on January 1	169,623	169,623
Stock dividends	4,216	-
Balance on December 31	**173,839**	**169,623**

A resolution was passed during the general meeting of shareholders held on May 24, 2023 for the increase capital by 42,156 thousand from retained earnings, issuing 4,216 thousand shares of ordinary shares with a par value of $10 per share. The Board of Directors further resolved that the capital increase would be effective as of September 16, 2023. All aforementioned ordinary shares have completed the statutory registration procedures.

2. Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	**December 31, 2022**
Additional paid-in capital	**$ 13,030**	**13,030**

The company's Board of Directors passed a resolution on March 18, 2022 and reported to the shareholders' meeting on June 27, 2022 to distribute cash dividends from capital reserves at $0.255 per share for a total of 42,999 thousand.

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.

3. Retained earnings

According to 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

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(ii) Special reserve

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

(iii) Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on March 14, 2023 and March 18, 2022, as well as the shareholders' meeting on May 24, 2023 and June 27, 2022, respectively.

The details were as follows:

	2022		2021	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to shareholders of ordinary shares:				
Cash	$ 0.650	109,605	0.255	42,999
Shares	0.250	42,156		-
Total		$ 151,761		42,999

The board of directors of the company proposed the distribution of dividends for the year of 2023 on March 13, 2024. The amount of dividends to be distributed to owners is as follows:

	2023	
	Amount per share	**Total amount**
Dividends distributed to shareholders of ordinary shares:		
Cash	$ 0.500	86,669
Total		$ 86,669

4. Treasury shares

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

	In thousands of shares	**Amount**
Balance at January 1, 2023	1,000	$ 19,930
Transfer	(500)	(9,980)
Balance at December 31, 2023	500	$ 9,950
Balance at January 1, 2022	999	$ 19,910
Repurchase	1	20
Balance at December 31, 2022	1,000	$ 19,930

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.

5. Other equities (net amount after tax)

	Exchange Differences on Translation of Foreign Operations
Balance at January 1, 2023	$ (63,404)
Exchange differences on foreign operations	(29,296)
Balance at December 31, 2023	**$ (92,700)**
Balance at January 1, 2022	$ (184,067)
Exchange differences on foreign operations	120,663
Balance at December 31, 2022	**$ (63,404)**

(t) Share-based payment

On November 8, 2023, the Board of Directors of the Company approved the transfer of treasury shares to employees by Resolution. The details are as follows:

Type of agreement	Grant date	Quantity granted (in thousands)	Vesting conditions
Treasury shares transferred to employees	2023.11.08	500	Immediately vested

1. Measurement parameters of fair value on grant date

Type of agreement	Grant date	Exercise price	Exercise price	Fair value per unit
Treasury shares transferred to employees	2023.11.08	17.05	19.96	$ 0 (Note)

Note：The stock price on the grant date is lower than the exercise price, so the fair value per unit is 0.

2. Information on transfer of treasury shares

	2023	
	Weighted average exercise price (NT $)	Number of options
Outstanding as of January 1	$ -	-
Granted during the period	19.96	500
Executed during the period	19.96	(500)
Outstanding as of December 31	-	-
Executable as of December 31	-	-

The Company did not transfer any treasury shares in 2022.

3. Employee remuneration expenses

	For the years ended December 31, 2023
Expenses incurred due to transfer of treasury shares to employees	$ -

The Company had no Share-based payments transaction in 2022.

(u) Earnings per share

1. Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company amounting to 104,004 thousand and 220,591 thousand, and the weighted average number of ordinary shares outstanding of 172,862 thousand and 172,839 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company

	2023	2022
Profit of the Company for the year	$ 104,004	220,591

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

	2023	2022
Issued ordinary shares at 1 January	169,623	169,623
Effect of treasury shares	(977)	(1,000)
Effect of stocks dividends	4,216	4,216
Weighted average number of ordinary shares at December 31	172,862	172,839
Basic earnings per share	$ 0.60	1.28

2. Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company amounting to 104,004 thousand and 220,591 thousand, and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 173,057 thousand and 173,190 thousand, respectively, as follows:

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

	2023	2022
Profit of the Company for the year(basic)	$ 104,004	220,591
Profit of the Company for the year(diluted)	$ 104,004	220,591

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

		2023	2022
Weighted average number of ordinary shares (basic) at December 31		172,862	172,839
Effect of dilutive potential ordinary shares			
Effect of employee share bonus		195	351
Weighted average number of ordinary shares (diluted) at December 31		**173,057**	**173,190**
Diluted earnings per share	**$**	**0.60**	**1.27**

(v) Revenue from contracts with customers

1. Details of revenue

		For the years ended December 31,	
		2023	**2022**
Primary geographical markets:			
United States	$	3,792,415	3,877,017
Europe		507,193	1,085,282
Taiwan		121,070	87,462
Other		126,546	237,315
	$	**4,547,224**	**5,287,076**

2. Contract balances

		December 31, 2023	**December 31, 2022**
Notes Receivable and Accounts	$	1,201,288	1,805,983
Less: Allowance for losses		(2,087)	(520)
Total	**$**	**1,199,201**	**1,805,463**

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.

(w) Employee compensation and directors' and supervisors' remuneration

According to the Articles of Incorporation, the Company distributes employee remuneration based on no less than 2% of the current year's profit and no more than 3% as remuneration for directors and supervisors. However, if the company still has accumulated losses, losses shall be covered first. The recipients of the stock or cash payment include employees of affiliated companies who meet certain conditions.

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

The remunerations to employees recognized for the years ended December 31, 2023 and 2022 were 2,935 thousand and 5,681 thousand respectively. The remunerations to directors and supervisors recognized for the years ended December 31, 2023 and 2022 were 1,468 thousand and 2,841 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 2023 and 2022.

(x) Non-operating income and expenses

1. Interest income

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

	For the years ended December 31, 2023	2022
Interest income from deposits in banks	$ 9,666	1,689

2. Other income

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

	For the years ended December 31, 2023	2022
Rental income	$ 1,298	1,110
Other income	5,551	4,409
Total	$ 6,849	5,519

3. Other gains and losses

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

	For the years ended December 31, 2023	2022
Losses of disposal of property, plant and equipment losses	$ (369)	(475)
Foreign exchange gains	6,826	79,233
Net gains on financial assets (liabilities) at fair value through profit or loss	(351)	(1,057)
Other gains and losses	(18,891)	5,551
Total	$ (12,785)	83,252

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

4. Finance cost

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

	For the years ended December 31, 2023	For the years ended December 31, 2022
Interest expense	$ 85,835	63,742
Add: Interest of below-market interest rate loan	4,100	4,914
Interest of Lease liabilities	3,125	3,720
Less: interest capitalization	-	(704)
Total	$ 93,060	71,672

(y) Financial instruments

1. Credit risk

(i) Credit risk exposure

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

(ii) Concentration of credit risk

In order to reduce the credit risk of accounts receivable, the Group continuously evaluates the financial status of customers, and regularly evaluates the possibility of recovering accounts receivable and has allowance for impairment losses. The impairment losses are always within the expectations of the management.

As of December 31, 2023 and 2022, 94% and 91% of the Group's accounts receivable balance came from several major customers, which made the Group have significant concentration of credit risk.

(iii) Credit risk of accounts receivable

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

(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:

	2023	2022
Balance at January 1	$ 8,094	-
Impairment loss recognized	22,938	8,094
Balance at December 31	$ 31,032	8,094

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 12 months	Over 1 years
December 31, 2023					
Non derivative financial liabilities					
Bank loans	$ 3,082,820	3,240,496	174,009	169,898	2,896,589
Short-term notes and bills payable	159,846	160,000	160,000	-	-
Notes payable, accounts payable and other payables	930,545	930,545	930,545	-	-
Lease liabilities	76,148	101,418	15,680	13,285	72,453
Derivative financial liabilities					
Foreign Exchange Swap：					
Flow Out	1,379	1,379	1,379	-	-
	$ 4,250,738	4,433,838	1,281,613	183,183	2,969,042
December 31, 2022					
Non derivative financial liabilities					
Bank loans	$ 3,718,035	4,070,445	472,135	151,407	3,446,903
Notes payable, accounts payable and other payables	919,138	919,138	919,138	-	-
Lease liabilities	98,130	124,206	11,739	14,496	97,971
Derivative financial liabilities					
Forward exchange contracts：					
Flow Out	51	51	51	-	-
	$ 4,735,354	5,113,840	1,403,063	165,903	3,544,874

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Market risk

(i) Currency risk

The Group's significant exposure to foreign currency risk were as follows:

(in thousands)

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 34,271	30.708	1,052,394	22,378	30.725	687,841
Financial liabilities						
Monetary items						
USD	15,763	30.708	484,050	12,948	30.725	397,827

(ii) Sensitivity analysis

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

On December 31, 2023 and 2022, 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, 2023 and 2022 will increase or decrease by 5,683 thousand and 2,900 thousand respectively, the analysis of the two periods was conducted using the same basis.

(iii) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 6,826 thousand and 6,826 thousand, respectively.

4. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate is increased or decreased by 0.25% with all other variables remaining unchanged, the Group's net profit for the period from January 1 to December 31, 2023 and 2022 will be decreased or increased by 6,378 thousand and 7,535 thousand respectively.

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

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

5. Information on fair value

(i) Types and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Fund	$ 22,568	22,568	-	-	22,568
Foreign bonds	8,311	8,311	-	-	8,311
Stocks listed on domestic markets	1,682	1,682	-	-	1,682
Sub-total	**32,561**	**32,561**	-	-	**32,561**
Financial assets measured at amortized cost					
Cash and cash equivalents	497,239	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,575,883	-	-	-	-
Payment on behalf of others (part of other current assets)	88,500	-	-	-	-
Other financial assets - current	194,088	-	-	-	-
Sub-total	**2,355,710**	-	-	-	-
Total	**$ 2,388,271**	**32,561**	-	-	**32,561**
Financial liabilities at fair value through profit or loss					
Foreign Exchange Swap	$ 1,379	1,379	-	-	1,379
Sub-total	**1,379**	**1,379**	-	-	**1,379**
Financial liabilities measured at amortized cost					
Bank loans	$ 3,082,820	-	-	-	-
Short-term notes and bills payable	159,846	-	-	-	-
Notes payable, accounts payable and other payables	930,545	-	-	-	-
Lease liabilities	76,148	-	-	-	-
Sub-total	**4,249,359**	-	-	-	-
Total	**$ 4,250,738**	**1,379**	-	-	**1,379**

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

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 1**	**Total**
Financial assets at fair value through profit or loss					
Fund	$ 16,471	16,471	-	-	16,471
Financial assets measured at amortized cost					
Cash and cash equivalents	539,333	-	-	-	-
Notes receivable, accounts receivable and other receivable	2,105,077	-	-	-	-
Payment on behalf of others (part of other current assets)	54,138	-	-	-	-
Other financial assets - current	164,875	-	-	-	-
Sub-total	**2,863,423**	**-**	**-**	**-**	**-**
Total	**$ 2,879,894**	**16,471**	**-**	**-**	**16,471**
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	$ 51	51	-	-	51
Financial liabilities measured at amortized cost					
Bank loans	3,718,035	-	-	-	-
Short-term notes and bills payable	919,138	-	-	-	-
Notes payable, accounts payable and other payables	98,130	-	-	-	-
Sub-total	**4,735,303**	**-**	**-**	**-**	**-**
Total	**$ 4,735,354**	**51**	**-**	**-**	**51**

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

The Group’s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B. Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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

A. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

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.

(iv) Transfers between Level 1 and Level 2

There were no transfers of levels in the nine months ended December 31, 2023 and 2022.

(z) Financial risk management

1. Overview

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

(i)credit risk

(ii)liquidity risk

(iii)market risk

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

2. Structure of risk management

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

3. Credit risk

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

(i) Accounts receivable and other receivable

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

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

(ii) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(iii) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2023 and 2022, no other guarantees were outstanding.

4. Liquidity risk

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

The Group ensures that it maintains sufficient cash to support expected operating expenses for a period of sixty days, including fulfilling financial obligations, while excluding potential impacts that cannot be reasonably anticipated under extreme circumstances, such as natural disasters. For the Group's unused credit line information, please refer to Note 6(13), (15).

5. Market risk

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

(i) Currency risk

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

The Group holds receivables denominated in currencies other than the functional currency, and the exchange gains and losses arising from currency fluctuations offset each other with the exchange gains and losses from short-term borrowings denominated in foreign currencies. This mitigates the risk exposure to exchange rate fluctuations for the Group.

Interest on borrowings is denominated in the currency of the borrowing principal. Typically, the currency of borrowings aligns with the currency of the cash flows generated by the Group's operations, primarily the NTD and the USD.

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

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

(ii) Interest rate risk

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

(iii) Other market price risk

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

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

The Group’s liabilities-to-assets ratio at the end of the reporting period as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,398,860	4,864,887
Total assets	6,652,641	7,143,585
Liabilities-to-assets	66.12%	68.10%

(bb) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Changes in lease payments	Foreign exchange movement	Changes in Deferred Government grants	December 31, 2023
Long-term loans	$ 3,390,443	(311,819)	-	96	4,100	3,082,820
Short-term loans	327,592	(327,592)	-	-	-	-
Lease liabilities	98,130	(28,690)	7,460	(752)	-	76,148
Total liabilities from financing activities	$ 3,816,165	(668,101)	7,460	(656)	4,100	3,158,968

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

	January 1, 2022	Cash flows	Non-cash changes: Changes in lease payments	Non-cash changes: Foreign exchange movement	Non-cash changes: Changes in Deferred Government grants	December 31, 2022
Long-term loans	$ 2,609,907	771,231	-	4,391	4,914	3,390,443
Short-term loans	404,575	(77,793)	-	810	-	327,592
Lease liabilities	109,228	(26,233)	16,155	(1,020)	-	98,130
Total liabilities from financing activities	**$ 3,123,710**	**667,205**	**16,155**	**4,181**	**4,914**	**3,816,165**

(7) Related-party transactions

(a) Names and relationship with the Company

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

Name of related party	Relationship with the Group
OSALEY HOME FASHIONS CO., LTD. (OSL)(Note)	The chairman of the OSL is in close relationship with the chairman of the Company
Hsu, Ming-Hsuan	Key management personnel of the Group
Hsu, Chun-Jan	Key management personnel of the Group
Hong, Yi-Jing	In close relationship with the chairman of the Company

Directors, general manager and deputy general managers

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

(b) Significant transactions with related parties

1. Sales

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

	For the years ended December 31, 2023	For the years ended December 31, 2022
Other related parties	**$ 452**	**178,236**

The sales conditions for sales to related parties are not significantly different from the general sales prices. Its payment term is not significantly different from that of general dealers.

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

2. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable -OSL	Other related parties	**(Note)**	**$ 149,890**
Other receivable -OSL	Other related parties	(Note)	$ 16,188
Less: Allowance for loss		(Note)	(8,094)
			$ 8,094

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

The collection conditions of the above-mentioned accounts receivable are not significantly different from those of non-related parties. Please refer to Note 6(3) and (25) for relevant impairment assessment methods.

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

3. Leases

The Group leased land, factories, offices and parking spaces from key personnel of the management team in January 2017. Interest expenses for the years ended December 31, 2023 and 2022 are 16 thousand and 14 thousand respectively.

As of December 31, 2023, and 2022, the balance of lease liabilities is 882 thousand and 1,226 thousand respectively.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2023	**2022**
Short-term employee benefits	$ 28,670	39,152
Post-employment benefits	629	976
	$ 29,299	**40,128**

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

(8) Assets pledged as security

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

Assets pledged as security	Liabilities secured by pledge	December 31, 2023	December 31, 2022
Fixed certificates of deposits and restricted deposits (listed as other financial assets-current)	Long-term and short-term loans and credit lines	$ 194,088	164,875
Property, plant and equipment	〃	1,184,261	1,304,661
Fixed certificates of deposits (listed as other non-current assets)	〃	-	19,724
		$ 1,378,349	1,489,260

(9) Significant Commitments and Contingencies

(a)Unrecognized contractual commitments

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

	December 31, 2023	December 31, 2022
Contract price	$ 190,204	374,713
Unpaid amount	$ 58,962	116,225

(b) Others

1. As of December 31, 2023 and 2022, the Group issued guaranteed notes for the security of long-term and short-term loan secure of 3,953,455 thousand and 3,529,121 thousand respectively.
2. As of December 31, 2023 and 2022, the unused balances of letters of credit were 0 thousand and 13,789 thousand respectively.

(10) Losses due to major disasters: none.

(11) Subsequent events: none.

(12) Other

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

By function / By item	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	445,183	235,128	680,311	457,136	253,051	710,187
Labor and health insurance (Note)	31,107	22,164	53,271	23,389	19,110	42,499
Pension	6,305	23,372	29,677	6,380	20,023	26,403
Remuneration of directors	-	2,580	2,580	-	5,393	5,393
Others	19,395	10,130	29,525	19,738	9,399	29,137
Depreciation	143,974	58,432	202,406	132,900	50,402	183,302
Amortization	3,696	27,649	31,345	-	20,626	20,626

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

(b) Seasonality of operations

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

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

1.Loans to other parties:

(In Thousands of New Taiwan Dollar)

No. (Note1)	Lender	Borrower	Account	Related Party	Highest Amount in the Period	Ending Balance	Actual Amount	Interest	Nature (Note2)	Translation between both parties	Reasons for the short-term financing	Allowance for bad debt	Collateral		Limit for Each Borrower (Note3)	Total Limit of Loan (Note3)
													Title	Value		
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Other Receivables – Related Party	Yes	92,124	30,708	23,645	-	2	-	Working capital turnover	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Other Receivables – Related Party	Yes	122,832	30,708	9,212	-	2	-	To build plant and purchase equipment	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	110,549	30,708	-	-	2	-	Working capital turnover	-	-	-	901,512	901,512
0	Ching Feng Home Fashions Co., Ltd.	OSALEY HOME FASHIONS CO., LTD.	Other Receivables	No	55,655	55,655	28,209		1	178,236	Working capital turnover	21,109	-	-	178,236	901,512
1	Ching Feng Vietnam Company Limited	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	9,212	9,212	-	-	2	-	Working capital turnover	-	-	-	236,477	236,477

Note 1: The method of filling in the serial number is as follows:
(1) Fill in 0 for the parent 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.

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

2.Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollar)

No. (Note1)	Company that Gives Endorsement and Guarantee	Guaranteed Company (Note2)		Limit to a Single Enterprise (Note3)	Highest Amount of the Period	Ending Balance	Actual Amount	Endorsement & Guarantee with Securities	Ratio of Accumulated Endorsement & Guarantee to the Net Value of The Latest Financial Statement	Limit of Endorsement and Guarantee	Parent company to the subsidiary	Subsidiary to the Parent Company	For Mainland China
		Name	Relationship (Note2)										
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	3	1,126,891	67,158	-	-	-	- %	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co./Ching Feng Vietnam Company	3	1,126,891	126,517	30,708	-	-	1.36%	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	3	1,126,891	61,416	61,416	3,071	-	2.73%	2,253,781	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	3	1,126,891	248,735	-	-	-	- %	2,253,781	Y	N	Y

Note 1: The method of filling in the serial number is as follows:
(1) Fill in 0 for the parent 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.

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.

3. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollar)

Company	Type and name of securities	Relationship	Account	Ending				Remarks
				Shares	Par Value	%	Fair Value	
Ching Feng Home Fashions Co., Ltd.	Capital Moderate Allocation Fund	None	Financial assets at fair value through profit or loss	4,632	1,669	- %	1,669	
Ching Feng Home Fashions Co., Ltd.	Alliance Bernstein American Income Profolio	None	Financial assets at fair value through profit or loss	5,205	4,877	- %	4,877	
Ching Feng Home Fashions Co., Ltd.	Franklin Gulf Wealthy Bond Fund	None	Financial assets at fair value through profit or loss	4,592	2,359	- %	2,359	
Ching Feng Home Fashions Co., Ltd.	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund	None	Financial assets at fair value through profit or loss	10,900	3,028	- %	3,028	
Ching Feng Home Fashions Co., Ltd.	Nomura Multi-Asset Diversified Income Investment Fund	None	Financial assets at fair value through profit or loss	15,854	5,907	- %	5,907	
Ching Feng Home Fashions Co., Ltd.	Mega Global Metaverse Tech Fund	None	Financial assets at fair value through profit or loss	200,000	2,148	- %	2,148	
Ching Feng Home Fashions Co., Ltd.	Yuanta Japan Leaders Equity Fund	None	Financial assets at fair value through profit or loss	257,998	2,580	- %	2,580	
Ching Feng Home Fashions Co., Ltd.	Altrich Group USD investment corporate bond	None	Financial assets at fair value through profit or loss	100	3,099	- %	3,099	
Ching Feng Home Fashions Co., Ltd.	JPMorgan Chase Bank USD Corporate Bonds	None	Financial assets at fair value through profit or loss	100	2,931	- %	2,931	
Ching Feng Home Fashions Co., Ltd.	Exxon Mobil Corp. Bonds	None	Financial assets at fair value through profit or loss	80	2,281	- %	2,281	
Ching Feng Home Fashions Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Common Stock	None	Financial assets at fair value through profit or loss	190,000	1,682	- %	1,682	

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

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Company	Related party	Nature of relationship	Transaction details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Remark
			Item	Amount	Percentage of the purchases (sales) (%)	Payment term	Unit Price	Payment terms (Note2)	Ending balance	Percentage of total receivables (payables)	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	Sale	(1,854,335)	(45.04)%	T/T 195 DAY	Sell at agreed price	-	881,234	82.87%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Sub-Subsidiary	Purchase	577,859	15.86%	T/T 180 DAY	Sell at agreed price	-	(105,365)	(11.94)%	
Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	Sub-Subsidiary	Purchase	269,811	7.41%	T/T 180 DAY	Sell at agreed price	-	(159,126)	(18.04)%	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Subsidiary	Purchase	600,227	16.48%	T/T 180 DAY	Sell at agreed price		(151,748)	(17.20)%	
All Strong Industry (USA) Inc.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchase	1,854,335	100.00%	T/T 195 DAY	Sell at agreed price	-	(881,234)	(100.00)%	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(577,859)	(100.00)%	T/T 180 DAY	Sell at agreed price	-	105,365	100.00%	
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(269,811)	(75.30)%	T/T 180 DAY	Sell at agreed price	-	159,126	95.68%	
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sale	(600,227)	(100.00)%	T/T 180 DAY	Sell at agreed price	-	151,748	100.00%	

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

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

8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollar)

Company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue Amount		Amount received in subsequent period (Note1)	Loss allowance
					Amount	Action taken		
Ching Feng Home Fashions Co., Ltd	All Strong Industry (USA) Inc.	Subsidiary	881,234	161%	-		124,022	-

Note 1: It refers to the amount recovered as of January 26, 2024.

9. Trading in derivative instruments: Please refer to notes 6(2).

10. Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollar)

No.	Company	Counter-party	Relation-ship	Intercompany transactions, 2023			
				Account	Amount	Terms	Percentage of total consolidated net sales or assets
0	Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	1	Sales	1,854,335	The price is at the normal or negotiated price.	40.78%
			1	Accounts receivable	881,234	The terms of payment are based on the agreement or the general terms of payment	13.25%
0	Ching Feng Home Fashions Co., Ltd	Ching Feng Vietnam Company Limited	1	Sales	3,368	The price is at the normal or negotiated price.	0.07%
			1	Accounts receivable	799	The terms of payment are based on the agreement or the general terms of payment	0.01%
			1	Other receivable	89,135	The terms of payment are based on the agreement or the general terms of payment	1.34%
			1	Purchase	600,227	The price is at the normal or negotiated price.	13.20%
			1	Accounts payable	151,748	The terms of payment are based on the agreement or the general terms of payment	2.28%
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	2	Sales	44,727	The price is at the normal or negotiated price.	0.98%
			2	Accounts receivable	14,701	The terms of payment are based on the agreement or the general terms of payment	0.22%
			2	Other receivable	8,144	The terms of payment are based on the agreement or the general terms of payment	0.12%
			2	Purchase	269,811	The price is at the normal or negotiated price.	5.93%
			2	Accounts payable	159,126	The terms of payment are based on the agreement or the general terms of payment	2.39%
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	2	Sales	19,141	The price is at the normal or negotiated price.	0.42%
			2	Accounts receivable	11,951	The terms of payment are based on the agreement or the general terms of payment	0.18%
			2	Other receivable	62,016	The terms of payment are based on the agreement or the general terms of payment	0.93%
			2	Purchase	577,859	The price is at the normal or negotiated price.	12.71%
			2	Accounts payable	105,365	The terms of payment are based on the agreement or the general terms of payment	1.58%

Note 1: The method of filling in the serial number is as follows:
(1) Fill in 0 for the parent company.
(2) The subsidiary is numbered sequentially starting from 1.

Note 2: The type of relationship is marked as follows:
(1) Parent company to subsidiary company.
(2) Parent company to sub-subsidiary company.

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

(b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar/shares)

Name of investor	Name of investee	Location	Main businesses	Original investment amount: December 31, 2023	Original investment amount: December 31, 2022	Balance as of December 31, 2023: Shares (in thousands)	Balance as of December 31, 2023: Percentage of ownership	Balance as of December 31, 2023: Carrying value (Note 1)	Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 2)	Note
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	USA	Buy & sell of blinds, pleated curtains	202,863	202,863	65	100.00%	358,228	62,010	62,010	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%	801,115	(71,708)	(71,708)	〃
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Samoa	Investment	398,660	339,122	13,084	100.00%	356,563	7,739	7,739	〃
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	Samoa	International trade	30,690	30,690	437	100.00%	15,190	459	459	〃
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Thailand	Manufacture of plastic bags & shopping bags	217,099	217,099	2,000	100.00%	78,234	(35,541)	(35,541)	〃
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	531,458	Note 3	100.00%	582,562	73,558	73,558	〃
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Taiwan	Cutting, assembly and packaging of curtains and textiles	5,000	5,000	Note 3	100.00%	5,299	55	55	〃
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Buy & sell of blinds, pleated curtains	167,384	61,307	Note 3	100.00%	144,111	(13,819)	(13,819)	〃
Ching Feng Home Fashions Co., Ltd.	NextTB International Co., Ltd.	Taiwan	Wholesale of daily necessities wholesale	-	-	-	- %	-	(198)	(95)	Affiliated company
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	USA	Investment	1,181,859 (USD38,487thousand)	1,182,513 (USD38,487thousand)	24,655	100.00%	801,111	(41,686)	(71,708)	Sub-Subsidiary
Sincere Capital Limited	Sun Ocean Investment Limited	Samoa	Investment	413,729 (USD13,473thousand)	352,508 (USD11,473thousand)	13,473	100.00%	356,562	7,739	7,739	〃
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	404,302 (USD13,166thousand)	343,075 (USD11,166thousand)	Note 3	100.00%	349,200	7,739	7,739	〃

Note 1: It is converted into NT dollars based on the exchange rate of the day when the report ends.
Note 2: Converted to New Taiwan dollars using the average exchange rate during the financial reporting period.
Note 3: The invested company is a limited company.
Note 4: The above transactions have been written off when preparing the consolidated financial report.

(c) Information on investment in mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollar)

Investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023(Note 2)	Investment: Outflow	Investment: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023(Note 2)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (loss) recognized by the Company (Note 3)	Carrying value as of December 31, 2023 (Note 4)	Accumulated remittance of earnings in current period
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)	(41,685)	100.00%	100.00%	(41,685) (USD (1,337) thousand)	370,524 (USD 12,066 thousand)	-
Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	6,038 (USD 200 thousand)	(1)	6,038 (USD 200 thousand)	-	-	6,038 (USD 200 thousand)	(4)	100.00%	100.00%	(4)	53	-
Fu Yue Window Decoration Technology (Zhenjing)	Manufacture, process, and assembly of blinds.	434 (RMB 100 thousand)	(2)	434 (RMB 100 thousand)	-	-	434 (RMB 100 thousand)	(265)	100.00%	100.00%	(265)	19	-

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

2.Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	**Investment Amount Authorized by Investment Commission, MOEA** (Note 2、4、6、7)	**Upper Limit on Investment**
1,002,739 (USD 32,654 thousand)	1,005,841 (USD 32,755 thousand)	(Note 6)

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

(1) Directly go to China to engage in the investment.

(2) Re-invest in China through a foreign subsidiary (New Nice Home Fashion LLC).

(3) Investing with the invested company's own funds.

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

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

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

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

Note 6: According to the "Principles for the Review of Investment or Technical Cooperation in China" amended on 8.29.2008, since the Company has obtained a certificate indicating the compliance with the range of business issued by the Industrial Development Bureau, Ministry of Economic Affair, there is no need to calculate the investment limit.

Note 7: In March 2012, Mr. Hsu, Pei-Hsiang, the former Chairman of the Company, 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.

3.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”.

(d) Major shareholders

Shareholding / **Shareholder’s Name**	**Shares**	**Percentage**
Hsu, Ming-Hsuan	8,771,743	5.04%

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

(14) Segment information

(a) General information

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

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

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

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

	For the years ended December 31,	
	2023	**2022**
Revenue		
Revenue from external customers	$ 4,547,224	5,287,076
Interest income	9,666	1,689
Total revenue	**$ 4,556,890**	**5,288,765**
Financing costs	**$ 93,060**	**71,672**
Depreciation and amortization	**$ 233,751**	**203,928**
Reportable segment profit or loss	**$ 104,004**	**220,591**
Reportable segment assets	**$ 6,652,641**	**7,143,585**
Reportable segment liabilities	**$ 4,398,860**	**4,864,887**

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

(c) Geographic information

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

Geographical information	For the years ended December 31, 2023	2022
Revenue from external customers:		
United States	$ 3,792,415	3,877,017
Europe	507,193	1,085,282
Taiwan	121,070	87,462
Other countries	126,546	237,315
Total	$ 4,547,224	5,287,076

Geographical information	December 31, 2023	December 31, 2022
Non-current assets:		
Taiwan	$ 1,583,961	1,584,315
United States	18,072	30,429
Other countries	1,506,573	1,501,588
Total	$ 3,108,606	3,116,332

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

(d) Major customers

Customer information	For the years ended December 31, 2023	2022
A customer	$ 1,576,003	2,057,319
B customer	1,328,346	904,622
C customer	478,077	941,709
	$ 3,382,426	3,903,650