

STOCK CODE : 9935



CHING FENG HOME FASHIONS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS with Independent Auditors' Review Report

For the Six-Month Periods Ended June 30, 2024 and 2023

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
Tel: (04)780-1967

CONTENTS

	<u>Page</u>
I. Cover	1
II. Contents	2
III. Independent Auditors' Review Report	3
IV. Consolidated Balance Sheets	4
V. Consolidated Statements of Comprehensive Income	5
VI. Consolidated Statements of Changes in Equity	6
VII. Consolidated Statement of Cash Flows	7
VIII. Notes to Consolidated Financial Reports	
Item 1 Company history	8
Item 2 Approval Date and Procedures of the Consolidated Financial Statements	8
Item 3 New standards, amendments and interpretations adopted	8~11
Item 4 Summary of Material Accounting Policies	11~13
Item 5 Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty	13
Item 6 Explanation of Significant Accounts	14~40
Item 7 Related-party Transactions	41~42
Item 8 Assets Pledged as Security	43
Item 9 Significant Commitments and Contingencies	43
Item 10 Losses Due to Major Disasters	43
Item 11 Subsequent Events	43
Item 12 Others	44
Item 13 Other Disclosure Items	
1. Information on Significant Transaction	45~49
2. Information on Investments	50
3. Information on Investment in Mainland China	50~51
4. Major Shareholders	51
Item 14 Segment information	52

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated financial statements of Ching Feng Home Fashions Co., Ltd. and its subsidiaries which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, and consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial

statements reflect total assets amounting to 1,438,228 thousand and 1,313,903 thousand, constituting 20% and 19% of consolidated total assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to 229,874 thousand and 166,966 thousand, constituting 5% and 4% of consolidated total liabilities as of June 30, 2024 and 2023, respectively, and total comprehensive income (loss) amounting to 39,267 thousand, (11,796) thousand, 69,003 thousand and (17,078) thousand, absolute amount constituting 40%, 28%, 27% and 314% of consolidated total comprehensive income (loss) for the three-month and six-month periods ended June 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Ching Feng Home Fashions Co., Ltd. and its subsidiaries as of June 30, 2024 and 2023, and of its consolidated financial performance for the three-month and six-month periods ended June 30, 2024 and 2023, and consolidated cash flows for the six-month periods ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG Taiwan
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 Sheets
June 30, 2024, December 31, 2023 and June 30, 2023
(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2024		December 31, 2023		June 30, 2023			June 30, 2024		December 31, 2023		June 30, 2023		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
Assets														
Current assets :														
1100 Cash and cash equivalents (Note 6(1))	\$ 527,426	7	497,239	7	612,477	9	2100	Short-term loans (Note 6(12), 8)	\$ 360,000	5	-	-	338,624	5
1110 Financial assets at fair value through profit or loss - current (Note 6(2))	40,124	-	32,561	-	26,356	-	2110	Short-term notes and bills payable (Note 6(13),8)	159,916	2	159,846	2	-	-
1170 Net accounts receivable (Note 6(3))	1,509,000	21	1,199,201	18	1,461,263	21	2120	Financial liabilities at fair value through profit or loss-current (Note 6(2))	-	-	1,379	-	987	-
1180 Accounts receivable - net amount of related parties (Notes 6(3),7)	-	-	-	-	51,608	1	2150	Notes and Accounts payable	695,731	10	675,961	10	482,474	7
1200 Other receivables (Note 6(4))	258,881	4	376,682	6	174,357	3	2200	Other payables	458,383	6	254,584	4	348,467	5
1210 Other receivables - related parties (Note 7)	-	-	-	-	14,158	-	2220	Other payables - related parties (Note 7)	7	-	-	-	19	-
1220 Current tax assets (Note 6(17))	11,334	-	-	-	-	-	2230	Current income tax liabilities (Note 6(17))	50,574	1	105,454	2	108,292	2
130X Inventories (Note 6(5))	1,015,117	14	904,514	14	850,051	13	2280	Lease liabilities - current (Note 6(15))	21,617	-	24,240	-	22,782	-
1410 Prepayments	155,308	2	129,504	2	146,464	2	2320	Long-term liabilities due within 1 year or 1 business cycle (Note 6(14))	265,713	4	264,529	4	258,536	4
1470 Other current assets (Notes 6(7) and 7)	217,463	3	127,187	2	79,970	1	2399	Other current liabilities - Others	6,401	-	5,113	-	4,011	-
1476 Other financial assets - current (Note 8)	214,844	3	194,088	3	185,018	3		Total current liabilities	2,018,342	28	1,491,106	22	1,564,192	23
Total current assets	3,949,497	54	3,460,976	52	3,601,722	53		Non-current liabilities :						
Non-current assets :							2540	Long-term loans (Note 6(14), 8)	2,732,048	38	2,818,291	42	3,001,865	44
1511 Financial assets at fair value through profit or loss - non-current (Note 6(2) and 8)	158,305	2	-	-	-	-	2569	Current tax liabilities-non-current (Note 6(17))	15,154	-	26,484	1	-	-
1550 Investments accounted for using equity method	-	-	-	-	2,400	-	2570	Deferred income tax liabilities (Note 6(17))	20,869	-	9,688	-	958	-
1600 Property, plant and equipment (Notes 6(7) and 8)	2,280,330	32	2,320,303	35	2,351,806	34	2580	Lease liabilities - non-current (Note 6(15))	63,718	1	51,908	1	62,775	1
1755 Right-of-use assets (Note 6(8))	555,990	8	541,508	8	566,517	8	2670	Other current liabilities - others	3,721	-	1,383	-	1,151	-
1760 Investment property, net (note 6 (9))	31,260	-	31,290	-	-	-		Total non-current liabilities	2,835,510	39	2,907,754	44	3,066,749	45
1780 Intangible assets (Note 6(10))	97,681	1	101,563	2	109,399	2		Total liabilities	4,853,852	67	4,398,860	66	4,630,941	68
1840 Deferred income tax assets (Note 6(17))	77,768	1	83,059	1	46,856	1		Equity attributable to owners of parent company (Note 6 (18)) :						
1915 Advance payment for equipment	77,451	1	71,486	1	78,656	1	3110	Ordinary shares	1,738,389	24	1,738,389	26	1,696,233	25
1900 Other non-current assets (Notes 6(11))	46,998	1	42,456	1	48,124	1	3150	Stock dividends to be distributed	-	-	-	-	42,156	1
Total non-current assets	3,325,783	46	3,191,665	48	3,203,758	47	3200	Capital surplus	13,030	-	13,030	-	13,030	-
							3300	Retained earnings	702,371	9	605,012	9	491,708	7
							3400	Other components of equity	(22,412)	-	(92,700)	(1)	(48,658)	(1)
							3500	Treasury stock	(9,950)	-	(9,950)	-	(19,930)	-
								Total equity attributable to owners of the parent company	2,421,428	33	2,253,781	34	2,174,539	32
								Total equity	2,421,428	33	2,253,781	34	2,174,539	32
Total Assets	\$ 7,275,280	100	6,652,641	100	6,805,480	100		Total liabilities and equity	\$ 7,275,280	100	6,652,641	100	6,805,480	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 Three-Month and Six-Month Periods ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	Three-month periods ended June 30,				Six-month periods ended June 30,			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Notes 6(20) and 7)							
	\$ 1,288,214	100	1,017,492	100	2,406,183	100	1,937,259	100
5000	Operating costs (Notes 6(5), (16))							
	980,343	76	829,752	82	1,841,930	77	1,591,750	82
	Gross profit							
	307,871	24	187,740	18	564,253	23	345,509	18
	Operating expenses (Notes 6(16)) :							
6100	Selling and marketing expenses							
	82,529	6	56,845	5	162,829	7	105,973	6
6200	General and administrative expenses							
	97,173	8	88,115	9	181,818	7	163,681	8
6300	Research and development expenses							
	23,146	2	22,011	2	47,616	2	39,096	2
6450	Expected credit losses (gains) (Note 6(3) and (23))							
	(6,365)	(1)	8,751	1	(27,069)	(1)	7,629	-
	Total operating expenses							
	196,483	15	175,722	17	365,194	15	316,379	16
	Operating income							
	111,388	9	12,018	1	199,059	8	29,130	2
	Non-operating income and expenses (Notes 6(22) and 7) :							
7100	Interest income							
	7,117	1	3,817	-	10,725	1	4,835	-
7010	Other income							
	3,100	-	3,250	-	3,977	-	5,040	-
7020	Other gains and losses							
	23,716	2	37,739	4	80,194	3	4,156	-
7050	Financing costs							
	(23,388)	(2)	(24,081)	(2)	(45,627)	(2)	(47,869)	(2)
	Total non-operating income and expenses							
	10,545	1	20,725	2	49,269	2	(33,838)	(2)
7900	Net income (loss) before tax							
	121,933	10	32,743	3	248,328	10	(4,708)	-
7950	Less: Income tax expenses (Note 6(17))							
	25,412	2	12,317	1	64,300	3	4,592	-
	Net income (loss)							
	96,521	8	20,426	2	184,028	7	(9,300)	-
8300	Other comprehensive income(Notes 6(17) and (18)) :							
8360	Items that may subsequently be reclassified to profit or loss							
8361	Exchange difference on translation of foreign operating institutions							
	2,711	-	27,117	3	87,860	4	18,432	1
8399	Less: Income tax related to items that may be reclassified subsequently							
	542	-	5,423	1	17,572	1	3,686	-
	Total items that may subsequently be reclassified to profit or loss							
	2,169	-	21,694	2	70,288	3	14,746	1
8300	Total other comprehensive income (loss)							
	2,169	-	21,694	2	70,288	3	14,746	1
	Total comprehensive income (loss)							
	<u>\$ 98,690</u>	<u>8</u>	<u>42,120</u>	<u>4</u>	<u>254,316</u>	<u>10</u>	<u>5,446</u>	<u>1</u>
	Earnings per share (Note 6(19))							
9750	Basic earnings per share (Unit: NT\$)							
	<u>\$ 0.56</u>		<u>0.12</u>		<u>1.06</u>		<u>(0.05)</u>	
9850	Diluted earnings per share (Unit: NT\$)							
	<u>\$ 0.56</u>		<u>0.12</u>		<u>1.06</u>			

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Six-Month Periods ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary Shares	Stock dividends to be distributed	Capital Surplus	Retained Earnings			Other equity	Treasury Shares	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations		
Balance as of January 1, 2023	\$ 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	-	-	-	-	-	(109,605)	-	-	(109,605)
Stock dividends	-	42,156	-	-	-	(42,156)	-	-	-
	-	42,156	-	22,059	(120,663)	(53,157)	-	-	(109,605)
Net loss of the period	-	-	-	-	-	(9,300)	-	-	(9,300)
Other comprehensive income (loss) of the period	-	-	-	-	-	-	14,746	-	14,746
Total comprehensive income (loss) of the period	-	-	-	-	-	(9,300)	14,746	-	5,446
Balance as of June 30, 2023	\$ 1,696,233	42,156	13,030	94,681	63,404	333,623	(48,658)	(19,930)	2,174,539
Balance as of January 1, 2024	\$ 1,738,389	-	13,030	94,681	63,404	446,927	(92,700)	(9,950)	2,253,781
Appropriations of earnings :									
Legal reserve	-	-	-	10,400	-	(10,400)	-	-	-
Special reserve	-	-	-	-	29,296	(29,296)	-	-	-
Cash dividends	-	-	-	-	-	(86,669)	-	-	(86,669)
	-	-	-	10,400	29,296	(126,365)	-	-	(86,669)
Net income of the period	-	-	-	-	-	184,028	-	-	184,028
Other comprehensive income (loss) of the period	-	-	-	-	-	-	70,288	-	70,288
Total comprehensive income (loss) of the period	-	-	-	-	-	184,028	70,288	-	254,316
Balance as of June 30, 2024	\$ 1,738,389	-	13,030	105,081	92,700	504,590	(22,412)	(9,950)	2,421,428

Please refer to notes to the consolidated financial report.

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six-Month Periods ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Six-month periods ended	
	June 30,	
	2024	2023
Cash flows from operating activities :		
Net income (loss) before tax	\$ 248,328	(4,708)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	111,087	105,055
Amortization expense	17,393	14,882
Expected credit losses (gains)	(27,069)	7,629
Net gains on financial assets at fair value through profit or loss	(249)	(2,278)
Interest expense	45,627	47,869
Interest income	(10,725)	(4,835)
Loss (gain) on disposal of property, plant and equipment, net	313	(303)
Other adjustments to reconcile profit (loss)	-	(42)
Total adjustments to reconcile profit (loss)	<u>136,377</u>	<u>167,977</u>
Changes in assets related to operating activities :		
Notes receivable	-	600
Accounts receivable	(309,885)	192,111
Accounts receivable – related parties	-	98,282
Other receivables	116,653	117,163
Inventories	(110,603)	109,546
Prepayments	(23,337)	(22,118)
Other current assets	(83,082)	(48,983)
Total net changes in assets related to operating activities	<u>(410,254)</u>	<u>446,601</u>
Changes in liabilities related to operating activities :		
Notes and Accounts payable	19,770	(193,593)
Other payables	116,893	(4,006)
Other payables – related parties	7	19
Other current liabilities	1,288	1,248
Total net changes in liabilities related to operating activities	<u>137,958</u>	<u>(196,332)</u>
Total net changes in assets and liabilities related to operating activities	<u>(272,296)</u>	<u>250,269</u>
Total adjustment	<u>(135,919)</u>	<u>418,246</u>

(Continued)

Ching Feng Home Fashions Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six-Month Periods ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Six-Month periods ended June 30,	
	2024	2023
Cash inflow (outflow) operations	\$ 112,409	413,538
Interest charged	8,303	4,835
Interest paid	(43,638)	(45,924)
Income taxes paid	(124,310)	(30,232)
Net cash flows from operating activities	(47,236)	342,217
Cash flows from investing activities :		
Acquisition of financial assets at fair value through profit or loss	(169,416)	(6,771)
Disposal of financial assets at fair value through profit or loss	5,088	360
Financial liabilities at fair value through profit or loss	(2,670)	(260)
Acquisition of investment accounted for using equity method	-	(2,400)
Acquisition of property, plant and equipment	(28,474)	(76,642)
Disposal of property, plant and equipment price	443	2,332
Other receivables	20,283	-
Other receivables - related parties	-	(12,128)
Acquisition of intangible assets	(1,450)	(1,200)
Other financial assets - current	(20,756)	(20,143)
Other non-current assets	(9,572)	2,696
Advance payment for equipment	(7,331)	(22,451)
Net cash flows used in investing activities	(213,855)	(136,607)
Cash flows from financing activities :		
Short-term loans	480,000	268,985
Repayment of short-term loans	(120,000)	(258,297)
Increase in short-term notes and bills payable	110,070	-
Decrease in short-term notes and bills payable	(110,000)	-
Long-term loans	50,000	-
Repayment of long-term loans	(136,840)	(132,126)
Payments of lease liabilities	(14,873)	(14,199)
Other non-current liabilities	2,338	(261)
Net cash flows from financing activities	260,695	(135,898)
Effects of exchange rate changes	30,583	3,432
Net increase in cash and cash equivalents	30,187	73,144
Cash and equivalent cash, beginning balance	497,239	539,333
Cash and equivalent cash, ending balance	\$ 527,426	612,477

Please refer to notes to the consolidated financial report.

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

1. Company history

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

2. Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on August 8, 2024.

3. New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024 :

- 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”

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

The Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS21“Lack of Exchangeability”

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	<p>The amendments set out :</p> <p>1.The company generally derecognizes its trade payable on the settlement date. However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, potentially, when it uses an electronic payment system that meets all of the following criteria :</p> <ul style="list-style-type: none"> • no practical ability to withdraw, stop or cancel the payment instruction. • no practical ability to access the cash to be used for settlement as a result of the payment instruction. • the settlement risk associated with the electronic payment system is insignificant. <p>2.An additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are :</p> <ul style="list-style-type: none"> • not related directly to a change in basic lending risks or costs; and • are not measured at fair value through profit or loss. 	January 1, 2026

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS19 “Subsidiaries without Public Accountability: Disclosures”
- Annual Improvements to IFRS Accounting Standards

4. Summary of material accounting policies

(1) Statement of Compliance

The consolidated financial reports were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. This consolidated financial report does not include all the necessary information that should be disclosed in the annual consolidated financial report prepared in accordance with International Financial Reporting Standards, and International Accounting Standards, Interpretations and other announcements (hereinafter referred to as International Financial Reporting Standards endorsed and issued into effect by the Financial Supervisory Commission.)

The significant accounting policies adopted in this consolidated financial report are the same as those in 2023 consolidated financial report. For relevant information, please refer to Note 4 of 2023 consolidated financial report.

(2) Consolidation Basis

(a) List of subsidiaries in the consolidated financial statements

Subsidiaries Included in Consolidated Financial Reports:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			Jun. 30,2024	Dec. 31,2023	Jun. 30,2023	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Buy & sell of blinds, pleated curtains	100.00%	100.00%	100.00%	
Ching Feng Home Fashions Co., Ltd.	Lamae' Global Home Fashion Co., Ltd.	Investment	100.00%	100.00%	100.00%	

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			Jun. 30,2024	Dec. 31,2023	Jun. 30,2023	
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Investment	100.00%	100.00%	100.00%	Note 1
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	International trade	100.00%	100.00%	100.00%	Note 1
Ching Feng Home Fashions Co., Ltd.	Praise Home Industry Co., Ltd.	Plastic bags, etc.	100.00%	100.00%	100.00%	Note 1
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Production and processing of plastic and alu. Blinds, Faux wood shutters	100.00%	100.00%	100.00%	Note 1
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Cutting, assembly and packaging of curtains and textiles	100.00%	100.00%	100.00%	Note 1
Ching Feng Home Fashions Co., Ltd.	Zhenjiang Ching Lu Management Consulting Company	Business management and consulting, wholesaler and agent of home textiles, home decoration products, building materials, hardware products.	- %	100.00%	100.00%	Note 1,3
Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	Manufacture and sale of blinds, pleated blinds.	100.00%	100.00%	100.00%	Note 1
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	Investment (Investment in China)	100.00%	100.00%	100.00%	
Sincere Capital Limited	Sun Ocean Investment Limited	Investment	100.00%	100.00%	100.00%	Note 1
New Nice Home Fashion L.L.C.	Grandtop Decorative Product (Zhenjiang) Co., Ltd.	Manufacture, process, and assembly of blinds.	100.00%	100.00%	100.00%	
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Manufacture and assembly of blinds	100.00%	100.00%	100.00%	Note 1
Grandtop Decorative Product (Zhenjiang) Co., Ltd.	Fu Yue Window Decoration Technology (Zhenjiang)	Buy & sell of blinds, pleated curtains	100.00%	100.00%	100.00%	Note 1
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	Buy & sell of blinds, pleated curtains	100.00%	- %	- %	Note 1,2

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

Note 2 : Regal Estate (USA) Inc. is a subsidiary established in January 2024.

Note 3 : The company completed the cancellation procedure in June 2024.

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

(3) Investing in affiliated companies

Affiliated companies are those in which the Group has significant influence over its financial and operating policies, but is not a controller or jointly controller.

The Group adopts the equity method to deal with the interests of affiliated companies. Under the equity method, the original acquisition is recognized at cost, and the investment cost includes transaction costs. The carrying amount of the investment in an affiliated company includes the goodwill identified at the time of investment, less any accumulated impairment losses.

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

From the date of significant influence to the date of losing significant influence, after making adjustments consistent with the accounting policies of the Group, the Company recognizes the profit or loss and other comprehensive profit or loss of each invested affiliated company according to the ratio of equity. When the equity changes of non-profit and loss and other comprehensive profit and loss of the affiliated enterprises do not affect the shareholding ratio of the Group, the Group will recognize the equity changes under the shares of the affiliated company that are attributable to the Group as capital reserve in proportion to shareholding.

Unrealized gains and losses arising from transactions between the Company and affiliated companies are recognized in the financial statements only to the extent that they are not related to investors' rights and interests in the affiliated company.

When the loss of the affiliated company that should be recognized in proportion by the Group is equal to or exceeds its equity in the affiliated company, it will stop recognizing its loss. Additional losses and related liabilities are recognized only within the scope of statutory obligations, constructive obligations or payments made on behalf of the investee company.

(4) Income Tax

The Group measures and discloses the income tax expenses of the interim period in accordance with the provisions of paragraph B12 of the International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

Income tax expense is measured by multiplying the net profit before tax in the interim reporting period by the company’s best estimate of the estimated effective tax rate for the whole year, and is fully recognized as current income tax expense.

To directly recognize income tax expenses in equity items or other comprehensive profit and loss items is to measure the temporary differences between the carrying amounts of relevant assets and liabilities for financial reporting purposes and their tax bases at the applicable tax rate when it is expected to be realized or settled.

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

In preparing the consolidated financial report in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Taiwan, the Group must make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Major sources of making significant judgments and estimating uncertainty when adopting the accounting policies are consistent with Note 5 of 2023 consolidated financial report.

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

6. Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to note 6 to the 2023 annual consolidated financial statements.

(1) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 2,253	1,009	1,338
Check and demand deposit	288,795	208,615	272,467
Foreign currency deposit	201,343	284,334	229,710
Time deposits	35,035	3,281	108,962
Total	\$ 527,426	497,239	612,477

Please refer to Note 6(23) for the exchange rate risk and sensitivity analysis of the Group's financial assets and liabilities.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at fair value through profit or loss :			
Fund	\$ 38,253	22,568	19,701
Forward exchange contracts	1	-	-
Foreign bonds	158,305	8,311	5,765
Stocks listed on domestic markets	1,870	1,682	890
	\$ 198,429	32,561	26,356
Current	\$ 40,124	32,561	26,356
Non-current	158,305	-	-
Total	\$ 198,429	32,561	26,356
Financial liabilities at fair value through profit or loss :			
Forward exchange contracts	\$ -	1,379	987
Total	\$ -	1,379	987

Derivative financial instrument transactions are used to avoid risks of exchange rate and interest rate arising from business, financing and investment activities. As of June 30, 2024 and December 31, 2023 and June 30, 2023, 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:

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

	June 30, 2024		
	<u>Amount(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange sold	US\$ 500	USD to NTD	2024.8.1
	December 31, 2023		
	<u>Amount(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Foreign exchange swap sold	US\$ 3,000	USD to NTD	2024.1.2~2024.2.26
	June 30, 2023		
	<u>Amount(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	US\$ 2,950	USD to NTD	2023.7.10~2023.7.31

Please refer to Note 6 (22) for the amount recognized in profit or loss based on remeasurement at fair value.

The details of the financial assets measured at fair value through profit or loss on June 30, 2024 were used as collateral for short-term borrowings and financing facilities, please refer to Note 8. None of the financial assets measured at fair value through profit or loss on December 31, 2023, and June 30, 2023 were used as guarantees for long-term and short-term loans and financing.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable – measured at amortized cost	\$ 1,509,546	1,201,288	1,463,383
Accounts receivable – related parties	-	-	51,608
Less: Allowance for losses	(546)	(2,087)	(2,120)
	<u>\$ 1,509,000</u>	<u>1,199,201</u>	<u>1,512,871</u>

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

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

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

	June 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,447,926	-	-
Less than 90 days past due	61,561	0.79%	487
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
More than 270 days past due	59	100%	59
	<u>\$ 1,509,546</u>		<u>546</u>
	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%	
181 to 270 days past due	-	-	-
More than 270 days past due	1,671	100%	1,671
	<u>\$ 1,201,288</u>		<u>2,087</u>
	June 30, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,290,264	-	-
Less than 90 days past due	221,369	-	-
91 to 180 days past due	2,521	50.89%	1,283
181 to 270 days past due	410	100%	410
More than 270 days past due	427	100%	427
	<u>\$ 1,514,991</u>		<u>2,120</u>

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

	Six-month periods ended	
	June 30,	
	2024	2023
Balance at January 1	\$ 2,087	520
Recognition of impairment losses	-	1,565
Amount written off due to irrecoverableness	(1,627)	-
Foreign exchange gains (losses)	86	35
Balance at June 30	<u>\$ 546</u>	<u>2,120</u>

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

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:

June 30, 2024						
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced- Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
O-Bank	\$ <u>232,101</u>	USD 18,000,000	-	<u>232,101</u>	Note 1	-
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	\$ <u>341,260</u>	USD 15,000,000	-	<u>341,260</u>	5.28%~6.43%	-
June 30, 2023						
Purchaser	Amount Derecognized	Credit Lines	Amount Advanced- Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Cathay United Bank	\$ <u>138,268</u>	USD 15,000,000	-	<u>138,268</u>	5.28%~6.18%	-

Note 1: The interest rates are negotiated on a case-by-case basis at the time of actual use.

As of June 30, 2024 and December 31, 2023 and June 30, 2023, the Group's notes and accounts receivable were not used as guarantees for long-term, short-term loans and financing.

(4) Other Receivables

	June 30, 2024	December 31, 2023	June 30, 2023
Tax refund receivable	\$ 12,750	20,429	26,273
Unused amount of sold receivables	232,101	341,260	138,268
Other Receivables – Osaley (OSL)	7,926	28,209	(Note)
Less: Allowance for losses	(3,963)	(21,109)	(Note)
Others	10,067	7,893	9,816
	<u>\$ 258,881</u>	<u>376,682</u>	<u>174,357</u>

Other receivables - OSL are overdue accounts receivable arising from the sale of goods and are considered as a form of fund financing in the financial statements. Please refer to Note 6 (23) for the movements in the allowance.

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

(Note) 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:

	June 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ -	-	-
Less than 90 days past due	-	-	-
91 to 180 days past due	7,926	50%	3,963
181 to 270 days past due	-	-	-
More than 270 days past due	-	-	-
	<u>\$ 7,926</u>		<u>3,963</u>

	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	-	-	-
	<u>\$ 28,209</u>		<u>21,109</u>

As of June 30, 2024 and December 31, 2023 and June 30, 2023, the Group's other receivables were not used as guarantees for long-term, short-term loans and financing.

(5) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 236,073	223,443	234,555
Supplies	180,262	154,861	168,542
Work-in process, semi-finished goods	130,975	120,100	102,172
Finished goods	467,807	406,110	344,782
	<u>\$ 1,015,117</u>	<u>904,514</u>	<u>850,051</u>

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

The details of the cost of sales were as follows:

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Inventory that has been sold	\$ 968,665	829,203	1,830,252	1,598,455
Write-down of inventories				
(Reversal of write-downs)	11,678	549	11,678	(6,705)
Total	\$ 980,343	829,752	1,841,930	1,591,750

As of June 30, 2024 and December 31, 2023 and June 30, 2023, the Group's inventory was not used as guarantees for long-term, short-term loans and financing.

(6) Other current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Temporary debits	\$ 32,710	32,115	71,290
Payment on behalf of others	42	3,840	7,822
Payment on behalf of others – Osaley (OSL)	175,937	94,583	(Note)
Less: Allowance for losses	-	(9,923)	(Note)
Others	8,774	6,572	858
	\$ 217,463	127,187	79,970

The above payment on behalf of others - OSL is the advance payment made by the Group on its behalf. Please refer to Note 6 (23) 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:

	June 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 150,348	-%	-
Less than 90 days past due	25,589	-%	-
91 to 180 days past due	-	-%	-
181 to 270 days past due	-	-%	-
More than 270 days past due	-	-%	-
	\$ 175,937		-

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

	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

(7) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the six-month periods ended June 30, 2024 and 2023 were as follows:

	Buildings and Structures							Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
	Land	Buildings and Structures	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress						
Cost:													
Balance at January 1, 2024	\$ 467,543	1,148,480	1,248,320	16,238	6,856	308,784	83,119					3,279,340	
Additions	-	698	15,056	505	1,663	9,601	951					28,474	
Disposals	-	-	(21,185)	(1,243)	-	(3,287)	-					(25,715)	
Reclassification	-	-	(1,198)	-	1,198	-	4,049					4,049	
Impact of exchange rate changes	(322)	1,202	16,397	290	59	2,140	427					20,193	
Balance at June 30, 2024	\$ 467,221	1,150,380	1,257,390	15,790	9,776	317,238	88,546					3,306,341	
Balance at January 1, 2023	\$ 459,076	1,190,545	1,051,818	15,706	7,818	289,460	216,605					3,231,028	
Additions	-	175	4,827	714	42	24,314	46,570					76,642	
Disposals	-	(21,982)	(28,821)	(399)	(2,892)	(13,223)	-					(67,317)	
Reclassification	-	-	142,317	-	-	-	(108,225)					34,092	
Impact of exchange rate changes	(271)	2,131	(1,811)	(93)	40	62	(885)					(827)	
Balance at June 30, 2023	\$ 458,805	1,170,869	1,168,330	15,928	5,008	300,613	154,065					3,273,618	

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

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Accumulated depreciation and								
Impairment losses:								
Balance at January 1, 2024	\$ -	286,143	579,711	8,371	2,572	82,240	-	959,037
Additions	-	18,550	47,849	620	747	16,096	-	83,862
Disposals	-	-	(20,514)	(1,184)	-	(3,261)	-	(24,959)
Reclassification	-	-	(791)	-	791	-	-	-
Impact of exchange rate changes	-	(101)	7,674	69	17	412	-	8,071
Balance at June 30, 2024	<u>\$ -</u>	<u>304,592</u>	<u>613,929</u>	<u>7,876</u>	<u>4,127</u>	<u>95,487</u>	<u>-</u>	<u>1,026,011</u>
Balance at January 1, 2023	\$ -	288,424	536,561	9,161	5,177	70,050	-	909,373
Additions	-	17,899	47,636	556	385	16,221	-	82,697
Disposals	-	(21,982)	(26,828)	(366)	(2,892)	(13,220)	-	(65,288)
Reclassification	-	-	(42)	-	-	-	-	(42)
Impact of exchange rate changes	-	(366)	(4,541)	(87)	17	49	-	(4,928)
Balance at June 30, 2023	<u>\$ -</u>	<u>283,975</u>	<u>552,786</u>	<u>9,264</u>	<u>2,687</u>	<u>73,100</u>	<u>-</u>	<u>921,812</u>
Carrying value:								
Balance at January 1, 2024	<u>\$ 467,543</u>	<u>862,337</u>	<u>668,609</u>	<u>7,867</u>	<u>4,284</u>	<u>226,544</u>	<u>83,119</u>	<u>2,320,303</u>
Balance at June 30, 2024	<u>\$ 467,221</u>	<u>845,788</u>	<u>643,461</u>	<u>7,914</u>	<u>5,649</u>	<u>221,751</u>	<u>88,546</u>	<u>2,280,330</u>
Balance at January 1, 2023	<u>\$ 459,076</u>	<u>902,121</u>	<u>515,257</u>	<u>6,545</u>	<u>2,641</u>	<u>219,410</u>	<u>216,605</u>	<u>2,321,655</u>
Balance at June 30, 2023	<u>\$ 458,805</u>	<u>886,894</u>	<u>615,544</u>	<u>6,664</u>	<u>2,321</u>	<u>227,513</u>	<u>154,065</u>	<u>2,351,806</u>

Please refer to Note 6 (22) 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 on June 30, 2024, December 31, 2023, and June 30, 2023.

(8) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transportation Equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 559,966	135,102	15,286	3,669	714,023
Additions	-	17,326	202	1,071	18,599
Disposal/Write-off	-	-	(550)	(891)	(1,441)
Impact of exchange rate changes	24,275	6,720	75	-	31,070
Balance at June 30, 2024	<u>\$ 584,241</u>	<u>159,148</u>	<u>15,013</u>	<u>3,849</u>	<u>762,251</u>
Balance at January 1, 2023	\$ 560,866	141,298	20,895	3,669	726,728
Additions	234	-	3,513	-	3,747
Disposal/Write-off	(591)	(3,840)	(3,213)	-	(7,644)
Impact of exchange rate changes	7,200	(145)	227	-	7,282
Balance at June 30, 2023	<u>\$ 567,709</u>	<u>137,313</u>	<u>21,422</u>	<u>3,669</u>	<u>730,113</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transporta tion Equipment</u>	<u>Total</u>
Accumulated depreciation losses:					
Balance at January 1, 2024	\$ 87,259	74,912	8,084	2,260	172,515
Depreciation for the year	13,019	10,192	3,343	641	27,195
Disposal/Write-off	-	-	(550)	(891)	(1,441)
Impact of exchange rate changes	4,078	3,877	37	-	7,992
Balance at June 30, 2024	<u>\$ 104,356</u>	<u>88,981</u>	<u>10,914</u>	<u>2,010</u>	<u>206,261</u>
Balance at January 1, 2023	\$ 69,689	61,054	14,200	1,037	145,980
Depreciation for the year	9,130	9,696	2,920	612	22,358
Disposal/Write-off	(591)	(2,710)	(3,213)	-	(6,514)
Impact of exchange rate changes	986	611	175	-	1,772
Balance at June 30, 2023	<u>\$ 79,214</u>	<u>68,651</u>	<u>14,082</u>	<u>1,649</u>	<u>163,596</u>
Carrying amount*					
Balance at January 1, 2024	<u>\$ 472,707</u>	<u>60,190</u>	<u>7,202</u>	<u>1,409</u>	<u>541,508</u>
Balance at June 30, 2024	<u>\$ 479,885</u>	<u>70,167</u>	<u>4,099</u>	<u>1,839</u>	<u>555,990</u>
Balance at January 1, 2023	<u>\$ 491,177</u>	<u>80,244</u>	<u>6,695</u>	<u>2,632</u>	<u>580,748</u>
Balance at June 30, 2023	<u>\$ 488,495</u>	<u>68,662</u>	<u>7,340</u>	<u>2,020</u>	<u>566,517</u>

(9) Investment property

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

The cost, depreciation, and impairment of the investment property of the Group for the six-month periods ended June 30, 2024 and 2023, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2024	<u>\$ 28,375</u>	<u>2,915</u>	<u>31,290</u>
Balance at June 30, 2024	<u>\$ 28,375</u>	<u>2,885</u>	<u>31,260</u>

There is no significant addition, disposal, impairment, or reversal of the investment properties of the Group from January 1 to June 30, 2024. Please refer to Note 12 for details of the depreciation in the current period. For other relevant information, please refer to Note 6(10) of 2023 Consolidated Financial Report.

The fair value of investment properties of the Group does not significantly differ from the information disclosed in Note 6(10) of 2023 Consolidated Financial Report.

As of June 30, 2024 and December 31, 2023, 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 June 30, 2023.

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

(10) Intangible assets

	<u>Goodwill</u>	<u>Technical Know-how</u>	<u>Computer Software</u>	<u>Total</u>
Carrying amounts:				
Balance at January 1, 2024	\$ 69,032	15,736	16,795	101,563
Balance at June 30, 2024	\$ 72,926	8,312	16,443	97,681
Balance at January 1, 2023	\$ 69,070	31,490	15,822	116,382
Balance at June 30, 2023	\$ 69,985	23,930	15,484	109,399

There is no significant addition, disposal, impairment, or reversal of the intangible assets of the Group from January 1 to June 30, 2024 and 2023. Please refer to Note 12 for details of the amortization in the current period. The change in the amount of goodwill is mainly due to the impact of exchange rate changes.

For other relevant information, please refer to Note 6(11) of 2023 Consolidated Financial Report.

(11) Other non-current assets

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Refundable deposits	\$ 8,021	7,340	8,504
Others	38,977	35,116	39,620
	<u>\$ 46,998</u>	<u>42,456</u>	<u>48,124</u>

As of June 30, 2024 and December 31, 2023 and June 30, 2023, the Group's other non-current assets were not used as guarantees for long-term, short-term loans and financing.

(12) Short-term loans

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Letter of Credit	\$ -	-	24,945
Unsecured bank loans	360,000	-	313,679
Total	<u>\$ 360,000</u>	<u>-</u>	<u>338,624</u>
Unused short-term credit lines	<u>\$ 1,239,520</u>	<u>1,255,664</u>	<u>962,696</u>
Range of interest rates	<u>2.125%~2.43%</u>	<u>-</u>	<u>1.95%~8.25%</u>

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

(a) Borrowing and repayment of short-term loans

The newly increased amounts from January 1 to June 30, 2024 and 2023 are 480,000 thousand and 268,985 thousand respectively, and the repaid amounts are 120,000 thousand and 258,297 thousand respectively.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Taiwan	2.125%~2.43%	-%	1.95%~2.54%
America	Note	Note	8.25%

Note : On June 30, 2024 and December 31, 2023, the Group did not apply for short-term loan financing in the America.

As of June 30, 2024 and 2023, the maturity dates of short-term loans of the Group are January, 2025 and July, 2023 respectively. As of December 31, 2023, the Group did not apply for short-term loan financing.

(b) Collateral for bank loans

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

(13) Short-term notes and bills payable

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

June 30, 2024			
	Guarantee or acceptance institution	Range of interest rates	Amount
Commercial papers payable	China Bills Finance Corporation	2.2%	\$ 29,980
	O-Bank	1.628%	129,936
Total			\$ 159,916
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 June 30, 2023, the Group did not adopt short-term notes and bills payable.

Please refer to Note 6 (22) for details on interest expense.

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

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

(14) Long-term Loans

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

June 30, 2024			
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.925%~2.8789%	116.01	\$ 2,474,768
Secured bank loans	1.05%~2.255%	124.07	522,993
			2,997,761
Less: current portion			(265,713)
Total			\$ 2,732,048
Unused long-term credit lines			\$ 652,659
December 31, 2023			
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.8%~6.99%	116.10	\$ 2,512,599
Secured bank loans	0.925%~2.125%	124.07	570,221
			3,082,820
Less: current portion			(264,529)
Total			\$ 2,818,291
Unused long-term credit lines			\$ 697,383
June 30, 2023			
	Range of interest rates	Expiration Date	Amount
Unsecured bank loans	1.8%~6.42%	116.10	\$ 2,644,439
Secured bank loans	0.925%~2.125%	124.07	615,962
			3,260,401
Less: current portion			(258,536)
Total			\$ 3,001,865
Unused long-term credit lines			\$ 1,097,569

(a) Borrowing and repayment of long-term loans

From January 1 to June 30, 2024, the new long-term loans were 50,000 thousand, the interest rate was 2.8789%, the maturity date was January, 2027. From January 1 to June 30, 2023, there were no new long-term loans.

The repayment amounts from January 1 to June 30, 2024 and 2023 were 136,840 thousand and 132,126 thousand respectively.

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

(b) Collateral for bank loans

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

(c) Special agreement on the joint credit contract

On November 30, 2021, the Group signed a joint loan credit contract with 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.

In addition, 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.

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.

(15) Lease liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023
Current	<u>\$ 21,617</u>	<u>24,240</u>	<u>22,782</u>
Non-current	<u>\$ 63,718</u>	<u>51,908</u>	<u>62,775</u>

For the maturity analysis, please refer to Note 6 (23) Financial Instruments.

The amounts recognized in profit or loss were as follows:

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

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Interest on lease liabilities	\$ 674	796	1,325	1,648
Expenses relating to short-term leases	\$ 339	274	594	532
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 432	517	883	902

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

	Six-month periods ended	
	June 30,	
	2024	2023
Total cash outflow for leases	\$ 17,675	17,281

(a) Leasing of land, houses and buildings

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

(b) Other lease

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

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.

(16) Employee benefits

(a) Defined contribution plans

The Group's expenses for the pension plan contributions to the Bureau of Labor Insurance for the three-month and six-month periods ended June 30, 2024 and 2023 were as follows:

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating cost	\$ 1,449	1,398	2,880	2,862
Selling and marketing expenses	516	328	1,030	635
General and administrative expenses	566	609	1,080	1,699
Research and development expenses	286	287	575	584
Total	\$ 2,817	2,622	5,565	5,780

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

The pensions of other subsidiaries are determined in accordance with local laws. The pension expenses recognized for the three-month and six-month periods ended June 30, 2024 and 2023 were 5,133 thousand, 4,709 thousand, 9,890 thousand and 9,562 thousand respectively.

(17) Income tax

The components of income tax for the three-month and six-month periods ended June 30, 2024 and 2023 were as follows:

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Current tax expenses				
Current period	\$ 26,463	2,778	42,547	14,806
Adjustment for prior periods	459	2,938	3,948	2,938
	<u>26,922</u>	<u>5,716</u>	<u>46,495</u>	<u>17,744</u>
Deferred tax expenses				
Origination and reversal of temporary differences	(1,510)	6,601	17,805	(13,152)
Income tax expenses	<u>\$ 25,412</u>	<u>12,317</u>	<u>64,300</u>	<u>4,592</u>

The amounts of income tax recognized in other comprehensive income for the three-month and Six-month periods ended June 30, 2024 and 2023 were as follows:

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	<u>\$ 542</u>	<u>5,423</u>	<u>17,572</u>	<u>3,686</u>

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

(18) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to June 30, 2024 and 2023. For the related information, please refer to Note 6 (19) to 2023 consolidated financial report.

(a) Capital surplus

The Company's capital surplus is as follows:

	June 30,	December 31,	June 30,
	2024	2023	2023
Additional paid-in capital	<u>\$ 13,030</u>	<u>13,030</u>	<u>13,030</u>

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

(b) 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) 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.

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

(ii) Earnings distribution

The amounts of cash dividends for the 2023 earnings distribution had been approved, the board meeting held on March 13, 2024, as well as the shareholders' meeting on May 28, 2024.

The amounts of cash dividends for the 2022 earnings distribution had been approved, the board meeting held on March 14, 2023, and on May 24, 2023, the shareholders' meeting decided on the amount of stock dividends, were as follows:

	2023		2022	
	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)	Amount
Dividends distributed to shareholders of common stocks				
Cash	\$ 0.500	86,669	0.650	109,605
Shares	-	-	0.250	42,156
Total		<u><u>\$ 86,669</u></u>		<u><u>151,761</u></u>

(c) Other equities (net amount after tax)

	<u>Exchange Differences on Translation of Foreign Operations</u>
Balance at January 1, 2024	\$ (92,700)
Exchange differences on foreign operations	<u>70,288</u>
Balance at June 30, 2024	<u><u>\$ (22,412)</u></u>
Balance at January 1, 2023	\$ (63,404)
Exchange differences on foreign operations	<u>14,746</u>
Balance at June 30, 2023	<u><u>\$ (48,658)</u></u>

(19) Earnings per share

For the three-month and six-month periods ended June 30, 2024 and 2023, the Group's earnings per share were calculated as follows:

(a) Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
Profit/(loss) of the Company for the year	<u><u>\$ 96,521</u></u>	<u><u>20,426</u></u>	<u><u>184,028</u></u>	<u><u>(9,300)</u></u>

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

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
Common stock outstanding on January 1	173,839	169,623	173,839	169,623
The impact of treasury stocks	(500)	(1,000)	(500)	(1,000)
The impact of stock dividends	-	4,216	-	4,216
Weighted average shares outstanding as of June 30	<u>173,339</u>	<u>172,839</u>	<u>173,339</u>	<u>172,839</u>
Basic earnings per share (Unit: NT\$)	<u>\$ 0.56</u>	<u>0.12</u>	<u>1.06</u>	<u>(0.05)</u>

(b) Diluted earnings per share

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

	Three-month periods ended June 30,		Six-month periods ended
	2024	2023	June 30, 2024
Profit attributable to ordinary shareholders of the Company (basic)	<u>\$ 96,521</u>	<u>20,426</u>	<u>184,028</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 96,521</u>	<u>20,426</u>	<u>184,028</u>

(ii) Weighted-average number of common stocks (diluted)

	Three-month periods ended June 30,		Six-month periods ended
	2024	2023	June 30, 2024
Weighted average shares outstanding as of June 30	173,339	172,839	173,339
Effect of dilutive potential common stocks			
Effect of employee share bonus	82	-	217
Weighted-average number of common stocks (diluted) at June 30	<u>173,421</u>	<u>172,839</u>	<u>173,556</u>
Diluted earnings per share (Unit: NT\$)	<u>\$ 0.56</u>	<u>0.12</u>	<u>1.06</u>

The Group incurred a net loss after tax from January 1 to June 30, 2023, which would have an anti-dilutive effect on potential ordinary shares. Therefore, diluted earnings per share were not calculated.

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

(20) Revenue from contracts with customers

(a) Disaggregation of revenue

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Primary geographical markets				
USA	\$ 1,015,230	804,575	1,887,974	1,559,662
Europe	220,805	160,097	415,406	264,891
Taiwan	24,995	23,036	54,070	55,216
Others	27,184	29,784	48,733	57,490
	\$ 1,288,214	1,017,492	2,406,183	1,937,259

(b) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Notes Receivable and Accounts	\$ 1,509,546	1,201,288	1,514,991
Less: Allowance for losses	(546)	(2,087)	(2,120)
Total	\$ 1,509,000	1,199,201	1,512,871

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.

(21) Remunerations to employees, directors and supervisors

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

The remunerations to employees recognized for the three-month and six-month periods ended June 30, 2024 were 2,196 thousand and 4,452 thousand respectively. The remunerations to directors and supervisors recognized for the three-month and six-month periods ended June 30, 2024 were 1,098 thousand and 2,226 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. The company incurred a net loss before tax from January 1 to June 30, 2023, thus no compensation to employees and directors and supervisors are estimated. For relevant information, please refer to Market Observation Post System.

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

(22) Remunerations to employees, directors and supervisors

(a) Interest income

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
Interest income from deposits in banks	\$ 4,981	3,817	7,230	4,835
Interest income from foreign bonds	2,136	-	3,495	-
Total	\$ 7,117	3,817	10,725	4,835

(b) Other income

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
Rental income	\$ 538	281	1,076	562
Other income	2,562	2,969	2,901	4,478
Total	\$ 3,100	3,250	3,977	5,040

(c) Other gains and losses

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
Losses of disposal of property, plant and equipment losses	\$ (313)	(113)	(313)	303
Foreign exchange (losses) gains	22,647	39,290	80,644	20,151
Net gains on financial assets (liabilities) at fair value through profit or loss	1,261	(64)	249	2,278
Other gains and losses	121	(1,374)	(386)	(18,576)
Total	\$ 23,716	37,739	80,194	4,156

(d) Finance cost

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

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

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Interest expense	\$ 21,863	22,235	42,549	44,073
Add: Interest of below-market interest rate loan	851	1,050	1,753	2,148
Interest of Lease liabilities	674	796	1,325	1,648
Net finance cost	<u>\$ 23,388</u>	<u>24,081</u>	<u>45,627</u>	<u>47,869</u>

(23) Financial Instruments

Except as described below, there has been no significant change in the fair value of the Group's financial instruments and exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to Note 6(25) of 2023 Consolidated Financial Report.

(a) Credit risk

(i) Risk of credit risk

The carrying amount of financial assets is the maximum amount of 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 June 30, 2024, December 31, 2023, June 30, 2023, 94%, 94% and 88% of the Group's accounts receivable balance came from several major customers, which made the Group have significant concentration of credit risk.

(iii) Credit risk of accounts receivable

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7) of 2023 Consolidated Financial Report.

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

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

	Six-month periods ended June 30,	
	2024	2023
Opening balance	\$ 31,032	8,094
Recognition of impairment losses		
(Impairment losses reversed)	(27,069)	6,064
Ending balance	\$ 3,963	14,158

(b) Liquidity risk

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

	Carrying Amount	Cash Flow of Contracts	Within 6 Months	6-12Months	More Than 1 Year
June 30, 2024					
Non-derivative financial liabilities					
Bank loans	\$ 3,357,761	3,567,641	484,194	221,111	2,862,336
Short-term notes and bills payable	159,916	160,000	160,000	-	-
Notes payable, accounts payable and other payables	1,154,121	1,154,121	1,154,121	-	-
Lease liabilities	85,335	109,265	15,590	8,445	85,230
	\$ 4,757,133	4,991,027	1,813,905	229,556	2,947,566
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					
Currency exchange contract:					
Flow Out	1,379	1,379	1,379	-	-
	\$ 4,250,738	4,433,838	1,281,613	183,183	2,969,042
June 30, 2023					
Non-derivative financial liabilities					
Bank loans	\$ 3,599,025	3,800,845	456,068	222,822	3,121,955
Notes payable, accounts payable and other payables	830,960	830,960	830,960	-	-
Lease liabilities	85,557	114,357	15,518	14,341	84,498
Derivative financial liabilities					
Forward exchange contract:					
Flow Out	987	987	987	-	-
	\$ 4,516,529	4,747,149	1,303,533	237,163	3,206,453

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

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

(c) Market rise

(i) Risk of foreign exchange rate

Financial assets and liabilities of the Group exposed to significant foreign exchange risks (excluding monetary items denominated in non-functional currency and have been written off in the consolidated financial report):

(in thousands)

	June 30, 2024			December 31, 2023			June 30, 2023			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	TNTD	
<u>Financial assets</u>										
<u> Momentary item</u>										
USD	\$	39,360	32.44	1,276,838	34,271	30.708	1,052,394	25,037	31.132	779,452
<u>Financial liabilities</u>										
<u> Momentary item</u>										
USD		14,376	32.440	466,357	15,763	30.708	484,050	11,184	31.132	348,180

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 June 30, 2024 and 2023, 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 June 30, 2024 and 2023 will increase or decrease by 8,105 thousand and 4,313 thousand respectively, the analysis of the two periods was conducted using the same basis.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three-month and six-month periods ended June 30, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 22,647 thousand, 39,290 thousand, 80,644 thousand and 20,151 thousand, respectively.

(ii) Interest rate risk

Please refer to the note of the liquidity risk management for the interest rate risk of the Group's financial assets and financial liabilities. The sensitivity analysis is determined based on the interest rate risk of derivative and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. This is the assessment of the management about reasonably possible range of interest rate changes.

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

If the interest rate is increased or decreased by 1% with all other variables remaining unchanged, the Group's net profit for the period from January 1 to June 30, 2024 and 2023 will be decreased or increased by 13,877 thousand and 14,008 thousand respectively. The main reason is the floating interest rates on loans, time deposits and demand deposits.

(d) Information on fair value

(i) Types and fair values of financial instruments

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

	June 30, 2024				
	Book Value	Fair Value			Total
Level 1		Level 2	Level 3		
Financial assets at fair value through profit or loss					
Fund	\$ 38,253	38,253	-	-	38,253
Forward exchange contracts	1	1	-	-	1
Foreign bonds	158,305	158,305	-	-	158,305
Stocks listed on domestic markets	1,870	1,870	-	-	1,870
Sub-total	198,429	198,429	-	-	198,429
Financial assets measured at amortized					
Cash and cash equivalents	527,426	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,767,881	-	-	-	-
Other current assets	175,979	-	-	-	-
Other financial assets - current	214,844	-	-	-	-
Sub-total	2,686,130	-	-	-	-
Total	\$ 2,884,559	198,429	-	-	198,429
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,357,761	-	-	-	-
Short-term notes and bills payable	159,916	-	-	-	-
Notes payable, accounts payable and other payables	1,154,121	-	-	-	-
Lease liabilities	85,335	-	-	-	-
Sub-total	4,757,133	-	-	-	-
Total	\$ 4,757,133	-	-	-	-

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

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
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	<u>32,561</u>	<u>32,561</u>	-	-	<u>32,561</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	497,239	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,575,883	-	-	-	-
Other current assets	88,500	-	-	-	-
Other financial assets - current	194,088	-	-	-	-
Sub-total	<u>2,355,710</u>	-	-	-	-
Total	<u>\$ 2,388,271</u>	<u>32,561</u>	-	-	<u>32,561</u>
Financial liabilities at fair value through profit or loss					
Currency exchange contracts	\$ 1,379	1,379	-	-	1,379
Sub-total	<u>1,379</u>	<u>1,379</u>	-	-	<u>1,379</u>
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	<u>4,249,359</u>	-	-	-	-
Total	<u>\$ 4,250,738</u>	<u>1,379</u>	-	-	<u>1,379</u>
June 30, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Fund	\$ 19,701	19,701	-	-	19,701
Foreign bonds	5,765	5,765	-	-	5,765
Stocks listed on domestic markets	890	890	-	-	890
Sub-total	<u>26,356</u>	<u>26,356</u>	-	-	<u>26,356</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	612,477	-	-	-	-
Notes receivable, accounts receivable and other receivable	1,701,386	-	-	-	-
Other current assets	56,836	-	-	-	-
Other financial assets - current	185,018	-	-	-	-
Sub-total	<u>2,555,717</u>	-	-	-	-
Total	<u>\$ 2,582,073</u>	<u>26,356</u>	-	-	<u>26,356</u>

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

	June 30, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	\$ 987	987	-	-	987
Sub-total	987	987	-	-	987
Financial liabilities measured at amortized cost					
Bank loans	3,599,025	-	-	-	-
Notes payable, accounts payable and other payables	830,960	-	-	-	-
Lease liabilities	85,557	-	-	-	-
Sub-total	4,515,542	-	-	-	-
Total	\$ 4,516,529	987	-	-	987

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

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

A. Financial assets measured at amortized cost

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

B. Financial assets and liabilities measured at amortized cost

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

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

A. Non-derivative financial instruments

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

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

Ching Feng Home Fashions Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

financial instruments.

B. Derivative financial instruments

It is evaluated based on an evaluation model widely accepted and recognized, such as discount method and option pricing model. The fair value of derivative instruments is calculated based on the public quotation. When public quotations cannot be obtained, evaluation methods are used for estimation, and the estimates and assumptions used will be based on the quotation information of financial institutions.

(iv) Transfer of levels

There were no transfers of levels in the six-month periods ended June 30, 2024 and 2023.

(24) Financial Risk Management

The objectives and policies of the Group's financial risk management have not changed significantly from those disclosed in Note 6 (26) of 2023 consolidated financial report.

(25) Capital Management

The objectives, policies, and procedures of the Group's capital management are consistent with those disclosed in 2023 consolidated financial report; and the aggregated quantitative data for capital management items have not changed significantly from those disclosed in 2023 consolidated financial report. For relevant information, please refer to Note 6 (27) of the 2023 consolidated financial report.

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

The Group's investing and financing activities, which did not affect the current cash flow in the six-month periods ended June 30, 2024 and 2023, were as follows:

			Non-cash changes			June 30, 2024
			Changes in lease payments	Foreign exchange movement	Changes in Deferred Government Subsidies	
	January 1, 2024	Cash flows				
Long-term loans	\$ 3,082,820	(86,840)	-	28	1,753	2,997,761
Short-term loan	-	360,000	-	-	-	360,000
Lease liability	76,148	(14,873)	21,067	2,993	-	85,335
Total liabilities from financing activities	\$ 3,158,968	258,287	21,067	3,021	1,753	3,443,096

			Non-cash changes			June 30, 2023
			Changes in lease payments	Foreign exchange movement	Changes in Deferred Government Subsidies	
	January 1, 2023	Cash flows				
Long-term loans	\$ 3,390,443	(132,126)	-	(64)	2,148	3,260,401
Short-term loan	327,592	10,688	-	344	-	338,624
Lease liability	98,130	(14,199)	2,436	(810)	-	85,557
Total liabilities from financing activities	\$ 3,816,165	(135,637)	2,436	(530)	2,148	3,684,582

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

7. Related-party transactions

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

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
OSALEY HOME FASHIONS CO., LTD. (OSL)(Note)	Its President and the President of the Group are relatives within three generations
Hsu, Ming-Hsuan	Key management personnel of the Group
Hsu, Chun-Jan	Key management personnel of the Group
Hong, Yi-Jing	With President of the Group are relatives within one generation
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.

(2) Significant transactions with related parties

(a) Sale

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

	<u>Three-month periods ended</u>		<u>Six-month periods ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties	\$ -	244	-	435

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.

(b) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30,</u>	<u>December</u>	<u>June 30,</u>
		<u>2024</u>	<u>31, 2023</u>	<u>2023</u>
Accounts receivable-OSL	Other related parties	(Note)	(Note)	\$ <u>51,608</u>
Other receivable-OSL	Other related parties	(Note)	(Note)	\$ 28,316
Less: Allowance for loss		(Note)	(Note)	<u>(14,158)</u>
				<u>\$ 14,158</u>

(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.

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

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 (23) 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.

(c) Payables from related parties

The payables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other payable	Other related parties	\$ 7	-	19

(d) Other assets

The details of payments made by the Group for related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other current assets-OSL	Other related parties	(Note)	(Note)	\$ 55,729

(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.

(e) Leases

The Group leased land, factories, offices and parking spaces from key personnel of the management team in January 2017. Interest expenses for the three-month and six-month periods ended June 30, 2024 and 2023 are 3 thousand, 4 thousand, 6 thousand and 9 thousand respectively. As of June 30, 2024, December 31, 2023, and June 30, 2023, the balance of lease liabilities is 708 thousand, 822 thousand and 1,055 thousand respectively.

(3) Key management personnel compensation

Key management personnel compensation comprised:

	<u>Three-month periods ended</u>		<u>Six-month periods ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 7,189	7,525	14,195	18,233
Termination benefits	171	199	337	424
	<u>\$ 7,360</u>	<u>7,724</u>	<u>14,532</u>	<u>18,657</u>

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

8. Assets pledged as security

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

<u>Assets pledged as security</u>	<u>Liabilities secured by pledge</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Fixed certificates of deposits and restricted deposits (listed as other financial assets-current)	Long-term and short-term loans and line of credit	\$ 154,830	194,088	185,018
Property, plant and equipment Fixed certificates of deposits	"	1,164,342	1,184,261	1,203,940
Financial assets at fair value through profit or loss	Short-term loans and line of credit	58,642	-	-
		<u>\$ 1,377,814</u>	<u>1,378,349</u>	<u>1,388,958</u>

9. Significant Commitments and Contingencies

(1) Unrecognized contractual commitments

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2024</u>
Contract price	<u>\$ 139,175</u>	<u>190,204</u>	<u>335,080</u>
Unpaid amount	<u>\$ 22,394</u>	<u>58,962</u>	<u>109,038</u>

(2) Others

On June 30, 2024, December 31, 2023, and June 30, 2023, the Group issued guaranteed notes for the security of long-term and short-term loan secure of 5,124,756 thousand, 3,953,455 thousand and 3,420,494 thousand respectively.

10. Losses due to major disasters: None.

11. Subsequent events:

On August 8, 2024, the company's board of directors resolved to proceed with a cash capital increase through the issuance of new shares, with a planned fundraising amount of NT\$100,000 thousand. Additionally, the company plans to issue its third domestic unsecured convertible bonds, with a total face value limit of NT\$300,000 thousand and each bond having a face value of NT\$100 thousand.

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

12. Others

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

By function By item	Three-month periods ended June 30, 2024			Three-month periods ended June 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	142,026	84,988	227,014	102,723	58,505	161,228
Labor and health insurance (Note)	8,624	5,492	14,116	8,291	5,189	13,480
Pension	1,703	6,247	7,950	1,501	5,830	7,331
Remuneration of directors	-	752	752	-	644	644
Others	7,746	3,594	11,340	3,992	2,607	6,599
Depreciation	40,338	16,959	57,297	35,537	18,454	53,991
Amortization	3,613	5,598	9,211	665	6,808	7,473

By function By item	Six-month periods ended June 30, 2024			Six-month periods ended June 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	270,796	153,551	424,347	206,582	105,803	312,385
Labor and health insurance (Note)	15,311	10,658	25,969	15,257	10,132	25,389
Pension	3,346	12,109	15,455	3,130	12,212	15,342
Remuneration of directors	-	1,404	1,404	-	1,298	1,298
Others	12,365	7,423	19,788	8,313	4,690	13,003
Depreciation	80,475	30,612	111,087	70,564	34,491	105,055
Amortization	6,373	11,020	17,393	1,210	13,672	14,882

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

(2) Seasonality of operations

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

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

13. Others disclosure items

(1) Information on significant transaction:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six-month periods ended June 30, 2024:

(a) Loans to other parties:

(In Thousands of New Taiwan Dollar)

No (Note1)	Lender	Borrower	Account	Related Party	Highest Amount in the Period	Ending Balance	Actual Amount	Interest	Nature (Note2)	Translation between both parties	Reasons for the short-term financing	Allowance for bad debt	Collateral		Limit for Each Borrower (Note3)	Total Limit of Loan (Note3)
													Title	Value		
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Other Receivables – Related Party	Yes	32,440	-	-	-	2	-	Working capital turnover	-	-	-	968,571	968,571
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Other Receivables – Related Party	Yes	32,440	32,440	9,732	-	2	-	To build plant and purchase equipment	-	-	-	968,571	968,571
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	64,880	64,880	-	-	2	-	Working capital turnover	-	-	-	968,571	968,571
0	Ching Feng Home Fashions Co., Ltd.	Osaley Home Fashions Co., Ltd.	Other Receivables	No	58,794	58,794	7,926	-	2	-	Working capital turnover	3,963	-	-	242,143	363,214
1	Ching Feng Vietnam Company Limited	Sun Ocean Vietnam Co., Ltd.	Other Receivables – Related Party	Yes	9,732	-	-	-	2	-	Working capital turnover	-	-	-	264,456	264,456

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

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

Note 2: Nature of the loan:

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

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

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

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

(b) 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.	Sun Ocean Vietnam Co./Ching Feng Vietnam Company	3	1,210,714	32,440	32,440	-	-	1.34%	2,421,428	Y	N	N
0	Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	3	1,210,714	64,880	-	-	-	%	2,421,428	Y	N	N

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

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

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

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

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

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

(c) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollar)

Company	Type and name of securities	Relationship with company	Account	Ending Balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value	
Ching Feng Home Fashions Co., Ltd.	Capital Moderate Allocation Fund (C930)	None	Financial assets at fair value through profit or loss-Current	4,632	1,887	- %	1,887	
Ching Feng Home Fashions Co., Ltd.	Alliance Bernstein American Income Profolio (1010)	None	Financial assets at fair value through profit or loss-Current	5,205	5,155	- %	5,155	
Ching Feng Home Fashions Co., Ltd.	Franklin Gulf Wealthy Bond Fund (09A4)	None	Financial assets at fair value through profit or loss-Current	4,592	2,498	- %	2,498	
Ching Feng Home Fashions Co., Ltd.	Invesco 3 to 6 Year Maturity Emerging Market Bond Fund (E703)	None	Financial assets at fair value through profit or loss-Current	10,900	3,331	- %	3,331	
Ching Feng Home Fashions Co., Ltd.	Nomura Multi-Asset Diversified Income Investment Fund (02049)	None	Financial assets at fair value through profit or loss-Current	15,854	6,713	- %	6,713	
Ching Feng Home Fashions Co., Ltd.	Mega Global Metaverse Tech Fund (C234)	None	Financial assets at fair value through profit or loss-Current	200,000	3,006	- %	3,006	
Ching Feng Home Fashions Co., Ltd.	Jupiter Global Fixed Income Fund (0E02)	None	Financial assets at fair value through profit or loss-Current	54,556	15,663	- %	15,663	
Ching Feng Home Fashions Co., Ltd.	Altrich Group USD investment corporate bond (US02209SBF92)	None	Financial assets at fair value through profit or loss- Non-Current	100	3,172	- %	3,172	

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

Company	Type and name of securities	Relationship with company	Account	Ending Balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair Value	
Ching Feng Home Fashions Co., Ltd.	JPMorgan Chase Bank USD Corporate Bonds (US46625HLL23)	None	Financial assets at fair value through profit or loss- Non-current	100	3,014	- %	3,014	
Ching Feng Home Fashions Co., Ltd.	Exxon Mobil Corp. Bonds (US30231GBF81)	None	Financial assets at fair value through profit or loss- Non-Current	80	2,298	- %	2,298	
Ching Feng Home Fashions Co., Ltd.	Saudi-Arabien, Königreich Bonds (XS1694218469)	None	Financial assets at fair value through profit or loss- Non-Current	400	11,032	- %	11,032	
Ching Feng Home Fashions Co., Ltd.	Altria Group Inc. Bonds (US02209SAV51)	None	Financial assets at fair value through profit or loss- Non-Current	500	11,758	- %	11,758	
Ching Feng Home Fashions Co., Ltd.	Wells Fargo & Co. Bonds (US94974BGT17)	None	Financial assets at fair value through profit or loss- Non-Current	400	10,354	- %	10,354	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RDJ86)	None	Financial assets at fair value through profit or loss- Non-Current	200	5,500	- %	5,500	
Ching Feng Home Fashions Co., Ltd.	B. A. T. Capital Corp. Bonds (US05526DBD66)	None	Financial assets at fair value through profit or loss- Non-Current	200	5,556	- %	5,556	
Ching Feng Home Fashions Co., Ltd.	Berkshire Hathaway Finance Corp. Bonds (US084664DB47)	None	Financial assets at fair value through profit or loss- Non-Current	200	5,148	- %	5,148	
Ching Feng Home Fashions Co., Ltd.	Philip Morris International Inc. Bonds (US718172BD03)	None	Financial assets at fair value through profit or loss- Non-Current	400	11,768	- %	11,768	
Ching Feng Home Fashions Co., Ltd.	PacifiCorp Bonds (US695114DA39)	None	Financial assets at fair value through profit or loss- Non-Current	600	18,506	- %	18,506	
Ching Feng Home Fashions Co., Ltd.	United States of America Bonds (US912810TL26)	None	Financial assets at fair value through profit or loss- Non-Current	400	12,164	- %	12,164	
Ching Feng Home Fashions Co., Ltd.	Brasilien, Föderative Republik Bonds (US105756BW95)	None	Financial assets at fair value through profit or loss- Non-Current	700	17,573	- %	17,573	
Ching Feng Home Fashions Co., Ltd.	Ford Motor Co. Bonds (US345370CQ17)	None	Financial assets at fair value through profit or loss- Non-Current	300	7,856	- %	7,856	
Ching Feng Home Fashions Co., Ltd.	Oracle Corp. Bonds (US68389XBJ37)	None	Financial assets at fair value through profit or loss- Non-Current	200	4,919	- %	4,919	
Ching Feng Home Fashions Co., Ltd.	AT & T Inc. Bonds (US00206RKF81)	None	Financial assets at fair value through profit or loss- Non-Current	100	2,123	- %	2,123	
Ching Feng Home Fashions Co., Ltd.	Nippon Life Insurance Co. Bonds (USJ54675BA04)	None	Financial assets at fair value through profit or loss- Non-Current	300	8,140	- %	8,140	
Ching Feng Home Fashions Co., Ltd.	Saudi-Arabien, Königreich Bonds (XS2109770151)	None	Financial assets at fair value through profit or loss- Non-Current	400	9,234	- %	9,234	
Ching Feng Home Fashions Co., Ltd.	Perusahaan Listrik Negara Bonds (US71568QAK31)	None	Financial assets at fair value through profit or loss- Non-Current	300	8,190	- %	8,190	
Ching Feng Home Fashions Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Common Stock (2888)	None	Financial assets at fair value through profit or loss-Current	190,000	1,870	- %	1,870	

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

- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

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

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

(In Thousands of New Taiwan Dollar)

Company	Related party	Nature of relationship	Transaction details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Note
			Item	Amount	Percentage of total purchases (sales) (%)	Payment terms	Unit Price	Payment terms (Note2)	Ending balance	Percentage of total receivables (payables)	
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	Sales	(966,662)	(50.41) %	T/T 195 days	Sell at agreed price	-	989,785	82.49%	
Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd.	Sub-Subsidiary	Purchases	385,918	23.04%	T/T 180 days	Sell at agreed price	-	(101,345)	(15.54) %	
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Subsidiary	Purchases	419,774	25.06%	T/T 180 days	Sell at agreed price	-	(158,000)	(24.22) %	
All Strong Industry (USA) Inc.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Purchases	966,662	100.00%	T/T 195 days	Sell at agreed price	-	(989,785)	(100.00) %	
Sun Ocean Vietnam Co., Ltd.	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sales	(385,918)	(100.00) %	T/T 180 days	Sell at agreed price	-	101,345	100.00%	
Ching Feng Vietnam Company Limited	Ching Feng Home Fashions Co., Ltd.	Parent Company	Sales	(419,774)	(100.00) %	T/T 180 days	Sell at agreed price	-	158,000	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.

(h) 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	Relationship	Ending balance	Turnover %	Overdue		Amount received in subsequent period (Note1)	Loss allowance
					Amount	Action taken		
Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	Subsidiary	989,785	207%	-		146,763	-

Note 1: It refers to the amount recovered as of July 18, 2024.

(i) Trading in derivative instruments: Please refer to Note 6 (2).

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

(j) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollar)

No.	Company	Counterparty	Relation-ship	Intercompany transactions			
				Account	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Ching Feng Home Fashions Co., Ltd.	All Strong Industry (USA) Inc.	1	Sales	966,662	The price is at the normal or negotiated price.	40.17%
			1	Accounts receivables	989,785	The terms of payment are based on the agreement or the general terms of payment	13.60%
			1	Other receivables	140	The terms of payment are based on the agreement or the general terms of payment	-%
0	Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	1	Sales	4	The price is at the normal or negotiated price.	-%
			1	Other receivables	114,131	The terms of payment are based on the agreement or the general terms of payment	1.57%
			1	Purchases	419,774	The price is at the normal or negotiated price.	17.45%
			1	Accounts payables	158,000	The terms of payment are based on the agreement or the general terms of payment	2.17%
0	Ching Feng Home Fashions Co., Ltd.	Grandtop Decorative Product (Zhenjing) Co., Ltd.	2	Sales	13,315	The price is at the normal or negotiated price.	0.55%
			2	Accounts receivables	1,982	The terms of payment are based on the agreement or the general terms of payment	0.03%
			2	Other receivables	2	The terms of payment are based on the agreement or the general terms of payment	-%
			2	Purchases	10,413	The price is at the normal or negotiated price.	0.43%
			2	Accounts payables	20,091	The terms of payment are based on the agreement or the general terms of payment	0.28%
0	Ching Feng Home Fashions Co., Ltd.	Sun Ocean Vietnam Co., Ltd	2	Sales	3,730	The price is at the normal or negotiated price.	0.16%
			2	Accounts receivables	7,144	The terms of payment are based on the agreement or the general terms of payment	0.10%
			2	Other receivables	63,030	The terms of payment are based on the agreement or the general terms of payment	0.87%
			2	Purchases	385,918	The price is at the normal or negotiated price.	16.04%
			2	Accounts payables	101,345	The terms of payment are based on the agreement or the general terms of payment	1.39%
0	Ching Feng Home Fashions Co., Ltd.	Fu Yue Window Decoration Co., Ltd.	1	Sales	59	The price is at the normal or negotiated price.	-%

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

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

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

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

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

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

(2) Information on investees:

The followings are the information on investees for the six-month periods ended June 30, 2024:

(In Thousands of New Taiwan Dollar/shares)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of June 30, 2024			Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 2)	Note
				June 30, 2024	December 31, 2023	Shares (in thousands)	Percentage	Carrying value (Note 1)			
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%	427,251	47,017	47,017	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%	804,296	(38,997)	(38,997)	"
Ching Feng Home Fashions Co., Ltd.	Sincere Capital Limited	Samoa	Investment	398,660	398,660	13,084	100.00%	382,143	22,916	22,916	"
Ching Feng Home Fashions Co., Ltd.	Paradise General Trading Co., Ltd.	Samoa	International trade	30,690	30,690	437	100.00%	15,072	81	81	"
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%	65,156	(11,738)	(11,738)	"
Ching Feng Home Fashions Co., Ltd.	Ching Feng Vietnam Company Limited	Vietnam	Production and processing of plastic and alu. Blinds, Faux wood shutters	590,129	590,129	Note 3	100.00%	653,166	66,202	66,202	"
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%	4,570	(460)	(460)	"
Ching Feng Home Fashions Co., Ltd.	Fu Vietnam Company Limited	Vietnam	Buy & sell of blinds, pleated curtains	167,384	167,384	Noted 3	100.00%	136,363	(8,715)	(8,715)	"
Lamae' Global Home Fashion Co., Ltd.	New Nice Home Fashion L.L.C.	USA	Investment	1,248,518 USD38,487 thousand)	1,181,859 USD38,487 thousand)	24,655	100.00%	804,292	(23,633)	(38,997)	Sub-Subsidiary
Sincere Capital Limited	Sun Ocean Investment Limited	Samoa	Investment	437,064 USD13,473 thousand)	413,729 USD13,473 thousand)	13,473	100.00%	382,142	22,916	22,916	"
Sun Ocean Investment Limited	Sun Ocean Vietnam Co., Ltd.	Vietnam	Manufacture and assembly of blinds	427,105 USD13,166 thousand)	404,302 USD13,166 thousand)	Noted 3	100.00%	374,365	22,916	22,916	"
All Strong Industry (USA) Inc.	Regal Estate (USA) Inc.	USA	Buy & sell of blinds, pleated curtains	3,244 (USD100 thousand)	- (USD - thousand)	100	100.00%	2,558	(675)	(675)	"

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

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

Note 3: The invested company is a limited company.

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

(3) Information on investment in Mainland China:

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

(In Thousands of New Taiwan 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, 2024 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of June 30, 2024 (Note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) recognized (Note 3)	Carrying value as of June 30, 2024 (Note 4)	Accumulated inward remittance of earnings as of June 30, 2024
					Outflow	Inflow						
Grandtop Decorative Product (Zhenjing) Co., Ltd.	Processing, production, assembly and sales of blinds.	559,241 USD 17,000 thousand)	(2)	559,241 (USD 17,000 thousand)	-	-	559,241 (USD 17,000 thousand)	(23,633)	100.00%	(23,633) (USD (741) thousand)	365,038 (USD 11,253 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)	(16)	100.00%	(16)	-	-
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)	(59)	100.00%	(59)	(40)	-

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

(b) Upper limit on investment in Mainland China:

Accumulated investment in Mainland China as of June 30, 2024	Investment amount authorized by Investment Commission, MOEA (Note 2、4、6、7)	Upper limit on investment
1,059,296 (USD 32,654 thousand)	1,062,572 (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 L.L.C.).
- (3) Investing with the invested company's own funds.

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

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

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

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

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

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

(c) Significant transactions:

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

(4) Major shareholders

Shareholder's Name	Shareholding	Shares	Percentage
Hsu, Ming-Hsuan		8,822,743	5.07%

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

14. Segment information

(1) General information

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

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Revenue				
Revenue from external customers	\$ 1,288,214	1,017,492	2,406,183	1,937,259
Interest revenue	7,117	3,817	10,725	4,835
Total revenue	<u>\$ 1,295,331</u>	<u>1,021,309</u>	<u>2,416,908</u>	<u>1,942,094</u>
Reportable segment profit or loss	<u>\$ 96,521</u>	<u>20,426</u>	<u>184,028</u>	<u>(9,300)</u>