

Kayee International Group Co., Ltd
(the "Company")
Company Registration No. 300322

Minutes of 2024 Annual General Shareholders' Meeting
(the "Meeting")

The following is an extract of the minutes of a general shareholders' meeting of the Company.

Time: June 6, 2024 (Thursday) 9:00. A.M.

Place: 3F.-A, No.2-1, Sec. 1, Jinan Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
(National Taiwan University Alumni Association)

Present: 26,274,551 shares were represented by shareholders and proxies, which was equal to 57.68% of the Company's 45,548,665 issued and outstanding shares.

Board Members Present: Mr. Lee, Hung-Ching、Miss Chi, Chiao-Erh、Mr. Huang, Yi-Tsung、Mr. Huang, Kuo-Cheng、Mr. Ting, Pang-Chen、Mr. Tsai, Chung-Yuan, 6 members of the Board of Directors are present.

In attendance: Mr. Wu, Po Hsi (CFO and Head of Corporate Governance),
Mr. Shao, Chao-Bin (CPA, Crowe (TW) CPAs),
Mr. Lin, Bang-Ding (Security and Integrity Law Firm)

Chairman: Mr. Lee, Hung-Ching

Minute taker: Miss Hung, Wen-Yu



I. Announcement of the Commencement of the Meeting:

The aggregate shareholding of the shareholders present in person or by proxy constituted quorum. The chairman announced the commencement of the meeting.

II. Chairman's Remarks: (Omitted)

III. Matters to Report:

1. 2023 Business Report. (Proposed by the Board)
Explanation: 2023 Business Report, Please refer to attachment 1 for details.
2. Audit Committee's 2023 Review Report. (Proposed by the Board)
Explanation: Audit Committee's Review Report on the 2023 Financial Statements, Please refer to attachment 2 for details.
3. 2023 Directors' remuneration allocation report Explanation. (Proposed by the Board)
Explanation: Please refer to attachment 3 for information on remuneration received by the Company's directors.

IV. Matters for Ratification:

Proposals 1 : (Proposed by the Board)

To Approve 2023 Business Report and Consolidated Financial Statements.

Explanation:

1. Kayee Company's Consolidated Financial Statements were audited by Shao, Chao-Bin and Huang, Chien-Chen, of Crowe (TW) CPAs. Business Report and Consolidated Financial Statements have been approved by the Audit Committee with report.

2. The 2023 Business Report, CPAs' audit report, and the above-mentioned Financial Statements are attached in the handbook. Please refer to attachment 1 and attachment 4 for details.

3. The motion is open for ratification

Resolutions: The voting results of this motion are as follows:

Shares represented at the time of voting: 26,274,551 votes.

Voting Results	% of shareholder voting rights presented during vote
Votes in favour: 26,257,218 votes (electronic voting included 4,788,031 shares)	99.93%
Votes against: 7,216votes (electronic voting included 7,216shares)	0.02%
Votes invalid: none (electronic voting included 0 shares)	0.00%
Votes abstained: 10,117votes (electronic voting included 10,117shares)	0.03%

Resolved, that the above proposal be and hereby was approved as proposed.

Proposals 2 :

(Proposed by the Board)

To Approve 2023 Deficit Compensation Statement.

Explanation:

1. Deficit Compensation Statement 2023 is provided as attachment 5 of the handbook.
2. The motion is open for ratification.

Resolutions: The voting results of this motion are as follows:

Shares represented at the time of voting: 26,274,551 votes.

Voting Results	% of shareholder voting rights presented during vote
Votes in favour: 26,257,208 votes (electronic voting included 4,788,021 shares)	99.93%
Votes against: 7,223votes (electronic voting included 7,223 shares)	0.02%
Votes invalid: none (electronic voting included 0 shares)	0.00%
Votes abstained: 10,120votes (electronic voting included 10,120 shares)	0.03%

Resolved, that the above proposal be and hereby was approved as proposed.

V. Matters for Discussion:

Proposal 1 :

(Proposed by the Board)

Amendments to the Company's and Subsidiary's "The Procedure for Assets Acquisition and Disposal".

Explanation:

1. In order to strengthen internal control, amendments to the Company's and Subsidiary's "The Procedure for Assets Acquisition and Disposal". Comparison Table for Amendments to Article" The Procedure for Assets Acquisition and Disposal", Please refer to attachment 6 for details.
2. The motion is open for discussion.

Resolutions: The voting results of this motion are as follows:

Shares represented at the time of voting: 26,274,551votes.

Voting Results	% of shareholder voting rights presented during vote
Votes in favour: 26,259,214 votes (electronic voting included 4,790,027shares)	99.94%
Votes against: 4,216votes (electronic voting included 4,216shares)	0.01%
Votes invalid: none (electronic voting included 0 shares)	0.00%
Votes abstained: 11,121votes (electronic voting included 11,121 shares)	0.04%

Resolved, that the above proposal be and hereby was approved as proposed.

Proposal 2 :

(Proposed by the Board)

Amendments to the Company's and Subsidiary's "Management of Endorsement and Guarantees".

Explanation:

1. In order to cooperate with the company's operating activities, amendments to the Company's and Subsidiary's "Management of Endorsement and Guarantees". Comparison Table for Amendments to Article" Management of Endorsement and Guarantees", Please refer to attachment 7 for details..
2. The motion is open for discussion.

Resolutions: The voting results of this motion are as follows:

Shares represented at the time of voting: 26,274,551votes.

Voting Results	% of shareholder voting rights presented during vote
Votes in favour: 26,259,214 votes (electronic voting included 4,790,027shares)	99.94%
Votes against: 4,216votes (electronic voting included 4,216shares)	0.01%

Votes invalid: none (electronic voting included 0 shares)	0.00%
Votes abstained: 11,121votes (electronic voting included 11,121 shares)	0.04%

Resolved, that the above proposal be and hereby was approved as proposed.

Proposal 3 :

(Proposed by the Board)

Amendments to the Company's "Articles of Association"

Explanation:

1. In order to adapt to the company's actual business development needs, it is planned to modify the board of directors structure and change the company's name, so some provisions of the company's Articles of Association are revised.
2. After the special resolutions passed by the company's shareholders' meeting, the Company proposed to replace current Articles of Association with "The Sixth Amended and Restated Memorandum" (the revised Articles of Association). Comparison Table for Amendments to Article "Articles of Association", Please refer to attachment 8 for details.
3. After the resolution of the shareholders' meeting, authorize and instruct the company's registered agent to report the revised Articles of Association to the Cayman Islands.
4. The motion is open for discussion.

Resolutions: The voting results of this motion are as follows:

Shares represented at the time of voting: 26,274,551votes.

Voting Results	% of shareholder voting rights presented during vote
Votes in favour: 26,259,213votes (electronic voting included 4,790,026shares)	99.94%
Votes against: 4,217 votes (electronic voting included 4,217shares)	0.01%
Votes invalid: none (electronic voting included 0 shares)	0.00%
Votes abstained: 11,121votes (electronic voting included 11,121shares)	0.04%

Resolved, that the above proposal be and hereby was approved as proposed.

VI. Matters for Election

Proposal 1 :

(Proposed by the Board)

One additional independent director.

Explanation:

1. In order to meet the company's future business development needs, it is proposed to elect an additional independent director. The elected independent directors will take office immediately after being elected by the shareholders' meeting. The term will be

from June 6, 2024 to April 13, 2026, and the term will be the same as the original term. After election, there are a total of nine directors (five directors and four independent directors).

2. The election of directors of the company adopts the candidate nomination system. The list of candidates for independent directors was approved by the resolution of the board of directors of the company on April 18, 2024. Shareholders should select the candidates for independent directors, please refer to attachment 9 of this Proceedings Manual for his educational background, experience and other relevant information. This election is based on the company's Methods for Election of Director .
3. The motion is open for election

Election Result:

Title	Name	Votes Received
Independent director	CHENG,YU-WEI	26,055,010

VII. Extemporary Motions: None.

VIII. Meeting Adjourned:

As there was no further business the chairman draw the meeting to a close. (at about 9:15A.M. the same day.)

【There are no shareholders' questions at this shareholders' meeting.】

(The minutes of this regular shareholders' meeting only state the gist of the meeting, and the detailed content is still subject to the audio and video records of the meeting)

Attachment 1

Kayee International Group Co., Ltd.

Business Report

In 2023, there was a certain degree of uncertainty in the global economy. While the COVID-19 pandemic tended to ease, some countries still experienced fluctuations in cases, hindering economic recovery. Additionally, unresolved issues such as geopolitical turmoil, trade disputes, and inflationary pressures persisted, leading to increased demand from clients but also order backlogs, severely impacting our company's operations.

Looking forward to 2024, the global economic environment continues to present challenges. In the face of this daunting scenario, the company's management remains dedicated to developing new products and acquiring new clients to mitigate the impact of these uncertainties on overall operations and minimize their effects. The company's goals and strategies for 2024 will focus on comprehensive digital communication initiatives, product positioning, personnel planning, proprietary brands, and innovative business models. Additionally, collaborating with key clients to develop a diverse range of products will lead to the creation of more unique innovations, generating new business opportunities and yielding results throughout the year.

The following are the 2023 operating report and the 2024 business plan:

1. The 2023 annual operating report :

(1) Business result:

Unit : NT\$ thousand

Item \ Year	2023	2022	Amount decreased	%
Sales revenue	403,711	834,686	(430,975)	(51.63%)
Gross profit	94,252	190,811	(96,559)	(50.60%)
Net operating profit	(142,060)	(58,343)	(83,717)	143.49%
Profit before income tax	(70,585)	34,294	(104,879)	(305.82%)
Net profit	(80,004)	21,085	(101,089)	(479.44%)
Owners of parent profit	(80,004)	26,275	(106,279)	(404.49%)
Non-controlling interests profit	0	(5,190)	5,190	(100.00%)

(2) Budget implementation:

There were no financial forecasts for public in 2023, so no budget implementation to publish.

(3) Analysis of financial structure, solvency, and profitability:

Item		Year	2022	2021
Financial structure (%)	Debt Ratio		7.51	12.48
	Long term Fund to Property, Plant and Equipment Ratio		28,765.19	16,897.11
Solvency(%)	Current Ratio		1,662.92	921.54
	Quick Ratio		1,632.07	885.14
Profitability	Return on Total Assets Ratio (%)		(7.92)	1.99
	Return on Equity Ratio (%)		(8.90)	2.28
	Pre-tax Profit to Paid-in Capital Ratio (%)		(15.50)	7.53
	Profit Rate (%)		(19.82)	2.53
	Earnings Per Share(NT\$)		(1.76)	0.58

(4) Research development:

Kayee's development strategy will mainly focus on household goods. The development concepts are to be based on space-saving, multi-function, easy for use and eco-friendly. Kayee will develop the products to satisfy the consumers' need by way of market research, SWOT analysis with similar products and feedback from consumers.

2. The 2023 business plan:

(1) Management policy:

Kayee will uphold the philosophies “Honesty, Trust and Sustainability” and focus on operation, adhering to laws and maintaining the excellent image. All the employees of Kayee will dedicate themselves to develop high-quality products and new customers to promote the sales and profit.

(2) Expected sales volume and foundation:

Looking ahead to 2024, the goal of the year is expanding the market size by continuing to expand channels and customers. Due to the slowdown of the epidemic of COVID 19, we expect the sales volume will grow up compared to 2023.

(3) Business policies:

To expand customer base is always Kayee's business strategy by way of developing potential customers, seeking qualified suppliers and conceiving newly creative products. It can also stabilize existing market share and improve operational performance.

(4) Future development strategy:

Kayee will continuously focus on developing daily necessities. We hold the concepts of space-saving, multifunction, easy-to-use and environment-friendly as important direction for product development.

By understanding market demand, consumption trend and customer feedback to expand our customer base and product base is Kayee's development strategy. As listed below:

A. Promote New Brand

Kayee sell cookware for several decades and have credit with European and American customers. Combining product advantages with environmental protection, promoting our new brand to the market.

B. The new normal digital marketing communication

Continue to focus on investment of new business opportunities after COVID-19, dedicate to appropriate marketing resources, emphasize on precise benefit 、increase video abundance 、keyword 、word of mouth marketing. 、 Therefore, it is closer to develop new customers.

C. Multiple channel operation

Enter the major channels and carry out operation and development with different markets by ODM/OEM/OBM and private brand.

D. Increase customer loyalty

Continue to acquire order by the largest customer Tristar in the United States and DS in Germany. Improve service quality, promote patented products, increase gross profit, and continue to utilize local advantages to promote new products.

With the booming growth of the cosmetics market, our company is actively promoting our proprietary brand, adhering to the philosophy of pursuing balance and rejuvenation of modern skin. We combine traditional experiential medicine with modern biotechnology, relying on patented technology and international INCI certification, to develop products with high profitability tailored for the Asian market. Our goal is to meet consumers' continuous pursuit of quality, innovation, and personalization.

Through carefully selected raw materials, a professional R&D team, and rigorous quality control, we will introduce a variety of high-quality beauty products. Simultaneously, we emphasize interaction with consumers, listening to their needs and feedback. Through continuous innovation and effort, our proprietary brand beauty products will earn consumers' trust and support, becoming leaders in the market.

In addition to developing our proprietary brand beauty products, our company will also expand our business in distributing cosmetic products. Recognizing the growing demand for cosmetic products and the presence of numerous excellent beauty brands in the market with rich product lines and diverse styles, we aim to satisfy the needs of different consumers.

(5) Affected by external competition, regulatory and overall operating environment:

Kayee as an international trader, whose competitors are numerous due to the rise of Internet. With the development of developing countries and emerging market, demand for household goods is bound to increase. The ongoing trade war between China and the United States and the COVID-19 pandemic will affect the global trade situation such as the tariff barriers and demand reduction. The increase in labor costs in the mainland will also affect Kayee's costs and profitability. Kayee will closely contact and cooperate with end customers to grasp market opportunities to launch products meeting consumers' expectations to reduce the impact of above bad factors.

Looking ahead to 2024, Kayee will uphold the philosophes "Honesty, Trust and Sustainability" and concentrate in housewares business to create value for all shareholders. Also we hope to work together with shareholders to create a vision of prosperity.

We are grateful to our customers, suppliers, shareholders and the staff members for their support and encouragement.

Chairman: Lee, Hung-Ching **General Manager:** Chi, Chiao-Erh **Chief Accountant:** Wu, Po-Hsi

Attachment 2

Kayee International Group Co., Ltd

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Consolidated Financial Report and Deficit Compensation. The Deloitte & Touche was retained to audit the Company's Consolidated Financial Report and has issued an audit report relating to the Financial Statements. The aforesaid Business Report, Financial Reports and Deficit Compensation have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

Kayee International Group Co., Ltd

Chairman of the Audit Committee:
HUANG, YI-TSUNG

March 13, 2024

2023 Directors’ remuneration allocation report Explanation.

The Company's policy, standards and combination of remuneration to directors, the procedures for determining remuneration and its correlation with operating performance and future risks: :

The company's remuneration for directors is based on the company's "Regulations on Salary and Bonus Remuneration for Directors and Functional Committee Members", which pays directors (including independent directors) a fixed monthly salary remuneration and attendance fees for the board of directors and functional committees. Regarding directors' remuneration, according to Article 14.6 of the company's articles of association, if the company makes a profit during the year, no more than 3% should be allocated as directors' remuneration. However, the distribution of individual remuneration to each director is based on the company's "Board of Directors Performance Evaluation Methods" and "Director and Functional Committee Salary and Bonus Remuneration Methods", with reference to the company's operating performance, future industry operating risks and development trends, directors' The degree of participation in the company's operations and the value of the contribution will be reviewed by the Salary and Remuneration Committee and implemented after approval by the Board of Directors.

Unit : NT\$ Thousand; %

Title	Name	Director’s Remunerations								(A+B+C+D) as a % of Net Income (Note 4)		Compensation Earned by a Director Who is an Employee of KE or of KE’s Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income (Note 4)		Compensation paid to directors from a Non-Consolidated Affiliates
		Base Compensation(A)(Note1)		Severance Pay and pensions(B)		Compensation to Directors(C)		Allowances (D)(Note2)				Salary, Bonuses and Allowances(E) (Note 3)		Severance Pay and pensions (F)		Employees’ Profit Sharing Bonus (G)						
		The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company		From all Consolidated Entities		The company	From all Consolidated Entities	
																Cash	Stock amount	Cash	Stock amount			
Director	LEE, HUNG-CHING	172	-	-	-	-	-	-	45	172 (0.21%)	217 (0.27%)	-	-	-	-	-	-	-	-	172 (0.21%)	217 (0.27%)	None
Director	CHI, CHIAO-ERH	-	-	-	-	-	-	-	30	-	30 (0.04%)	323	4,385	-	108	-	-	-	-	323 (0.4%)	4,523 (5.65%)	None
Director	TSAI, MAO-BANG (Note4)	21	21	-	-	-	-	-	30	21 (0.03%)	51 (0.06%)	-	1,429	-	1,989	-	-	-	-	21 (0.03%)	3,469 (4.34%)	None

2023 Directors' remuneration allocation report Explanation.

Title	Name	Director's Remunerations								(A+B+C+D) as a % of Net Income (Note 4)		Compensation Earned by a Director Who is an Employee of KE or of KE's Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income (Note 4)		Compensation paid to directors from a Non-Consolidated Affiliates
		Base Compensation(A)(Note1)		Severance Pay and pensions(B)		Compensation to Directors(C)		Allowances (D)(Note2)				Salary, Bonuses and Allowances(E) (Note 3)		Severance Pay and pensions (F)		Employees' Profit Sharing Bonus (G)						
		The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company		From all Consolidated Entities		The company	From all Consolidated Entities	
																Cash	Stock amount	Cash	Stock amount			
Director	HUANG, KUO-CHENG (Note4)	172	172	-	-	-	-	-	20	172 (0.21%)	192 (0.24%)	-	-	-	-	-	-	-	-	172 (0.21%)	217 (0.27%)	None
Director	Key Wei Holding Limited Representative : TSAI, MO-FU (Note2)	-	-	-	-	-	-	-	45	-	45 (0.06%)	-	3,627	-	2,496	-	-	-	-	-	6,168 (7.71%)	None
Director	TSAI, HSIN-YU (Note3)	-	-	-	-	-	-	-	10	-	10 (0.01%)	-	-	-	-	-	-	-	-	-	10 (0.01%)	None
Director	TSAI, HUNG- CHIEH (Note3)	-	-	-	-	-	-	-	5	-	5 (0.01%)	-	-	-	-	-	-	-	-	-	5 (0.01%)	None
Independent	HUANG, YI-TSUNG	602	602	-	-	-	-	-	65	602 (0.75%)	667 (0.83%)	-	-	-	-	-	-	-	-	602 (0.75%)	667 (0.83%)	None
Independent	TING, PANG-CHEN (Note4)	428	428	-	-	-	-	-	50	428 (0.54%)	478 (0.60%)	-	-	-	-	-	-	-	-	428 (0.54%)	478 (0.60%)	None
Independent	CHIEN, PING-TSUN (Note4)	428	428	-	-	-	-	-	50	428 (0.54%)	478 (0.60%)	-	-	-	-	-	-	-	-	428 (0.54%)	478 (0.60%)	None
Independent	TSAI, CHUNG-YUAN (Note4)	428	428	-	-	-	-	-	50	428 (0.54%)	478 (0.60 %)	-	-	-	-	-	-	-	-	428 (0.54%)	478 (0.60%)	None

2023 Directors' remuneration allocation report Explanation.

Title	Name	Director's Remunerations								(A+B+C+D) as a % of Net Income (Note 4)		Compensation Earned by a Director Who is an Employee of KE or of KE's Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income (Note 4)		Compensation paid to directors from a Non-Consolidated Affiliates
		Base Compensation(A)(Note1)		Severance Pay and pensions(B)		Compensation to Directors(C)		Allowances (D)(Note2)				Salary, Bonuses and Allowances(E) (Note 3)		Severance Pay and pensions (F)		Employees' Profit Sharing Bonus (G)						
		The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company	From all Consolidated Entities	The company		From all Consolidated Entities		The company	From all Consolidated Entities	
																Cash	Stock amount	Cash	Stock amount			
Independent	HSU, JUI-HSIA (Note3)	173	173	-	-	-	-	-	15	173 (0.22%)	188 (0.24 %)	-	-	-	-	-	-	-	-	173 (0.22%)	188 (0.24%)	None
Independent	PO, WAN- CHEN (Note3)	173	173	-	-	-	-	-	15	173 (0.22%)	188 (0.24%)	-	-	-	-	-	-	-	-	173 (0.22%)	188 (0.24%)	None
Independent	HO, YI-PENG (Note3)	173	173	-	-	-	-	-	15	173 (0.22%)	188 (0.24%)	-	-	-	-	-	-	-	-	173 (0.22%)	188 (0.24%)	None

1.Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration :

Regarding the remuneration of independent directors, in accordance with the provisions of Article 38-3 of the company's articles of association and the "Measures for Salary and Bonus Remuneration of Directors and Functional Committee Members", directors (including independent directors) will be paid a fixed salary and remuneration on a monthly basis. Board and functional committee attendance fees.

2.Other than as disclosed in the above table, the remuneration earned by Directors providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the latest fiscal year : None.

Note 1 : It refers to the salary, job bonus, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, cars and other physical provisions received by part-time director employees in 2023. Including obtaining employee stock option certificates, salary expenses recognized in accordance with IFRS2 "Share-based benefits" should also be included in remuneration.

Note 2 : The director of the company Key Wei Holding Limited Representative : TSAI, MO-FU was resigned on December 26, 2023.

Note 3 : The company will re-elect directors at the regular shareholders' meeting on April 14, 2023, and the fourth term of directors will retire on April 14, 2023.

Note 4 : The company will re-elect directors at the regular shareholders' meeting on April 14, 2023, and the fifth directors will be newly appointed on April 14, 2023.

**Kayee International Group Co., Ltd. And
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kayee International Group Co., Ltd.

Opinion

We have audited the consolidated financial statements of Kayee International Group Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the year ended December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows :

1. Revenue Recognition

Description

Revenue is used by the Group's management as a key indicator for evaluating the Group's financial or operational performance. The majority of the Group's revenue is highly concentrated in customers from the United States and Europe, accounting for 57% of the consolidated revenue. The Group should judge the time of sales revenue recognition by different transaction terms of separate contracts or orders. Therefore, we identified revenue recognition as a key audit matter for auditing these consolidated financial statements. For relevant revenue recognition accounting policies and major customer information, please refer to Notes 4.18 and 14.3 to the consolidated financial statements.

How our audit addressed the matter

Our main audit procedures include assessing and testing the effectiveness of the design and implementation of the internal control system on sales and collection cycle, and testing whether sales revenue for these customers is recognized when performance obligations are met by selected samples; assessing whether there is any significant abnormality in changes between the new top ten sales clients and the other top ten sales clients, and analyzing the reasonableness between sales revenue and the days of sales outstanding; reviewing if there were significant sales return in the subsequent period.

2. Expected Credit Loss (the "ECL") Assessment

Description

The ECL of receivables of the Group represent the management's assessment of the overdue receivables and its expected credit loss rate. The rates of ECL are effected by estimates and judgments made by the management. Consequently, the ECL assessment has been identified as a key audit matter.

How our audit addressed the matter

Our main audit procedures included reviewing policies and testing its implementation related to the ECL assessment of receivables; re-calculating the expected credit loss rate of a provision matrix; obtaining the aging analysis schedule of accounts receivable provided by the management

and selecting samples for confirmation, and verifying the accuracy of the overdue aging interval by selected samples; checking whether the impairment loss on provision matrix in accordance with the Group's policies and verifying the reasonableness of ECL for subsequent collection of receivables by selected samples; assessing the appropriateness about the disclosure of impairment of accounts receivable by the management.

Other Matter

The consolidated financial statements of Kayee International Group Co., Ltd. for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 3, 2023.

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

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

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

Those charged with governance including members of the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements,

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shao, Chao Pin and Huang, Chien Chen.

CROWE (TW) CPAs
Taichung, Taiwan (Republic of China)

March 13, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Kayee International Group Co., Ltd and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
ASSETS	NOTES	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 435,386	47	\$ 670,609	62
Accounts receivable, net	6(2)	81,064	9	243,928	23
Other receivables	6(3)	6,624	1	3,742	-
Other receivables - related parties		-	-	132	-
Current income tax assets	6(23)	385	-	29	-
Inventories, net	6(4)	2,954	-	6,313	1
Prepayments	6(5)	12,722	1	41,962	4
Other financial assets - current	6(6)	305,794	33	28,395	3
Other current assets		35	-	18	-
Total current assets		844,964	91	995,128	93
NONCURRENT ASSETS					
Property, plant and equipment	6(7)	3,054	-	5,707	-
Right-of-use assets	6(8)	14,669	2	23,000	2
Intangible assets		233	-	414	-
Deferred income tax assets	6(23)	8,830	1	18,018	2
Other noncurrent assets	6(9)	57,551	6	30,051	3
Total noncurrent assets		84,337	9	77,190	7
TOTAL		\$ 929,301	100	\$ 1,072,318	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Contract liabilities - current	6(17)	\$ 4,397	1	\$ 1,384	-
Accounts payable		3,082	-	16,710	2
Other payables	6(10)	21,586	2	36,393	3
Other payables - related parties		-	-	314	-
Current income tax liabilities	6(23)	16,096	2	40,857	4
Lease liabilities - current	6(8)	4,034	1	10,980	1
Other current liabilities		1,617	-	1,362	-
Total current liabilities		50,812	6	108,000	10
NONCURRENT LIABILITIES					
Non-Current income tax liabilities	6(23)	8,500	1	12,622	1
Deferred income tax liabilities	6(23)	134	-	3	-
Lease liabilities - noncurrent	6(8)	10,315	1	13,175	1
Total noncurrent liabilities		18,949	2	25,800	2
Total liabilities		69,761	8	133,800	12
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Common stocks	6(12)	455,487	49	455,487	43
Capital surplus	6(13)	330,913	36	352,092	33
Retained earnings	6(14)				
Legal capital reserve		150,590	16	150,590	14
Special capital reserve		10,896	1	10,896	1
Accumulated deficit		(80,004)	(9)	(23,777)	(2)
Others	6(15)	(8,342)	(1)	(6,770)	(1)
Equity attributable to shareholders of the parent		859,540	92	938,518	88
Total equity		859,540	92	938,518	88
TOTAL		\$ 929,301	100	\$ 1,072,318	100

The accompanying notes are an integral part of the consolidated financial statements.

(Please refer to Crowe(TW) CPAs' audit report dated on March 13,2024)

Kayee International Group Co., Ltd and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR YEARS ENDED December 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	NOTES	2023		2022	
		Amount	%	Amount	%
Operating revenue	6(17)	\$ 403,711	100	\$ 834,686	100
Operating costs	6(4、18)	(309,459)	(77)	(643,875)	(77)
Gross profit from operations		94,252	23	190,811	23
Operating expenses	6(18)				
Selling expenses		(94,320)	(23)	(135,901)	(16)
Administrative expenses		(77,471)	(19)	(91,375)	(11)
Research and development expenses		-	-	(1,278)	-
Expected credit losses	6(2)	(64,521)	(16)	(21,057)	(3)
Total operating expenses		(236,312)	(58)	(249,611)	(30)
NET OPERATING LOSS		(142,060)	(35)	(58,800)	(7)
Non-operating income and expenses					
Interest income	6(19)	33,337	8	11,686	1
Other income	6(20)	31,941	8	13,827	2
Other gains and losses	6(21)	7,178	2	69,746	8
Finance costs	6(22)	(981)	-	(2,165)	-
Total nonoperating income and expenses		71,475	18	93,094	11
INCOME(LOSS) BEFORE INCOME TAX		(70,585)	(17)	34,294	4
INCOME TAX EXPENSE	6(23)	(9,419)	(2)	(13,209)	(2)
NET INCOME(LOSS)		(80,004)	(19)	21,085	2
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may be reclassified subsequently to profit or loss :					
Exchange differences arising on translation of foreign operations		(1,572)	-	5,251	1
Other comprehensive income (loss) for the year, net of income tax		(1,572)	-	5,251	1
TOTAL COMPREHENSIVE INCOME(LOSS) FOR THE YEAR		<u><u>\$ (81,576)</u></u>	<u><u>(19)</u></u>	<u><u>\$ 26,336</u></u>	<u><u>3</u></u>
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ (80,004)	(19)	\$ 26,275	3
Non-controlling interests		-	-	(5,190)	(1)
		<u><u>\$ (80,004)</u></u>	<u><u>(19)</u></u>	<u><u>\$ 21,085</u></u>	<u><u>2</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ (81,576)	(19)	\$ 31,586	4
Non-controlling interests		-	-	(5,250)	(1)
		<u><u>\$ (81,576)</u></u>	<u><u>(19)</u></u>	<u><u>\$ 26,336</u></u>	<u><u>3</u></u>
EARNINGS (DEFICITS) PER SHARE(IN DOLLARS)	6(24)				
Basic		<u><u>\$ (1.76)</u></u>		<u><u>\$ 0.58</u></u>	
Diluted		<u><u>\$ (1.76)</u></u>		<u><u>\$ 0.58</u></u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Please refer to Crowe(TW) CPAs' audit report dated on March 13,2024)

Kayee International Group Co., Ltd and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR YEARS ENDED December 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent								
	Retained Earnings					Others			
	Common Stocks	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Total Attributable to Shareholders of the Parent	Non- controlling Interests	Total Equity
BALANCE, JANUARY 1, 2022	\$ 455,487	\$ 352,092	\$ 150,590	\$ 10,896	\$ (50,052)	\$ (12,081)	\$ 906,932	\$ 1,356	\$ 908,288
Increase in non-controlling interests	-	-	-	-	-	-	-	4,866	4,866
Net income(loss) in 2022	-	-	-	-	26,275	-	26,275	(5,190)	21,085
Other comprehensive income (loss) in 2022	-	-	-	-	-	5,311	5,311	(60)	5,251
Disposal of subsidiaries	-	-	-	-	-	-	-	(972)	(972)
BALANCE, DECEMBER 31, 2022	455,487	352,092	150,590	10,896	(23,777)	(6,770)	938,518	-	938,518
Deficits recovery - deducting in capital surplus	-	(23,777)	-	-	23,777	-	-	-	-
Employee share-based payment	-	2,598	-	-	-	-	2,598	-	2,598
Net loss in 2023	-	-	-	-	(80,004)	-	(80,004)	-	(80,004)
Other comprehensive income (loss) in 2023	-	-	-	-	-	(1,572)	(1,572)	-	(1,572)
BALANCE, DECEMBER 31, 2023	\$ 455,487	\$ 330,913	\$ 150,590	\$ 10,896	\$ (80,004)	\$ (8,342)	\$ 859,540	\$ -	\$ 859,540

The accompanying notes are an integral part of the consolidated financial statements.

Kayee International Group Co., Ltd and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR YEARS ENDED December 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income(loss) before income tax	\$ (70,585)	\$ 34,294
Adjustments to reconcile profit (loss)		
Depreciation	12,864	37,250
Amortization	181	253
Expected credit loss	64,521	21,057
Loss (gain) on financial assets at fair value through profit or loss	(7,259)	12,288
Interest income	(33,337)	(11,686)
Interest expense	981	2,165
Loss (gain) on disposal of property, plant and equipment	2,602	(457)
Loss on disposal of subsidiaries	-	4,856
Employee share-based payment	2,598	-
Net foreign exchange loss (gain)	(1,340)	8,544
Gain on lease modification	(1,050)	(17)
Changes in operating assets and liabilities		
Accounts receivable	99,470	15,278
Other receivables	1,418	35,127
Inventories	3,359	65,990
Prepayments	29,240	(44,085)
Other current assets	(17)	(750)
Contract liabilities - current	3,013	(7,936)
Accounts payable	(13,563)	(77,628)
Other payables	(14,973)	6,950
Other current liabilities	255	41,132
Cash provided from operations	78,378	142,625
Interest received	29,169	9,535
Interest paid	(981)	(2,165)
Income taxes paid	(29,339)	(32,047)
Net cash provided by operating activities	77,227	117,948
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other financial assets	(277,399)	(10,209)
Disposal of financial assets at fair value through profit or loss	7,259	29,716
Net cash used in disposal of subsidiaries	-	(54,162)
Acquisition of property, plant and equipment	(3,524)	(966)
Increase in advance payment for land and property	(23,870)	(10,980)
Disposal of property, plant and equipment	626	521
Decrease (increase) in refundable deposits	(3,630)	7,430
Net cash used in investing activities	(300,538)	(38,650)

(Continued)

Kayee International Group Co., Ltd and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR YEARS ENDED December 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (10,624)	\$ (12,585)
Increase in non-controlling interests	-	4,866
Net cash used in financing activities	(10,624)	(7,719)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,288)	(2,485)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(235,223)	69,094
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	670,609	601,515
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 435,386	\$ 670,609

The accompanying notes are an integral part of the consolidated financial statements.

(Please refer to Crowe(TW) CPAs' audit report dated on March 13,2024)

(Concluded)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. ORGANIZATION AND OPERATIONS

Kayee International Group Co., Ltd. (the “Company”; the Company and entities within the Company are collectively referred herein as the “Group”) was set up on the British Cayman Islands on May 28, 2015. The establishment is for restructuring the organization by applying to Taiwan Stock Exchange Co., Ltd. for stock listing. The Company was restructured on August 20, 2015 to obtain the equity of Kayee International Holding Co., Ltd. via share conversion(intermediate holding company incorporated in the British Virgin Islands). After the reorganization, the Company became the holding company of all the merged entities. The Company’s stock has been officially listed on the Taiwan Stock Exchange since January in 2018. The Group is mainly engaged in the trading of kitchenware, household goods, electronic and electrical appliances, body care and sports equipment.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 13, 2024.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 The adoption of the amendments to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)
Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”	(Note 4)

- Note 1: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.
- Note 2: These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.
- Note 3: An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.
- Note 4: As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (i.e. May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

(1) Amendments to IAS 1 “Disclosures of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable

and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

(4) Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

The amendments stipulates that, as a temporary exception to IAS 12, Group shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, Group shall disclose in its financial reports that it has applied this exception. In addition, Group shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, Group should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated. Based on the Group’s assessment, the New IFRSs above have no significant effect on the Group’s financial position and financial performance.

Based on the Group’s assessment, the application of the New IFRSs above will not have a significant impact on the Group’s financial position and financial performance.

3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2024

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements ”	January 1, 2024 (Note 2)
Note 1: The seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.	
Note 2: The amendment provides certain transitional reliefs. When initially applying the amendment, entities are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).	

(1) Amendments to IFRS 16 "Lease liability in a sale and leaseback"

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity's compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the entity's equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counter-party an option to extinguish the liability by the entity's equity instruments, and this option is recognized separately in equity in accordance with IAS 32 "Financial Instruments: Presentation", then the classification of the liability will not be affected.

(3) Amendment to IAS 1 "Non-current Liabilities with Covenants"

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements"

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The

amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

Based on the Group's assessment, the application of the New IFRSs above will not have a significant impact on the Group's financial position and financial performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC is set out below:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are used in the preparation of the accompanying consolidated financial statements. These policies have been consistently applied to all the periods presented unless otherwise stated.

4.1 Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

4.2 Basis of Preparation

Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (1) Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

(2) Financial assets measured at fair value through other comprehensive income.

The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4.3 Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if

such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership	
			2023.12.31	2022.12.31
The Company	Kayee International Holding Co., Ltd. (Kayee British Virgin Islands) (Note 1)	Reinvestment in holding company and runs international trade business	100.00%	100.00%
Kayee British Virgin Islands	Kayee Corp. Ltd.(Kayee Corp.)	Retail and wholesale business in Taiwan	100.00%	100.00%
	Kayee Investment Holding (HK) Co., Limited (Kayee HK)	Reinvestment in holding business	100.00%	100.00%
Kayee HK	TKX Int'l Trading Co., Ltd. (TKX)	Retail and wholesale business in Mainland China	100.00%	100.00%
	KE MO House Co., Ltd. (KE MO)	Provides international business with labor service	100.00%	100.00%
	Ningbo Xin Jie Kai Electronics CO., LTD. (Xin Jie Kai)(Note 2)	R&D and production of daily necessities, weaving crafts, gifts and decorations	-	-

Note 1 : Aside from reinvestment in holding business, Kayee British Virgin Islands has a branch company in Taiwan for international trading business.

Note 2 : The Board of Directors of the Company resolved to increase the cash capital of Xin Jie Kai on August 29, 2022, and at the same time resolved to end the operation of Xin Jie Kai by handling dissolution liquidation or equity transfer. The capital increase was based on September 8, 2022. The capital increase amounted to \$27,809 thousand (RMB 6,108 thousand). The entire equity was transferred on September 30, 2022. Please refer to Note 6.26.

The subsidiaries consolidated in the consolidated financial statements of 2023 and 2022 were audited by the Company's independent auditors.

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

4.4 Foreign Currencies

- A. Items included in the financial statements of each of the Group's entities are measured using the functional currency of each entity. The consolidated financial statements are presented in New Taiwan Dollars (NT\$) , which is the Group's functional currency.
- B. In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising in the retranslation of non-monetary items are included

in profit or loss for the year except for exchange differences arising in the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange difference are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction and are not retranslated.

- C. When preparing the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

4.5 Classification of Current and Noncurrent Assets and Liabilities

- A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the end of reporting period.
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the end of reporting period.

The Group classifies all assets that do not meet the above criteria as non-current.

- B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the end of reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the end of reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all liabilities that do not meet the above conditions as non-current.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months).

4.7 Financial Instruments

Financial assets and liabilities shall be recognized when the Group becomes a party of the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

(a) Measurement categories

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

Financial assets are classified as financial assets at amortized cost.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for:

- (i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- (ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

(b) Impairment of financial assets

- i. The Group recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable), debt investments measured at FVTOCI, and contract assets.
- ii. The Group recognizes loss allowances at an amount equal to lifetime expected

credit losses (i.e. ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk of the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

- iii. Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
- iv. The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investment that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(c) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- i. The contractual rights to receive cash flows from the financial asset expired.
- ii. The contractual rights to receive cash flows from the financial asset which have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- iii. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount of financial asset and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without being recycled to profit or loss.

B. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

C. Financial liabilities

(a) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

- i. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term. Derivatives are also categorized as financial liabilities held for trading unless they are financial guarantee contracts or designated and effective hedging derivatives.
- ii. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(b) Derecognition of financial liabilities

The Group derecognizes a financial liability when, and only when, it is extinguished—i.e. when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical

expedient does not apply.

4.8 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

4.9 Property, Plant and Equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- B. Subsequent costs are included in the carrying amount of asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are recognized in profit or loss as incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The residual values of assets, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits of assets embodied in the assets which have changed significantly, any change is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Machinery	10 years
Transportation	4~10 years
Office equipment	2~5 years
Leasehold Improvements	3~5 years

- D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

At the inception of a contract, the Group evaluates a contract to determine whether it is or contains a lease component. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

A. The Group as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the consolidated balance sheets, except for those that meet the definition of investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments. The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in a lease term, the Group shall remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented as a

separate line item in the consolidated balance sheets.

B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments, less any lease incentives payable, are recognized as lease income on a straight-line basis over the lease terms. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized those costs as an expense over the lease term on the same basis as the lease income.

4.11 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software 1 to 5 years. The estimated useful life and amortization method are reviewed at each financial year-end, with the effect of any changes in estimates being accounted for on a prospective basis. An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Impairment of non-financial assets

The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.13 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. If the provision is measured at the expected cash flows to settle the obligation, the carrying amount of the provision is the present value of those cash flows.

4.14 Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and the amount can be reliably estimated. Any differences between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

4.15 Capital Stock

Common stock is classified as equity. Incremental costs directly attributable to the issue of new shares or share options are recorded as a deduction in equity.

4.16 Share-based payment transactions

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

- B. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognized in profit or loss.

4.17 Income Tax

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. According to Income Tax Act of ROC, an additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.
- C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss, and it does not give rise to equal deductible and taxable temporary differences at the time of transaction. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent, unused tax losses and unused tax credits that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts

and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

4.18 Revenue Recognition

The Group recognizes revenue based on the principle of revenue from customer contracts by applying the following steps:

- (a) Identify the contract with the customer;
- (b) Identify the performance obligations in the contract;
- (c) Determine the transaction price;
- (d) Allocate the transaction price to the performance obligations in the contracts; and
- (e) Recognize revenue when the entity satisfies a performance obligation.

The contract where the period between the transfer of goods or services to the customer and the payment by the customer is within one year and the major financial component of the contract shall not be adjusted for the transaction price.

A. Revenue from sale of goods

Revenue from the sale of goods comes from sales of kitchenware, household goods, electronic and electrical appliances, body care and sports equipment and others. Revenue is recognized when control of the products is transferred to the customer. This recognition occurs at the point when the customer has established a price for the goods and holds the right to use them, along with assuming the primary responsibility for resale and the risk of obsolescence. At this juncture, the Group records revenue and accounts receivable. Net sales are presented after deducting returns, quantity discounts, and allowances.

B. Revenue from rendering of services

Revenue from services is recognized when services are provided by reference to the stage of completion of the services provided.

4.19 Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs is recognized in profit or loss of the period in which it becomes receivable.

It of a government loan at a the below-market rate of interest is treated as a government

grant and is measured as the difference between the proceeds received and the fair value of the loan at the market rate.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The Group takes into account the economic impact of changes in climates and related governmental policies and regulations, inflation and volatility in interest rate on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgments in applying accounting policies

A. Revenue recognition

The Group assesses if it controls the specified good or service before that good or service is transferred to a customer to determine whether it is acting as a principal or as an agent in the transaction in accordance with IFRS 15. Where the Group acts as an agent, revenue is recognized on a net basis.

When another party is involved in providing goods or services to a customer, the Group is a principal if the Group obtains control of any one of the following:

- (a) a good or another asset from the other party that it then transfers to the customer.
- (b) a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf.
- (c) a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.

B. Lease terms

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the periods covered by the option, significant leasehold improvements undertaken (or expected to be undertaken) over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Group occurs.

5.2 Critical accounting estimation and assumption

A. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on risk of default and expected loss rates. The Group makes these assumptions and selects inputs for the impairment calculation, based on the Group's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

B. Contingent Liabilities from Contractual Commitments

The Group has several legal cases pending adjudication by judicial authorities (refer to Note 9 for details), which may result in contingent liabilities arising from contractual commitments. The estimation of provisions for these liabilities heavily relies on the judgment of the Group's management and the legal opinions of the appointed attorneys. Should the final judgments of the judicial authorities be unfavorable to the Group, there could be significant adjustments to the estimated provisions related to these liabilities.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 197	\$ 467
Demand deposits	50,351	79,586
Cash equivalents		
Time deposits	384,838	590,556
Total	<u>\$ 435,386</u>	<u>\$ 670,609</u>

(1) Bank time deposits with a medium to long-term maturity date, which are not intended to be utilized, are classified as other financial assets - current.

(2) Please refer to Note 12 for related credit risk management and assessment.

(3) The Group has no cash and cash equivalents pledged to others.

6.2 ACCOUNTS RECEIVABLE, NET

Items	December 31, 2023	December 31, 2022
Amortized at cost		
Gross carrying amount	\$ 153,165	\$ 251,930
Less: Loss allowance	(72,101)	(8,002)
Accounts receivable, net	<u>\$ 81,064</u>	<u>\$ 243,928</u>

(1) The average credit period for accounts receivable arising from sales of goods is 30 to 120 days after month-end. The Group grants credit days based on the customer's financial condition and historical payment record, and requires customers to make advance payments, when necessary, to reduce the risk of financial loss due to default.

- (2) Accounts receivable of the Group are not pledged to others.
- (3) The Group applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. Except for individual customers who have actually incurred credit impairment and have fully provided for impairment loss, the expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. Because the Group's historical experience of credit losses shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only sets the expected credit loss rate based on the number of days overdue for receivables.
- (4) The following table detailed the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2023

Items	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Aging terms			
Neither past due nor impaired	\$ 79,682	\$ -	\$ 79,682
Past due but not impaired			
Past due within 30 days	1,209	-	1,209
Past due 31-90 days	173	-	173
Individual identification(Note)	72,101	(72,101)	-
Total	\$ 153,165	\$ (72,101)	\$ 81,064

Note: Accounts receivable specifically identified amounting to \$31,557 thousand have been insured for accounts receivable insurance with the Export-Import Bank of the Republic of China. However, after evaluation, the Group has still made a full provision for expected credit losses.

December 31, 2022

Items	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Aging terms			
Neither past due nor impaired	\$ 233,728	\$ -	\$ 233,728
Past due but not impaired			
Past due within 30 days	9,864	-	9,864
Past due 31-90 days	329	-	329
Past due 91-180 days	7	-	7
Individual identification	8,002	(8,002)	-

December 31, 2022

Items	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Total	\$ 251,930	\$ (8,002)	\$ 243,928

(5) Movements of the loss allowance for accounts receivable.

Items	2023	2022
Balance, January 1	\$ 8,002	\$ 5,904
Add: Provision for (Reversal of) impairment	64,521	2,119
Less: Amounts written off	(422)	(22)
Effect of foreign currency exchange difference	-	1
Balance, December 31	\$ 72,101	\$ 8,002

The Group has not held any collateral or other credit enhancements for these accounts receivable.

(6) Please refer to Note 12 for information on the Group's management and measurement policies of credit risk.

6.3 OTHER RECEIVABLES

Items	December 31, 2023	December 31, 2022
Amortized at cost		
Gross carrying amount	\$ 184,833	\$ 165,302
Less: Loss allowance	(178,209)	(161,560)
Other receivable, net	\$ 6,624	\$ 3,742

(1) Please refer to Note 6.4 and Note 12.5 for the relevant information on other receivable.

(2) Movements of the loss allowance for other receivable.

Items	2023	2022
Balance, January 1	\$ 161,560	\$ 162,393
Reclassification adjustment	36,372	-
Less: Amounts written off	(19,723)	(833)
Balance, December 31	\$ 178,209	\$ 161,560

Reclassification adjustment of loss allowance for other receivables amounted to \$36,372 thousand has been made, please refer to Note 6.4.

6.4 INVENTORIES AND COST OF SALES

Items	December 31, 2023	December 31, 2022
Merchandise	\$ 2,954	\$ 6,313

Items	December 31, 2023	December 31, 2022
Total	\$ 2,954	\$ 6,313

(1) The cost of inventories recognized as expenses for the period :

Items	2023	2022
Loss on decline (gain on reversal) in market value of inventories	\$ (38,604)	\$ (2,023)
Loss on inventory disposal	30,358	-
Total	\$ (8,246)	\$ (2,023)

(2) The inventories are not pledged by the Group.

(3) Kayee British Virgin Islands Taiwan Branch, a subsidiary of the Group, entered into a forehead thermometer procurement framework agreement with Noan (Shenzhen) Medical Group Co., Ltd. (Noan) in May 2020, and made an advance payment of USD 1,125 thousand in June of the same year. In December 2021, Kayee British Virgin Islands Taiwan Branch recognized the related merchandise inventory and recorded an inventory impairment loss of \$36,372 thousand. On October 21, 2022, Kayee British Virgin Islands Taiwan Branch filed a lawsuit with the Shenzhen Qianhai Cooperation Zone People's Court, requesting the termination of the forehead thermometer procurement framework agreement and its supplementary agreements, the return of the advance payment of USD 1,100 thousand by Noan, and the payment of a penalty fee, as well as the return of sensors held in custody on behalf of the Kayee British Virgin Islands Taiwan Branch. On March 29, 2023, the Shenzhen Qianhai Cooperation Zone People's Court ruled that Noan must return the funds amounting to USD 1,100 thousand to the Kayee British Virgin Islands Taiwan Branch. Consequently, Kayee British Virgin Islands Taiwan Branch reclassified the related rights against Noan as other receivables amounting to \$36,372 thousand and made a full provision for the expected credit impairment loss. After accounting for the disposal loss of forehead thermometer sensors amounting to \$30,178 thousand in September 2023, the Group had cumulatively recognized an impairment loss on forehead thermometer goods and materials amounting to \$66,550 thousand as of December 31, 2023. The Group intends to hold the defaulting party (the original shareholders of Noan) jointly and severally liable, and the lawsuit is still ongoing as of the date the board of directors approved these consolidated financial statements.

6.5 PREPAYMENTS

Items	December 31, 2023	December 31, 2022
Prepayment for purchases	\$ 6,390	\$ 32,987
Prepaid expenses	4,312	\$ 6,721
Overpaid VAT	1,906	2,254

Items	December 31, 2023	December 31, 2022
Input tax	\$ 114	\$ -
Total	\$ 12,722	\$ 41,962

The prepayment for purchases refers to the payment made to suppliers in advance, according to the agreed terms, to prepay a certain proportion of the purchase price at the time of placing orders.

6.6 OTHER FINANCIAL ASSETS -CURRENT

Items	December 31, 2023	December 31, 2022
Medium and long-term bank time deposits	\$ 305,794	\$ 28,395
Total	\$ 305,794	\$ 28,395

The financial assets are not pledged by the Group.

6.7 PROPERTY, PLANT AND EQUIPMENT

Items	December 31, 2023	December 31, 2022
Machinery	\$ -	\$ -
Transportation	4,348	6,678
Office Equipment	1,409	3,047
Leasehold Improvements	3,598	18,816
Total cost	9,355	28,541
Less: accumulated depreciation and impairment	(6,301)	(22,834)
Total	\$ 3,054	\$ 5,707

	Machinery	Transportation	Office Equipment	Leasehold Improvements	Total
Cost					
Balance, January 1, 2023	\$ -	\$ 6,678	\$ 3,047	\$ 18,816	\$ 28,541
Additions	-	-	303	3,221	3,524
Disposals	-	(2,241)	(1,919)	(18,359)	(22,519)
Effect of foreign currency exchange difference	-	(89)	(22)	(80)	(191)
Balance, December 31, 2023	\$ -	\$ 4,348	\$ 1,409	\$ 3,598	\$ 9,355
Accumulated depreciation and impairment					
Balance, January 1, 2023	\$ -	\$ (6,411)	\$ (2,379)	\$ (14,044)	\$ (22,834)
Depreciation expense	-	(97)	(260)	(2,556)	(2,913)
Disposals	-	2,241	1,525	15,525	19,291
Effect of foreign currency exchange difference	-	86	16	53	155

	Machinery	Transportation	Office Equipment	Leasehold Improvements	Total 1
Balance, December 31, 2023	\$ -	\$ (4,181)	\$ (1,098)	\$ (1,022)	\$ (6,301)
Cost					
Balance, January 1, 2022	\$ 30,968	\$ 10,146	\$ 3,235	\$ 32,976	\$ 77,325
Additions	-	-	487	-	487
Disposals	(137)	(1,695)	(711)	(2,207)	(4,750)
Impact of disposal of subsidiaries(Note 6.26)	(31,767)	(1,962)	-	(12,607)	(46,336)
Effect of foreign currency exchange difference	936	189	36	654	1,815
Balance, December 31, 2022	\$ -	\$ 6,678	\$ 3,047	\$ 18,816	\$ 28,541
Accumulated depreciation and impairment					
Balance, January 1, 2022	\$ (9,246)	\$ (9,645)	\$ (2,723)	\$ (17,237)	\$ (38,851)
Depreciation expense	(10,538)	(242)	(336)	(4,888)	(16,004)
Disposals	73	1,695	711	2,207	4,686
Impact of disposal of subsidiaries(Note 6.26)	20,096	1,962	-	6,176	28,234
Effect of foreign currency exchange difference	(385)	(181)	(31)	(302)	(899)
Balance, December 31, 2022	\$ -	\$ (6,411)	\$ (2,379)	\$ (14,044)	\$ (22,834)

The property, plant and equipment are not pledged by the Group.

6.8 LEASE ARRANGEMENT

(1) Right-of-use assets

Items	December 31, 2023	December 31, 2022
Buildings	\$ 17,245	\$ 44,826
Total cost	17,245	44,826
Less: accumulated depreciation and impairment	(2,576)	(21,826)
Total	\$ 14,669	\$ 23,000
	Buildings	Total
Cost		
Balance, January 1, 2023	\$ 44,826	\$ 44,826
Additions	17,438	17,438
Decreases	(44,676)	(44,676)
Effect of foreign currency exchange difference	(343)	(343)
Balance, December 31, 2023	\$ 17,245	\$ 17,245
Accumulated depreciation		
Balance, January 1, 2023	\$ (21,826)	\$ (21,826)
Depreciation expense	(9,951)	(9,951)

	Buildings	Total
Decreases	\$ 29,106	\$ 29,106
Effect of foreign currency exchange difference	95	95
Balance, December 31, 2023	<u>\$ (2,576)</u>	<u>\$ (2,576)</u>
	Buildings	Total
Cost		
Balance, January 1, 2022	\$ 107,452	\$ 107,452
Additions	4,714	4,714
Decreases	(67,340)	(67,340)
Balance, December 31, 2022	<u>\$ 44,826</u>	<u>\$ 44,826</u>
Accumulated depreciation		
Balance, January 1, 2022	\$ (46,683)	\$ (46,683)
Depreciation expense	(21,246)	(21,246)
Decreases	46,103	46,103
Balance, December 31, 2022	<u>\$ (21,826)</u>	<u>\$ (21,826)</u>

During 2023 and 2022, the Group terminated several lease contracts ahead of schedule, resulting in a decrease in right-of-use assets by \$15,570 thousand and \$ 342, thousand, respectively, and recognized lease modification gains of \$1,050 thousand and \$17 thousand, correspondingly.

(2) Lease Liabilities

Items	December 31, 2023	December 31, 2022
Carrying amounts		
Current	\$ 4,034	\$ 10,980
Non-current	<u>\$ 10,315</u>	<u>\$ 13,175</u>

Ranges of discount rates for lease liabilities are as follows:

Items	December 31, 2023	December 31, 2022
Buildings	3.51%~4.75%	4.75%

Please refer to Note 12 for the maturity analysis of lease liabilities.

(3) Material lease-in activities and terms

The Group leases buildings for the use of offices with lease terms of 2 to 5 years. The Group does not have purchase options to acquire the leasehold buildings at the end of the lease terms.

(4) Other lease information

Items	2023	2022
Expenses relating to short-term leases	\$ 5,289	\$ 5,651
Total cash outflow for leases	<u>\$ (16,894)</u>	<u>\$ (20,401)</u>

The Group leases the building which qualifies as short-term leases and office equipment which qualifies low-value assets leases. These leases are not recognized for the related right-of-use assets and lease liabilities.

6.9 OTHER NON-CURRENT ASSETS

Items	December 31, 2023	December 31, 2022
Advance payment for land and property	\$ 51,740	\$ 27,870
Refundable deposit	5,811	2,181
Total	<u>\$ 57,551</u>	<u>\$ 30,051</u>

The advance payment for land and property are for the purchase of an office located in Zhonghe District, New Taipei City, with a total contract price of \$168,880 thousand. The transfer of ownership was completed on February 26, 2024.

6.10 OTHER PAYABLES

Items	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 9,763	\$ 11,883
Payable for professional service fee	6,077	6,715
Payable for social security insurance	2,245	2,829
Payable for commission expense	644	517
Payable for advertising fee	-	10,106
Others	2,857	4,343
Total	<u>\$ 21,586</u>	<u>\$ 36,393</u>

6.11 PLAN FOR RETIREMENT BENEFITS

Defined contribution plans

- (1) The Company, Kayee British Virgin Islands, and Kayee HK of the Group don't have retirement plans for employees. The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, Kayee British Virgin Islands Taiwan Branch and Kayee Corp. Ltd. make monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.
- (2) As for subsidiaries such as TKX, KE MO, and Xin Jie Kai, the retirement plans are according to the regulations of the Shenzhen Municipal Government and the Ningbo Municipal Government of the People's Republic of China. They are also a defined contribution plan. The certain amount is contributed as pension based on employee's basic wages.

- (3) The Group recognized expenses in the consolidated statement of comprehensive income were \$4,530 thousand and \$7,056 thousand under the contributions rates specified in the plans for years ended December 31, 2023 and 2022, respectively.

6.12 COMMON STOCKS

- (1) As of December 31, 2023, the authorized capital of the Company was \$1,000,000 thousand, divided into 100,000 shares, with a paid-in capital of \$455,487 thousand and a par value of \$10 per share. All the shares issued by the Company have been fully paid.
- (2) The movements in the number of the Company's common shares outstanding are as follows:

Items	2023		2022	
	Shares	Capital	Shares	Capital
Balance, January 1	45,549	\$ 455,487	45,549	\$ 455,487
Balance, December 31	45,549	\$ 455,487	45,549	\$ 455,487

6.13 CAPITAL SURPLUS

Items	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 328,315	\$ 352,092
Employee options	2,598	-
Total	\$ 330,913	\$ 352,092

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and from donations can be used to offset deficit or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's capital surplus. The capital surplus from shares of changes in equities and stock options may not be used for any purpose.

6.14 RETAINED EARNINGS AND DIVIDEND POLICY

- (1) Under the Company's Articles of Incorporation, the Board of Directors can use capital surplus to offset accumulated losses and distribute earnings. Before the Board of Directors distribute dividends, a certain amount of earnings or profits from the Company can be distributed as reserve fund. It's not necessary to have this reserve fund appropriated. It can be reserved without allocation.

The distribution of dividends by the Company follows the proposal approved by the Board of Directors. In cases where dividends are distributed in the form of cash, the resolution requires the presence of at least two-thirds of the directors, with a majority vote of the attending directors (special resolution). In instances where dividends are

capitalized, the resolution requires the presence of at least two-thirds of the shareholders at the shareholders' meeting, with a majority vote of the attending shareholders (major resolution). If the Board of Directors decides to distribute dividends in cash, such decision should be reported at the most recent shareholders' meeting. Additionally, the distribution of profits or the allocation of losses may also occur at the end of each half-year accounting period.

During the period of listing on the Taiwan Stock Exchange, when proposing dividend distribution, the Board of Directors should set aside reserves for the payment of relevant annual taxes for each accounting year. Additionally, they should allocate funds to compensate for past losses, set aside 10% of the legal reserves, unless the legal reserves have reached the total capital amount, in which case this requirement is waived. Moreover, they should allocate funds to special surplus reserves as required by the Taiwan Securities and Futures Bureau regulations for publicly traded companies. Any remaining amount may be combined with undistributed profits from previous years and, in accordance with the laws of the Cayman Islands and the regulations for publicly traded companies in Taiwan, dividends should be distributed to shareholders at a rate not less than 10% of the after-tax profits for the year, taking into consideration financial, operational, and business factors, and distributed based on the proportion of shares held by each shareholder. Dividends to shareholders can be distributed in the form of either stock dividends or cash dividends, with cash dividends not being less than 10% of the total.

- (2) The legal capital reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion in excess of 25% of the Company's paid-in capital if the Company incurs no loss.
- (3) The shareholders meeting of the Company held on June 20, 2022, resolved to not allocating funds to cover accumulated deficits of 2021.
- (4) On August 29, 2022, the Company's Board of Directors resolved not to distribute dividends for the first half of the fiscal year 2022.
- (5) The Company hold shareholders meetings on April 14, 2023 to resolve the appropriation of profit or loss for 2022 :

Items	Deficits recovery
Deducting in capital surplus	\$ 23,777

- (6) On August 25, 2023, the Company's Board of Directors resolved not to distribute dividends for the first half of the fiscal year 2023.
- (7) Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of profit or loss is available from the Market Observation Post System on the website of the TWSE

6.15 OTHER EQUITY

Exchange differences on translation of foreign financial statements

Items	2023	2022
Balance, January 1	\$ (6,770)	\$ (12,081)
Exchange differences on translation of foreign financial statements	(1,572)	5,311
Balance, December 31	<u>\$ (8,342)</u>	<u>\$ (6,770)</u>

The exchange differences resulting from converting foreign operation assets from their functional currency to the Company's reporting currency are directly recorded in other comprehensive income and added to the translation reserve for foreign operations in the financial statements of foreign operations. Previously accumulated translation differences in the financial statements of foreign operations are reclassified to profit or loss upon disposal of the foreign operations.

6.16 NON-CONTROLLING INTERESTS

Items	2023	2022
Balance, January 1	\$ -	\$ 1,356
Share attributable to non-controlling Interests:		
Net loss	-	(5,190)
Exchange differences on translation of foreign financial statements	-	(60)
Subsidiaries capital increase	-	4,866
Disposal of subsidiaries	-	(972)
Balance, December 31	<u>\$ -</u>	<u>\$ -</u>

6.17 OPERATING REVENUE

Items	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 403,711	\$ 834,686
Total	<u>\$ 403,711</u>	<u>\$ 834,686</u>

(1) Description of customer contract

The revenue is derived from the sales of kitchenware, home goods, beauty and personal care products, electronics, and sports equipment, primarily to retail channels, at prices stipulated in contracts.

(2) Disaggregation of revenue from contracts with customers

The analysis of the main product revenue of the Group is as follows:

	2023				
	America	Europe	Asia	Others	Total
Major products /Service line					
Department store trade	\$ 185,186	\$ 126,655	\$ 76,498	\$ 15,372	\$ 403,711
Total	<u>\$ 185,186</u>	<u>\$ 126,655</u>	<u>\$ 76,498</u>	<u>\$ 15,372</u>	<u>\$ 403,711</u>
Revenue Recognition					
Performance obligation satisfied	\$ 185,186	\$ 126,655	\$ 76,498	\$ 15,372	\$ 403,711
Total	<u>\$ 185,186</u>	<u>\$ 126,655</u>	<u>\$ 76,498</u>	<u>\$ 15,372</u>	<u>\$ 403,711</u>

	2022				
	America	Europe	Asia	Others	Total
Major products /Service line					
Department store trade	\$ 561,234	\$ 174,042	\$ 90,475	\$ 8,935	\$ 834,686
Total	<u>\$ 561,234</u>	<u>\$ 174,042</u>	<u>\$ 90,475</u>	<u>\$ 8,935</u>	<u>\$ 834,686</u>
Revenue Recognition					
Performance obligation satisfied	\$ 561,234	\$ 174,042	\$ 90,475	\$ 8,935	\$ 834,686
Total	<u>\$ 561,234</u>	<u>\$ 174,042</u>	<u>\$ 90,475</u>	<u>\$ 8,935</u>	<u>\$ 834,686</u>

(3) Contracts balance

The Group recognized contract liabilities arising from contracts with customers are as follows:

Items	December 31, 2023	December 31, 2022
Contract liabilities -current	<u>\$ 4,397</u>	<u>\$ 1,384</u>

6.18 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	2023			2022		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Personnel						
Salary	\$ -	\$ 79,749	\$ 79,749	\$ 8,121	\$ 105,155	\$ 113,276
Labor insurance	-	4,176	4,176	-	4,980	4,980
Pension	-	4,530	4,530	-	7,056	7,056
Others	-	3,556	3,556	5	1,053	1,058
Depreciation	-	12,864	12,864	19,865	17,385	37,250
Amortization	-	181	181	-	253	253
Total	<u>\$ -</u>	<u>\$ 105,056</u>	<u>\$ 105,056</u>	<u>\$ 27,991</u>	<u>\$ 135,882</u>	<u>\$ 163,873</u>

- (1) If the Company has pre-taxed profits in the current year, it should aside not less than 1% of the profits as employee's compensation and not higher than 3% of the profits as

director's remuneration. However, if the Company still records accumulated losses, those profits should be retained to offset any cumulative losses. Employee compensation as mentioned above may be provided in the form of stocks or cash and may be distributed to employees of the company and its subsidiaries who meet certain conditions, as determined by the Company's board of directors. If there is a change in amounts after the annual financial statements were authorized for issue, the differences are recognized as a change in accounting estimate and adjusted in the next fiscal year.

- (2) Due to the Company's accumulated losses, employee's compensation and director's remuneration were not estimated for the years ended December 31, 2023 and 2022.
- (3) Information on employees' compensation and directors' remuneration of the Company is available from the Market Observation Post System at the website of the TWSE.

6.19 INTEREST INCOME

Items	2023	2022
Interest income - bank deposits	\$ 33,337	\$ 11,686
Total	\$ 33,337	\$ 11,686

6.20 OTHER INCOME

Items	2023	2022
Compensation income	\$ 19,723	\$ 10,484
Overdue accounts payable transfer to income	5,096	-
Insurance claims income	2,837	-
Others	4,285	3,343
Total	\$ 31,941	\$ 13,827

6.21 OTHER GAINS AND LOSSES

Items	2023	2022
Gains(losses) on financial assets at fair value through profit or loss	\$ 7,259	\$ (12,288)
Foreign exchange gains (losses), net	1,471	86,484
Gains (losses) on disposal of assets	(2,602)	457
Loss on disposal of subsidiaries	-	(4,856)
Others	1,050	(51)
Total	\$ 7,178	\$ 69,746

Please refer to Note 6.26 for information on the Group's loss on disposal of subsidiaries.

6.22 FINANCIAL COSTS

Items	2023	2022
Interest expense		
Interest on lease liabilities	\$ 981	\$ 2,165
Total	\$ 981	\$ 2,165

6.23 INCOME TAX

A. Income tax expense recognized in profit or loss

(1) Components of income tax expense:

Items	2023	2022
<u>Current income tax expense</u>		
Current tax expense recognized	\$ 80	\$ 14,781
Adjustments on prior years	23	(65)
Current tax	103	14,716
<u>Deferred income tax expense</u>		
The origination and reversal of temporary differences	15,171	(1,507)
Loss carryforward	(5,800)	-
The impact of changes in tax rates	(55)	-
Deferred tax	9,316	(1,507)
Income tax expense recognized in profit or loss	\$ 9,419	\$ 13,209

B. Reconciliation of income between accounting profit and income tax expense recognized in profit or loss :

Items	2023	2022
Income(loss) before tax	\$ (70,585)	\$ 34,294
Income tax expense at the statutory rate	\$ (20,751)	\$ 4,836
Tax effect of adjusting items:		
Loss carryforward	21,510	-
Deductible items in determining taxable income	(679)	9,945
The impact of changes in tax rates	(55)	-
Income tax adjustments on prior years	23	(65)
Net changes on deferred income tax	9,371	(1,507)
Income tax expense recognized in profit or loss	\$ 9,419	\$ 13,209

Kayee Corp. and Kayee British Virgin Islands Taiwan Branch applied entities subject to the R.O.C. Income Tax Law rate was 20%.

The tax rate in China applicable to TKX is 25%.

KE MO has been in line with small and profitable enterprises in China and the corporate income tax rate was adjusted from 25% to 5% starting from 2019. The corporate income tax rate of small and profitable enterprises in China was adjusted from 5% to 2.5% starting from 2021. The corporate income tax rate of small and profitable enterprises in China was adjusted from 2.5% to 5% starting from 2023.

The tax rate in Hong Kong applicable to Kayee HK is 16.5%.

The Company and Kayee British Virgin Island (excluding the Taiwan Branch) are exempt from income tax according to the law.

C. Income tax assets and liabilities

Items	December 31, 2023	December 31, 2022
Income tax assets	\$ 385	\$ 29
Income tax liabilities		
Current	\$ 16,096	\$ 40,857
Noncurrent	\$ 8,500	\$ 12,622

D. Deferred tax assets or liabilities arising from temporary differences and operating loss carryforward:

Items	2023				
	January 1	Recognized in profit or loss	Exchange differences	Impact of disposal of subsidiaries	December 31
Deferred income tax assets					
Temporary differences					
Allowance for doubtful accounts	\$ 1,114	\$ (480)	\$ -	\$ -	\$ 634
Unrealized loss on inventories	15,404	(13,248)	-	-	2,156
Unrealized exchange loss	1,302	(1,243)	-	-	59
Others	198	(14)	(3)	-	181
Loss carryforward	-	5,800	-	-	5,800
Subtotal	18,018	(9,185)	(3)	-	8,830
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	(3)	(131)	-	-	(134)
Subtotal	(3)	(131)	-	-	(134)
Total	\$ 18,015	\$ (9,316)	\$ (3)	\$ -	\$ 8,696

Items	2022				
	January 1	Recognized in profit or loss	Exchange differences	Impact of disposal of subsidiaries	December 31
Deferred income tax assets					
Temporary differences					
Allowance for doubtful accounts	\$ 649	\$ 465	\$ -	\$ -	\$ 1,114
Unrealized loss on inventories	15,869	(328)	4	(141)	15,404
Unrealized exchange loss	-	1,302	-	-	1,302
Others	701	17	17	(537)	198
Subtotal	17,219	1,456	21	(678)	18,018
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	(54)	51	-	-	(3)
Subtotal	(54)	51	-	-	(3)
Total	\$ 17,165	\$ 1,507	\$ 21	\$ (678)	\$ 18,015

E. Unused loss carryforwards and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets:

Items	December 31, 2023	December 31, 2022
Loss carryforward		
Maturity in 2023	\$ -	\$ 3,583
Maturity in 2024	5,583	5,705
Maturity in 2025	4,794	4,899
Maturity in 2026	6,928	7,080
Maturity in 2027	5,616	6,335
Maturity in 2028	6,977	-
Maturity in 2031	26,466	27,391
Maturity in 2032	15,345	15,345
Maturity in 2033	69,697	-
Total	\$ 141,406	\$ 70,338
Deductible temporary differences		
Unrealized loss on inventories	\$ 530	\$ 4,394
Allowance for doubtful accounts	103,803	22
Total	\$ 104,333	\$ 4,416

F. Unused loss carryforward

As of December 31, 2023, the information related to the tax-deductible amount for losses is as follows:

Year of maturity	Unused loss carryforward
2024	\$ 1,396
2025	1,199
2026	1,732
2027	1,404
2028	1,744
2031	5,293
2032	3,069
2033	13,939
Total	<u>\$ 29,776</u>

G. Income Tax Payment by Installments

Due to the impact of the Covid-19 pandemic, Kayee Corp. applied to the National Taxation Bureau for the payment of its income tax for the year 2019 and 2020 in 36 equal installments on a monthly basis in accordance with Rule No.1095079902 and No. 1100546752 issued by the Ministry of Finance (MOF) of the Republic of China.

Kayee British Virgin Islands Taiwan Branch applied to the National Taxation Bureau for the payment of its income tax for the year 2019, 2020, 2021 and 2022 in 36 equal installments on a monthly basis in accordance with Rule No.1095079904, No. 1100546754, No. 111508353 and No. 1125081508 issued by the Ministry of Finance (MOF) of the Republic of China.

According to the current and non-current distinction criteria as follow:

Items	December 31, 2023	December 31, 2022
Current income tax liabilities	\$ 16,096	\$ 26,502
Non-Current income tax liabilities	8,500	12,622
Total	<u>\$ 24,596</u>	<u>\$ 39,124</u>

H. Income Tax examination

The income tax returns of Kayee British Virgin Islands Taiwan Branch and Kayee Corp. have examined through 2021 by tax authority

6.24 EARNINGS(LOSSES) PER SHARE

Items	2023	2022
Basic earnings(losses) per share		

Items	2023	2022
Net income(loss) attributable to ordinary shareholders of the Company	\$ (80,004)	\$ 26,275
Net income(loss) for calculating basic earnings per share	\$ (80,004)	\$ 26,275
Weighted average shares outstanding (thousand shares)	45,549	45,549
Basic earnings(losses) per share (after tax) (in dollars)	\$ (1.76)	\$ 0.58
Diluted earnings per share		
Net income(loss) attributable to ordinary shareholders of the Company	\$ (80,004)	\$ 26,275
Net income(loss) for calculating diluted earnings per share	\$ (80,004)	\$ 26,275
Weighted average shares outstanding (thousand shares)	45,549	45,549
Weighted average shares outstanding for diluted earnings per share (thousand shares)	45,549	45,549
Diluted earnings(losses) per share (after tax) (in dollars)	\$ (1.76)	\$ 0.58

If the Group offered to settle the compensation or bonuses paid to employees in shares or cash at its option, the Group assumed that the entire amount of compensation or bonuses will be settled in shares. The resulting potential shares are included in the weighted average number of shares outstanding used in calculating diluted earnings per share if the effect is dilutive. The dilutive effect of potential shares is included in calculating diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

6.25 SHARE-BASED PAYMENT

(1) Employee stock options plan

In June 2023, The Company granted 1,500 stock options to employees, with each unit entitling the holder to subscribe for 1,000 shares of common stock. The grant was extended to employees of both the Company and its subsidiaries who met specific criteria. The stock options have a vesting period of 5 years, and the certificate holders are entitled to exercise a certain proportion of the granted options starting from the second anniversary of the issuance. The exercise price of the stock options is set at the closing price of the Company's common stock on the date of issuance. Should there be any changes in the Company's common stock shares, the exercise price of the stock options will be adjusted according to a prescribed formula.

The relevant information regarding the employee stock options is as follows:

Employee stock options	Granted in June 2023	
	Unit	Weighted average exercise price (in dollars)
Shares outstanding, January 1	-	\$ -
Shares granted	1,500	33.10
Shares outstanding, December 31	1,500	33.10
Shares exercisable, December 31	-	
Weighted average fair value of options granted	\$ 10.24	

The relevant information regarding outstanding employee stock options is as follows:

	December 31, 2023	
The range of exercisable price (in dollars)	\$	33.10
Weighted average remaining contractual term		4.42 years

(2) Measurement parameters of the fair value at grant date

The fair value of share-based payment at grant date was measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Granted in June 2023	
Weighted average price at grant date (in dollars)	\$	33.10
Exercisable price (in dollars)	\$	33.10
Expected volatility		40.66 %
Subscription period		3.5 years
Expected dividend yield (%)		- %
Risk-free interest rate		1.05 %

The expected volatility is assumed to be the average annualized standard deviation of daily returns from August 25, 2021, to the grant date, obtained from the Company's stock.

The compensation costs arising from the share-based payment in 2023 is \$2,598 thousand.

6.26 DISPOSAL OF SUBSIDIARIES

The Group signed an agreement on the equity transfer of the subsidiary Ningbo Xin Jie Kai. The Group completed the disposal on September 30, 2022, and lost control of the subsidiary.

(1) Consideration received

The total consideration received disposal of equity interests of Ningbo Xin Jie Kai was \$3,990 thousand.

(2) On the losing controlled date, the breakdown of the assets and liabilities of that entity

Items	Ningbo Xin Jie Kai	
Current assets		
Cash and cash equivalents	\$	58,152
Inventories		14,077
Prepayments		5,063
Noncurrent assets		
Property, plant and equipment		18,102
Deferred income tax assets		678
Right-of-use assets		22,184
Other noncurrent assets		1,951
Current liabilities		
Accounts payable		(21,599)
Other payables		(27,220)
Lease liability-current		(11,578)
Other current liabilities		(41,492)
Noncurrent liabilities		
Lease liability-noncurrent		(12,764)
Net assets of disposal	\$	5,554

(3) Loss on disposal of subsidiary

Items	Ningbo Xin Jie Kai	
Consideration received	\$	3,990
Net assets of disposed		(5,554)
Non-controlling interests		972
Currency Translation Adjustment		(4,264)
Loss on disposal of subsidiary	\$	(4,856)

(4) Net cash outflow on disposal of subsidiary

Items	Ningbo Xin Jie Kai	
Consideration received in cash and cash equivalents	\$	3,990
Less: disposal of cash and cash equivalent		(58,152)
	\$	(54,162)

7. RELATED PARTY TRANSACTIONS

(1) Related party name and categories

Related Party	Related Party Categories
Ningbo Xin Kai Meng Electronics Co., Ltd.(Xin Kai Meng)	Substantial related party (After October 2022 not substantial related party)
Tsai Mao-Fu	The Company's Chairman (Resigned in December 2023)
Tsai Mao-Bang	The Company's director
Tsai Mao-Tsan	Other related parties
Tsai Hsin-Yu	Other related parties
Tsai Hsin-Ting	Other related parties

Other related parties refer to individuals who are relatives of the Company's Chairman within the second or third degree of consanguinity.

(2) Significant transactions between related parties

A. Operation Expense

Related Party	2023	2022
Other related parties	\$ -	\$ 2,287

The primary expenditures were for consultancy fees and rental payments to related parties, with transaction prices and payment terms being separately negotiated. The Group has leased parking spaces and employee dormitories from Tsai Hsin-Yu, Tsai Hsin-Ting, and Tsai Mou-Tsan, with the rent being determined in accordance with local market rates and paid on a monthly basis.

B. Receivables due from related parties

Items	Related Party	December 31, 2023	December 31, 2022
Other accounts receivable	Other related parties	\$ -	\$ 132

Mainly deposits that have not been recovered after the lease has been terminated.

C. Payables due from related parties

Items	Related Party	December 31, 2023	December 31, 2022
Other accounts payable	Other related parties	\$ -	\$ 314

D. Lease arrangements

Items	Related Party	December 31, 2023	December 31, 2022
Lease liabilities	The Company's director - Tsai Mou-Pang	\$ -	\$ 21,170

Items	Related Party	2023	2022
Interest expense	The Company's director - Tsai Mou-Pang	\$ 582	\$ 1,154

Items	Related Party	2023	2022
	Substantial related party-		
	Xin Kai Meng \$	–	\$ 823
	Other related parties	–	19
	Total	\$ 582	\$ 1,996

The rent that the Group leases office from Xin Kai Meng is reference to local market and pay annually. The rent that the Group leases office from Tsai Hsin-Yu and Tsai Hsin-Ting is reference to local market and pay half-month. The rent that the Group leases office and employee dorm from Tsai Mao-Bang is reference to local market and pay quarterly. The Group does not have purchase options to acquire the leasehold spaces at the end of the lease terms.

(3) Compensation of key management personnel

Items	2023	2022
Short-term employee benefits	\$ 17,522	\$ 20,615
Post-employment benefits	4,729	3,159
Termination benefits	–	1,094
Share-based payments	323	–
Total	\$ 22,574	\$ 24,868

The compensation of directors and other key management personnel is determined by the compensation committee based on individual performance and market trends.

8. PLEDGED ASSETS: NONE.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS:

- (1) On August 23, 2020, Kayee Corp., a subsidiary of the Company, entered into the “Tripartite Equity Agreement for Russian Oil Products Trading” with intermediary firms Huazhan Petroleum Co., Ltd. and Yan Yu-Yan Development Co., Ltd.

On August 27, 2020, a purchase agreement was signed with OJSC NOVKUIBYSHEVSK REFINERY (NK Company) for light recycle oil, valued at USD 480 million. Subsequently, due to sanctions, Kayee Corp. entered into a replacement contract with CASPIAN OIL & GAS FZE (CASPIAN) on September 16, 2020, for an amount of EUR 475 million. In the event of a contract breach, a penalty amounting to 2% of the total contract value might be applicable.

On September 4, 2020, a purchase agreement was signed with Zhongchuang Gangfeng Energy Co., Ltd. (Zhongchuang Gangfeng) for light recycle oil, valued at EUR 500 million. In the event of a contract breach, a penalty amounting to 2% of the total contract value might be applicable.

On September 8, 2020, a purchase agreement was signed with Fujian Taixing Investment Co., Ltd. (Fujian Taixing) for light recycle oil, valued at EUR 531 million. In the event of a contract breach, a penalty amounting to 2% of the total contract value might be applicable. Subsequently, due to Kayee Corp. concerns about the trading partners, all the aforementioned purchase and sales contracts were terminated. Failure to fulfill these contracts may necessitate compensation for the aforementioned breach penalties, as well as losses incurred from the price difference between the market value and the original contract price, and additional costs resulting from the change of trading partners due to the breach. Therefore, Kayee Corp. has commissioned lawyers to initiate legal proceedings to invalidate the aforementioned contracts.

The lawyer representing Kayee Corp. received a response from NK Company, which denies having signed the contract mentioned above. Based on legal analysis, the contract appears to be forged, and no valid contractual relationship exists. Consequently, it lacks legal binding force on Kayee Corp., and there is no legal risk of compensation. Additionally, according to a British lawyer's opinion cited by our appointed lawyer, the contract between Kayee Corp. and CASPIAN Company has not yet become effective.

The contract signed with Zhongchuang Gangfeng was successfully mediated in a civil settlement by the appointed attorney and the company at the local People's Court of the People's Republic of China on August 12, 2022. Both parties have mutually agreed to rescind the light recycle oil purchase agreement.

The contract signed with Fujian Taixing was officially mediated on December 17, 2021, by the appointed lawyer and the company at the local People's Court of the People's Republic of China. Both parties acknowledged that the aforementioned contract had not taken legal effect from the beginning.

Up until the board's approval of these consolidated financial statements, Kayee Corp. has gathered evidence that the intermediary company deliberately committed fraud, as evidenced by false entries in the aforementioned contracts and forged or altered related transaction documents. The company's appointed attorney has filed a fraud complaint with the District Prosecutor's Office of the Republic of China against intermediaries Liu Menghe and Yan Yuyan.

However, on August 4, 2022, the appointed attorney received a decision of non-prosecution from the prosecutor, citing a lack of substantial evidence. Consequently, Kayee Industrial Co. authorized the attorney to request a reconsideration on August 12, 2022. Upon review by the District Prosecutor's Office of the Republic of China, it was determined that the investigation was incomplete and should continue. The investigation mentioned above is still in progress.

As related case is still in litigation, although the Tainan High Branch Prosecutor's Office continues to investigate the defendants involved, the determination of the facts of the case remains to be clarified by the prosecutorial and judicial authorities regarding the contract dispute with NK Company. Until a definitive judgment is obtained from the court, the final outcome of the decision cannot be confirmed. However, the Group and the appointed attorney have assessed and believe that there is no obligation to pay the penalty for breach of contract related to the agreement, and the risk of compensation for breach is very low.

(2) Unrecognized contract commitments:

Items	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	\$ 117,140	\$ 141,010

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

12.1 Capital risk management

The Group requires an adequate capital structure to enable the expansion and enhancement of its plant and equipment. Therefore, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources and operating plan to fund its working capital needs, capital asset purchases, development expenditure, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

12.2 Financial instruments

(1) Financial risks on financial instruments

Financial risk management policies

The Group's activities expose it to a variety of financial risks. These financial risks included market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

The Group's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

Significant financial risks and degrees of financial risks

A. Market risk

(a) Foreign exchange risk

i. The Group's sales and purchase activities denominated in foreign currencies are exposed to foreign currency risk. The Group's functional currency is New Taiwan dollars and RMB. The main foreign currencies of those thousand transactions are US dollars and RMB, etc. To protect against reductions in value and the volatility of future cash flows results from changes in foreign exchange rates, the Group might hedge its foreign exchange risk exposure by using derivatives, such as forward exchange agreements. The usage of derivative financial instruments can assist the Group to reduce but not completely eliminate the influence of changes in foreign exchange rates.

ii. Sensitivity analysis of foreign currency risk

December 31, 2023			
Items	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	\$ 26,674	30.705	\$ 819,018
RMB	6,623	4.327	28,657
Financial Liabilities			
Monetary Items			
USD	160	30.705	4,898
RMB	9,765	4.327	42,253

December 31, 2022			
Items	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	\$ 26,785	30.710	\$ 822,567
Financial Liabilities			
Monetary Items			
USD	896	30.710	27,516

The Group is mainly affected by fluctuations in the US dollar exchange rate. The sensitivity analysis rate for the Group is 1% increase and decrease in NTD against the relevant foreign currencies 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1 % change in foreign currency rates. An increase/ decrease in profit before tax would be

resulted where the NTD strengthens/ weakens 1% against the relevant currency with all other variables held constant in the amounts of \$8,005 thousand and \$7,951 thousand for the years ended December 31, 2023 and 2022, respectively. The realized and unrealized foreign currency exchange gains(losses) for the years ended December 31, 2023 and 2022 are \$1,471 thousand and \$86,484 thousand, respectively, due from US dollars transactions.

(b) Price risk

The Group does not hold equity securities classified as at fair value through profit or loss. There are no other price risk items.

(c) Interest rate risk

The carrying amounts of interest – bearing financial instruments held by the Group as of the reporting date are as follows:

Items	Carrying Amounts	
	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	\$ 690,632	\$ 618,951
Financial liabilities	–	24,155
Net	<u>\$ 690,632</u>	<u>\$ 643,106</u>
Cash flow interest rate risk		
Financial assets	\$ 50,351	\$ 79,586
Net	<u>\$ 50,351</u>	<u>\$ 79,586</u>

i. Sensitivity analysis for instruments with fair value interest rate risk

The Group does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Group does not designate derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

ii. Sensitivity analysis for instruments with cash flow interest rate risk

The financial instruments with variable interest rates held by the Group are assets (liabilities) with floating interest rates. Therefore, changes in market interest rates will result in fluctuations in their effective interest rates, leading to variability in future cash flows. If the market interest rate increases/decreases 0.25%, the profit before tax will increase/decrease \$126 thousand and \$199 thousand for the years ended December 31, 2023 and 2022, respectively.

B. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit

risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures

(a) Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affects a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

(b) Financial credit risk

The Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

As of December 31, 2023 and 2022, the proportion of the accounts receivable of big two client, representing 40% and 80%, respectively. The credit concentration risk associated with other accounts receivable is relatively insignificant

ii. Measurement of expected credit losses

(i) Accounts receivable: The Group applies simplified approach to accounts receivable. Please refer to Note 6.2 for more information.

(ii) The criteria used to determine whether credit risk has increased significantly: The Group considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition.

iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.

iv. Credit risk of financial assets measured at amortized cost

Please refer to Note 6.2 for information on the Group's credit exposures associated with accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents, other receivables and other financial assets, have low credit losses. After assessment, the Group determined that no material impairment occurred.

C. Liquidity risk

(a) Liquidity risk management

The objective of the Group's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking

facilities to ensure that the Group has sufficient financial flexibility for its operations.

(b) Maturity analysis for financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities:

Non-derivative Financial Liabilities	December 31, 2023				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Accounts payable	\$ 3,082	\$ -	\$ -	\$ 3,082	\$ 3,082
Other payables	8,575	-	-	8,575	8,575
Lease liabilities	4,584	11,074	-	15,658	14,349
Total	<u>\$ 16,241</u>	<u>\$ 11,074</u>	<u>\$ -</u>	<u>\$ 27,315</u>	<u>\$ 26,006</u>

Non-derivative Financial Liabilities	December 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Accounts payable	\$ 16,710	\$ -	\$ -	\$ 16,710	\$ 16,710
Other payables	20,369	-	-	20,369	20,369
Lease liabilities	11,845	13,500	-	25,345	24,155
Total	<u>\$ 48,924</u>	<u>\$ 13,500</u>	<u>\$ -</u>	<u>\$ 62,424</u>	<u>\$ 61,234</u>

The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

12.3 Categories financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets measured at		
amortized cost (Note 1)	\$ 834,668	\$ 947,731
<u>Financial liability</u>		
Financial liabilities measured at		
amortized cost (Note 2)	11,657	37,079

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivable, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise accounts payable and other payables.

12.4 Fair value information of financial instruments

(1) Definition of fair value measurements are grouped into Level 1 to 3 as follows:

- Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.
- (2) Financial instruments that are not measured at fair value
The fair value of the Group's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, accounts payables, and other financial liabilities approximate their fair value.
- (3) Financial instruments that are measured at fair value: None.
- (4) The methods and assumptions the Group used to measure fair value are as follows:
- A. The Group measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
 - B. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.
 - C. Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.
- (5) Transfer between Level 1 and Level 2 of the fair value hierarchy: None.
- (6) Changes in level 3 instruments: None.

12.5 Others

- (1) In April 2020, the Group received an order for KN95 masks from a European client and proceeded to purchase from five China manufacturers. However, due to discrepancies in product specification testing, production of subsequent orders was temporarily halted. In the second quarter of 2020, the Group recognized an impairment loss on prepayments of \$102,458 thousand and an inventory write-down of \$78,582 thousand. Of this, \$145 thousand was reclassified as operating expenses in the fourth quarter following a China court's requirement for inspection. Subsequent negotiations with the European client resulted in their agreement to assume the payment for the shipped masks, leading to a refund of \$87,005 thousand in the fourth quarter of 2020. Consequently, the impairment loss on inventory was reversed by \$78,437 thousand and the impairment loss on prepayments by \$8,568 thousand. The unrecoverable amount of \$93,890 thousand has been fully provided for as an impairment loss on prepayments.
- The Group has initiated urgent legal preservation actions for the funds that the China manufacturing suppliers have decided not to return and are expected to be uncollectible. During the year 2020, the Group progressively filed lawsuits according to the law, demanding the return of payments and breach of contract penalties from

the China suppliers. As of the date the board approved these consolidated financial statements, some judgments have been finalized, with either execution settlements reached by both parties and compulsory enforcement applied for by the Group. In March 2022, March 2023, and June 2023, recoveries of \$9,651 thousand, \$5,367 thousand, and \$14,356 thousand (recorded as other income) were obtained from the suppliers, respectively. The remaining cases are still in the process of legal proceedings. Furthermore, certain suppliers, upon halting the production of subsequent orders, committed to returning the previously advanced mask payments in installments, totaling \$94,082 thousand (equivalent to USD 3,124 thousand). As of December 31, 2022, an amount of \$75,144 thousand (USD 2,498 thousand) has been recovered. However, due to operational funding shortages exacerbated by the pandemic in 2022, the supplier failed to make the scheduled repayments to the Group. Despite repeated requests for settlement by the Group, no satisfactory resolution was provided. Consequently, the Group has deemed the likelihood of recovering the remaining funds to be low and has thus fully provisioned for an expected credit loss of \$18,938 thousand for the outstanding supplier repayments in 2022. As of December 31, 2023, the aforementioned impaired balance remains outstanding.

- (2) The Group received an order for medical gloves from a U.S. client and, on August 26, 2020, redirected the purchase to the Taiwanese supplier WISH PARADISE CO., which in turn procured from a Vietnamese manufacturing company designated by the said U.S. client. At the time of procurement, the Group had paid a certain percentage of the payment amounting to \$197,818 thousand (USD 6,700 thousand) to WISH PARADISE CO. However, subsequent to the agreement, the Vietnamese manufacturing company did not deliver as per the schedule. Upon further investigation by the Group, it was discovered that the contract signed with WISH PARADISE CO. was not with the Vietnamese manufacturer specified by the American client, but rather with a distributor unauthorized by said manufacturer.

Consequent to the aforementioned circumstances, the Group terminated the purchase contract with WISH PARADISE CO., which has pledged to refund the prepayment of \$197,818 thousand (USD 6,700 thousand) made by the Group and to compensate for any losses incurred. As of December 31, 2020, the Group has recovered a total of \$137,882 thousand (USD 4,670 thousand) from WISH PARADISE CO. The remaining amount of \$59,936 thousand (USD 2,030 thousand) was fully provisioned as an expected credit loss in the fiscal year 2020. In response to the unrecovered funds, the Group initiated urgent legal preservation measures and on November 27, 2020, applied for a provisional seizure at the Taipei District Court, depositing a security fund of \$7,700 thousand (recorded as a refundable deposit paid for guarantee). Furthermore, on December 3, 2020, the Group legally filed a lawsuit against WISH PARADISE CO. and its responsible person at the Taipei District Court, demanding the return of the aforementioned purchase price and penalty for breach of contract.

On August 20, 2021, the Group received a favorable civil judgment from the Taipei District Court. Subsequently, WISH PARADISE CO. filed an appeal against this decision. However, WISH PARADISE CO. failed to pay the appellate court fees, leading the Taipei District Court to dismiss the appeal on December 23, 2021, thus affirming the judgment. On February 18, 2022, the Group formally applied to the Taipei District Court for compulsory enforcement of the judgment, and by May 2022, had preemptively secured a court-seized amount of \$833 thousand (accounted as other income). The remaining receivables were certified by the Taipei District Court on the same day, and an additional security deposit of \$7,700 thousand was returned on November 16, 2022.

13. SUPPLEMENTARY DISCLOSURES

13.1 Significant transactions information (before inter-company eliminations):

- (1) Financings provided to others: None;
- (2) Endorsement and guarantee provided to others: Please see Table 1 attached;
- (3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period): None;
- (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- (6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see None;
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- (9) Information on the derivative instrument transactions: None;
- (10) The business relationship between the parent and the subsidiaries and significant transaction between them: Please see Table 2 attached;

13.2 Information on investees (before inter-company eliminations): Please see Table 3 attached;

13.3 Information on investment in Mainland China (before inter-company eliminations):

- (1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 4 attached;
- (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to

understand the impact of investment in Mainland China on financial reports: Please see Table 2 attached.

- 13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): Please see Table 5 attached.

14. SEGMENT INFORMATION

- 14.1 The Group primarily engages in import and export trading, with its reporting segment being a single operating segment. The revenue, profit or loss, and assets reported by the operating segment are consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and the consolidated statement of comprehensive income for details.

- 14.2 Information on geographic area

Non-current assets

Areas	December 31, 2023	December 31, 2022
Taiwan	\$ 57,322	\$ 28,251
China	12,374	28,740
Total	<u>\$ 69,696</u>	<u>\$ 56,991</u>

- 14.3 Major customer information

Client name	2023		2022	
	Amount	%	Amount	%
Group A	\$ 146,642	36%	\$ –	–
Group B	83,776	21%	95,179	12%
Group C	–	–	479,250	57%
Total	<u>\$ 230,418</u>	<u>57%</u>	<u>\$ 574,429</u>	<u>69%</u>

KAYEE INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS AND GUARANTEES PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 1 Amounts in Thousands of New Taiwan Dollars

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantees collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement	Maximum endorsement/ guarantee allowable	Guarantee provided by parent company to subsidiary	Guarantee provided by a subsidiary to parent company	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship with the endorser/ guarantor										
0	Kayee International Group Co., Ltd.	Kayee International Holding Co., Ltd.	2	\$859,540	\$140,000	\$140,000	\$-	\$-	16.29%	\$859,540	Y	N	N

Note 1: The Company fills in 0. °

Note 2: The Company fills in 2 for directly invested subsidiaries.

Note 3: The limit for endorsement guarantees for a single enterprise is 100% of the equity attributable to the owners of the parent company.

Note 4: Maximum limit for endorsement guarantees: 100% of the equity attributable to the owners of the parent company.

Note 5: The balance and amount referred to in the table above, except for the amount actually drawn, refers to the endorsement/guarantee limits or amount for others that occurred on the date of occurrence (the date of the Board resolution, the date of signing the transaction, the date of payment or any other date sufficient to determine the transaction party and the transaction amount, whichever is earlier).

KAYEE INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31,2023

TABLE 2

Amounts in Thousands of New Taiwan Dollars

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or
1	KE MO House Co., Ltd.	Kayee International Holding Co., Ltd.	3	Services revenue	\$64,623	Note 3	16.01%
		Kayee Corp. Ltd.	3	Services revenue	144	Note 3	0.03%
		Kayee International Holding Co., Ltd.	3	Accounts receivable-related party	42,256	Note 3	4.55%
2	Kayee International Holding Co., Ltd.	Kayee Corp. Ltd.	3	Other accounts receivable-related party	757	Note 3	0.08%
		Kayee Corp. Ltd.	3	Other income	4,805	Note 3	1.19%
		Kayee Corp. Ltd.	3	Sales revenue	118	Note 3	0.03%
3	Kayee Corp. Ltd.	Kayee International Holding Co., Ltd.	3	Sales revenue	21	Note 3	0.01%

Note 1: The parent company and subsidiaries are coded as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationships between transaction companies and counterparties are classified into the following three categories as listed below:

'1' represents parent company to subsidiary.

'2' represents subsidiary to parent company.

'3' represents subsidiary to subsidiary.

Note 3: Sale price with related parties were determined and negotiated referring to related market price.

Note 4: All the transactions had been eliminated when preparing the consolidated financial statements.

KAYEE INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2023

TABLE 3

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Kayee International Group Co., Ltd.	Kayee International Holding Co., Ltd.	Tortola, British Virgin Islands	Reinvestment in holding company and runs international trade business	\$297,182	\$297,182	50	100.00%	\$854,745	\$(78,479)	\$(78,479)	
Kayee International Holding Co., Ltd.	Kayee Corp. Ltd.	Taiwan	Retail and wholesale business in Taiwan	21,121	21,121	1,000	100.00%	33,496	(10,648)	(10,602)	Note 3
	Kayee Investment Holding (HK) Co., Limited	Hong Kong	Reinvestment in holding business	236,459	236,459	50	100.00%	91,314	(956)	(956)	

Note 1 : All the transactions had been eliminated when preparing the consolidated financial statements.

Note 2 : Please refer to Table 4 for information of investees in Mainland China.

Note 3 : The difference represents a realized profit of \$46 thousand from the downstream transactions.

KAYEE INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31,2023

TABLE 4

Amounts in Thousands of NTD/USD

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31,2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/ Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
TKX Int'l Trading Co., Ltd.	Retail and wholesale business in Mainland China	\$116,017 (USD 3,750)	Note1	\$-	\$-	\$-	\$-	\$(3,257)	100.00%	\$(3,257)	\$32,976	\$-
KE MO House Co., Ltd.	Provides international business with labor service	31,288 (USD 1,040)	Note1	-	-	-	-	2,124	100.00%	2,124	51,017	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NA	NA	NA

Note1 : It is reinvested in Mainland China through Kayee Investment Holding (HK) Co., Limited.

Note2 : It is recognized according to the financial statements audited by Taiwan accountants for the same period.

Note3 : All the transactions had been eliminated when preparing the consolidated financial statements.

KAYEE INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

MAJOR SHAREHOLDERS INFORMATION

DECEMBER 31, 2023

TABLE 5

Major shareholders	Share	Total Shares Owned (In Thousands)	Ownership Percentage
Lin Shao-Ping		3,315	7.27%
Yang Xiu-Fang		2,980	6.54%
CAPITAL SECURITIES CORP. is commissioned to manage LUK FOOK SECURITIES (HK) LIMITED investment account.		2,557	5.61%

Note 1 : The information on major shareholders in this table is calculated by TDCC on the last business day of each quarter, based on shareholders holding a total of 5% or more of the Company's common and special shares that have completed non-physical registration and delivery. As for the share capital recorded in the Company's financial statements and the actual number of shares that have completed non-physical registration and delivery, there may be differences due to different calculation bases.

Note 2 : If the data above belongs to shareholders who transfer their shares to trust, it is disclosed by the individual accounts of the trustors who open trust accounts by the trustees. As for the shareholders who report their shareholding over 10% of the internal person's equity according to the securities trading laws and regulations, their shareholding includes their own shares plus those transferred to trust and those with decision-making power over trust property. For information on internal person's equity reporting, please refer to the Public Information Observation Station.

Attachment 5

Kayee International Group Co., Ltd Deficit Compensation Statement 2023

(Unit: NTD\$)

Items	Total
Unappropriated accumulated deficit of prior years	0
-: 2023 net loss	(80,004,194)
Deficit yet to be compensated – at the end of 2022	(80,004,194)
Items for compensating deficit:	
Additional paid-in capital	80,004,194
Deficit yet to be compensated	0
Note: First half and second half of 2023 unappropriated retained earning both are losses, the company proposed not to distribute dividends.	

Chairman: Lee, Hung-Ching General Manager: Chi, Chiao-Erh CFO: Wu, Po-Hsi

Attachment 6

Kayee International Group Co.,Ltd.

Comparison Table for Amendment to Article” Acquisition or Disposal of Assets”

After revision	Before revision	Reason for Amendment
Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>Chairman</u>, and submission to the Board of Directors for approval. (3)~(6) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>Chairman</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>General Manager</u>, and submission to the Board of Directors for approval. (3)~(6) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>General Manager</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	In response to the company's organizational adjustments, the content of the provisions has been revised to conform to the current operating conditions.
Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 December 2016. The second revision date of this procedure is March 25, 2017. The third revision date of this procedure is May 29, 2019. The fourth revision date of this procedure is May 28, 2020. The fifth revision date of this procedure is July 5, 2021. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is June 20, 2022. The eighth revision date of this procedure is April 14, 2023. The ninth revision date of this procedure is June 6, 2024.	Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 December 2016. The second revision date of this procedure is March 25, 2017. The third revision date of this procedure is May 29, 2019. The fourth revision date of this procedure is May 28, 2020. The fifth revision date of this procedure is July 5, 2021. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is June 20, 2022. The eighth revision date of this procedure is April 14, 2023.	Added revision date.

Kayee International Holding Co.,Ltd.

Comparison Table for Amendment to Article” Acquisition or Disposal of Assets”

After revision	Before revision	Reason for Amendment
Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>Chairman</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>Chairman</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>General Manager</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>General Manager</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	In response to the company's organizational adjustments, the content of the provisions has been revised to conform to the current operating conditions.
Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is March 25, 2017.. The second revision date of this procedure is May 29, 2019. The third revision date of this procedure is May 28, 2020. The fourth revision date of this procedure is July 5, 2021. The fifth revision date of this procedure is June 20, 2022. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is April 14, 2023 The eighth revision date of this procedure is June 6, 2024.	Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is March 25, 2017.. The second revision date of this procedure is May 29, 2019. The third revision date of this procedure is May 28, 2020. The fourth revision date of this procedure is July 5, 2021. The fifth revision date of this procedure is June 20, 2022. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is April 14, 2023	Added revision date.

Kayee Corporation Co.,Ltd.

Comparison Table for Amendment to Article” Acquisition or Disposal of Assets”

After revision	Before revision	Reason for Amendment
Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>Chairman</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>Chairman</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>General Manager</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>General Manager</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	In response to the company's organizational adjustments, the content of the provisions has been revised to conform to the current operating conditions.
Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is March 25, 2017.. The second revision date of this procedure is May 29, 2019. The third revision date of this procedure is May 28, 2020. The fourth revision date of this procedure is July 5, 2021. The fifth revision date of this procedure is June 20, 2022. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is April 14, 2023 <u>The eighth revision date of this procedure is June 6, 2024.</u>	Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is March 25, 2017.. The second revision date of this procedure is May 29, 2019. The third revision date of this procedure is May 28, 2020. The fourth revision date of this procedure is July 5, 2021. The fifth revision date of this procedure is June 20, 2022. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is April 14, 2023	Added revision date.

Kayee Investment Holding (HK) Co.,Ltd.

Comparison Table for Amendment to Article” Acquisition or Disposal of Assets”

After revision	Before revision	Reason for Amendment
Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>Chairman</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>Chairman</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>General Manager</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>General Manager</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	In response to the company's organizational adjustments, the content of the provisions has been revised to conform to the current operating conditions.
Article 16 These procedures were established on July 5, 2021. The first revision date of this procedure is June 20, 2022. The second revision date of this procedure is June 20, 2022. The third revision date of this procedure is April 14, 2023. <u>The fourth revision date of this procedure is June 6, 2024.</u>	Article 16 These procedures were established on July 5, 2021. The first revision date of this procedure is June 20, 2022. The second revision date of this procedure is June 20, 2022. The third revision date of this procedure is April 14, 2023.	Added revision date.

KE M.O. House Co.,Ltd.

Comparison Table for Amendment to Article” Acquisition or Disposal of Assets”

After revision	Before revision	Reason for Amendment
Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>Chairman</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>Chairman</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>General Manager</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>General Manager</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	In response to the company's organizational adjustments, the content of the provisions has been revised to conform to the current operating conditions.
Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is March 25, 2017.. The second revision date of this procedure is May 29, 2019. The third revision date of this procedure is May 28, 2020. The fourth revision date of this procedure is July 5, 2021. The fifth revision date of this procedure is June 20, 2022. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is April 14, 2023 <u>The eighth revision date of this procedure is June 6, 2024.</u>	Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is March 25, 2017.. The second revision date of this procedure is May 29, 2019. The third revision date of this procedure is May 28, 2020. The fourth revision date of this procedure is July 5, 2021. The fifth revision date of this procedure is June 20, 2022. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is April 14, 2023	Added revision date.

Tkx International Trading Co.,Ltd.

Comparison Table for Amendment to Article” Acquisition or Disposal of Assets”

After revision	Before revision	Reason for Amendment
Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>Chairman</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>Chairman</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	Article 6 Operating Procedures 1.Authorization amount and level: (1) 、(omitted) (2)If the acquisition or disposal of securities is not for the purpose mentioned in the first item above, it can only be handled after evaluation by the Finance Department, approval by the <u>General Manager</u>, and submission to the Board of Directors for approval. (3)~(4) 、(omitted) 2.Perform unit (1)~(5) 、(omitted) (6)For assets and other important assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or share transfers, the <u>General Manager</u> shall instruct the person in charge or set up a special project team to be responsible for the evaluation and implementation.	In response to the company's organizational adjustments, the content of the provisions has been revised to conform to the current operating conditions.
Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is March 25, 2017.. The second revision date of this procedure is May 29, 2019. The third revision date of this procedure is May 28, 2020. The fourth revision date of this procedure is July 5, 2021. The fifth revision date of this procedure is June 20, 2022. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is April 14, 2023 The eighth revision date of this procedure is June 6, 2024.	Article 16 These procedures were established on 28 December 2015. The first revision date of this procedure is March 25, 2017.. The second revision date of this procedure is May 29, 2019. The third revision date of this procedure is May 28, 2020. The fourth revision date of this procedure is July 5, 2021. The fifth revision date of this procedure is June 20, 2022. The sixth revision date of this procedure is June 20, 2022. The seventh revision date of this procedure is April 14, 2023	Added revision date.

Attachment 7

Kayee International Group Co.,Ltd.

Comparison Table for Amendments to “Management of Endorsement and Guarantees”

After revision	Before revision	Reason for Amendment
Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of <u>the Company’s 、 Company and its subsidiaries as a whole</u> endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. <u>The total cumulative amount of the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise. If approved by the board of directors, the company’s endorsement guarantee limit for subsidiaries that directly or indirectly hold 100% of the voting shares may not be subject to the aforementioned restrictions on the limit for a single enterprise.</u> 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two	Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of the Company’s endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties. 4.5.The total amount endorsed by the <u>Company and its subsidiaries shall not exceed 50% of the Company’s net worth for the current period.</u> 4.6.The total cumulative amount of <u>the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise.</u>	It is appropriate to amend the text to amend the limit of mutual endorsement guarantees between the Company and a single subsidiary of the Company that directly and indirectly holds 100% of the voting shares.

After revision	Before revision	Reason for Amendment
parties.	<u>4.7. Mutual endorsement of a single subsidiary which holding Company holds, directly or indirectly, 90%, or more of the voting shares 100% of its direct and indirect voting shares shall be limited to 100% of the Company's net worth for the current period.</u>	
Article 8. Announcement and Reporting Procedures 8.1. <u>The company shall announce and declare the balance of endorsements and guarantees of the company and its subsidiaries for the previous month before the 10th day of each month.</u> 8.2 (Omit). 8.3 (Omit).	Article 8. Announcement and Reporting Procedures 8.1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself by the 10th day of each month. 8.2 (Omit). 8.3 (Omit).	Modify the text to comply with regulations.
Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 December 2016. The second revision date of this procedure is 29 May 2019. The third revision date of this procedure is 28 May 2020. <u>The fourth revision date of this procedure is 6 June 2024.</u>	Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 December 2016. The second revision date of this procedure is 29 May 2019. The third revision date of this procedure is 28 May 28 2020.	Added revision date.

Kayee International Holding Co.,Ltd.

Comparison Table for Amendments to “Management of Endorsement and Guarantees”

After revision	Before revision	Reason for Amendment
Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of <u>the Company’s 、 Company and its subsidiaries as a whole</u> endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. <u>The total cumulative amount of the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise. If approved by the board of directors, the company’s endorsement guarantee limit for subsidiaries that directly or indirectly hold 100% of the voting shares may not be subject to the aforementioned restrictions on the limit for a single enterprise.</u> 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties.	Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of the Company’s endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties. 4.5.<u>The total amount endorsed by the Company and its subsidiaries shall not exceed 50% of the Company’s net worth for the current period.</u> 4.6.<u>The total cumulative amount of the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise.</u> 4.7.<u>Mutual endorsement of a single subsidiary which holding</u>	It is appropriate to amend the text to amend the limit of mutual endorsement guarantees between the Company and a single subsidiary of the Company that directly and indirectly holds 100% of the voting shares.

After revision	Before revision	Reason for Amendment
	<u>Company holds, directly or indirectly, 90%, or more of the voting shares 100% of its direct and indirect voting shares shall be limited to 100% of the Company's net worth for the current period.</u>	
Article 8. Announcement and Reporting Procedures 8.1. <u>The company shall announce and declare the balance of endorsements and guarantees of the company and its subsidiaries for the previous month before the 10th day of each month.</u> 8.2 (Omit). 8.3 (Omit).	Article 8. Announcement and Reporting Procedures 8.1.The Company shall announce and report the previous month's balance of endorsements/guarantees of itself by the 10th day of each month. 8.2 (Omit). 8.3 (Omit).	Modify the text to comply with regulations.
Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 May 2019. The second revision date of this procedure is 28 May 28 2020. <u>The third revision date of this procedure is 6 June 2024.</u>	Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 May 2019. The second revision date of this procedure is 28 May 28 2020.	Added revision date.

Kayee Corporation Co.,Ltd.

Comparison Table for Amendments to “Management of Endorsement and Guarantees”

After revision	Before revision	Reason for Amendment
Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of <u>the Company’s 、 Company and its subsidiaries as a whole</u> endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. <u>The total cumulative amount of the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise. If approved by the board of directors, the company’s endorsement guarantee limit for subsidiaries that directly or indirectly hold 100% of the voting shares may not be subject to the aforementioned restrictions on the limit for a single enterprise.</u> 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties.	Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of the Company’s endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties. 4.5.<u>The total amount endorsed by the Company and its subsidiaries shall not exceed 50% of the Company’s net worth for the current period.</u> 4.6.<u>The total cumulative amount of the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise.</u> 4.7.Mutual endorsement of a single	It is appropriate to amend the text to amend the limit of mutual endorsement guarantees between the Company and a single subsidiary of the Company that directly and indirectly holds 100% of the voting shares.

After revision	Before revision	Reason for Amendment
	<u>subsidiary which holding Company holds, directly or indirectly, 90%, or more of the voting shares 100% of its direct and indirect voting shares shall be limited to 100% of the Company's net worth for the current period.</u>	
Article 8. Announcement and Reporting Procedures 8.1. <u>The company shall announce and declare the balance of endorsements and guarantees of the company and its subsidiaries for the previous month before the 10th day of each month.</u> 8.2 (Omit). 8.3 (Omit).	Article 8. Announcement and Reporting Procedures 8.1.The Company shall announce and report the previous month's balance of endorsements/guarantees of itself by the 10th day of each month. 8.2 (Omit). 8.3 (Omit).	Modify the text to comply with regulations.
Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 May 2019. The second revision date of this procedure is 28 May 28 2020. <u>The third revision date of this procedure is 6 June 2024.</u>	Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 May 2019. The second revision date of this procedure is 28 May 28 2020.	Added revision date.

Kayee Investment Holding (HK) Co.,Ltd.

Comparison Table for Amendments to “Management of Endorsement and Guarantees”

After revision	Before revision	Reason for Amendment
Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of <u>the Company’s 、 Company and its subsidiaries as a whole</u> endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. <u>The total cumulative amount of the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise. If approved by the board of directors, the company’s endorsement guarantee limit for subsidiaries that directly or indirectly hold 100% of the voting shares may not be subject to the aforementioned restrictions on the limit for a single enterprise.</u> 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties.	Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of the Company’s endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties. 4.5.The total amount endorsed by the <u>Company and its subsidiaries shall not exceed 50% of the Company’s net worth for the current period.</u> 4.6.The total cumulative amount of the Company and its subsidiaries <u>as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise.</u> 4.7.Mutual endorsement of a single <u>subsidiary which holding</u>	It is appropriate to amend the text to amend the limit of mutual endorsement guarantees between the Company and a single subsidiary of the Company that directly and indirectly holds 100% of the voting shares.

After revision	Before revision	Reason for Amendment
	<u>Company holds, directly or indirectly, 90%, or more of the voting shares 100% of its direct and indirect voting shares shall be limited to 100% of the Company's net worth for the current period.</u>	
Article 8. Announcement and Reporting Procedures 8.1. <u>The company shall announce and declare the balance of endorsements and guarantees of the company and its subsidiaries for the previous month before the 10th day of each month.</u> 8.2 (Omit). 8.3 (Omit).	Article 8. Announcement and Reporting Procedures 8.1.The Company shall announce and report the previous month's balance of endorsements/guarantees of itself by the 10th day of each month. 8.2 (Omit). 8.3 (Omit).	Modify the text to comply with regulations.
Article 14 These procedures were established on 17 June 2021. The first revision date of this procedure is 6 June 2024.	Article 14 These procedures were established on 17 June 2021.	Added revision date.

KE M.O. House Co.,Ltd.

Comparison Table for Amendments to “Management of Endorsement and Guarantees”

After revision	Before revision	Reason for Amendment
Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of <u>the Company’s 、 Company and its subsidiaries as a whole</u> endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. <u>The total cumulative amount of the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise. If approved by the board of directors, the company’s endorsement guarantee limit for subsidiaries that directly or indirectly hold 100% of the voting shares may not be subject to the aforementioned restrictions on the limit for a single enterprise.</u> 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties.	Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of the Company’s endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties. 4.5.The total amount endorsed by the <u>Company and its subsidiaries shall not exceed 50% of the Company’s net worth for the current period.</u> 4.6.The total cumulative amount of the Company and its subsidiaries <u>as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise.</u> 4.7.Mutual endorsement of a single <u>subsidiary which holding</u>	It is appropriate to amend the text to amend the limit of mutual endorsement guarantees between the Company and a single subsidiary of the Company that directly and indirectly holds 100% of the voting shares.

After revision	Before revision	Reason for Amendment
	<u>Company holds, directly or indirectly, 90%, or more of the voting shares 100% of its direct and indirect voting shares shall be limited to 100% of the Company's net worth for the current period.</u>	
Article 8. Announcement and Reporting Procedures 8.1. <u>The company shall announce and declare the balance of endorsements and guarantees of the company and its subsidiaries for the previous month before the 10th day of each month.</u> 8.2 (Omit). 8.3 (Omit).	Article 8. Announcement and Reporting Procedures 8.1.The Company shall announce and report the previous month's balance of endorsements/guarantees of itself by the 10th day of each month. 8.2 (Omit). 8.3 (Omit).	Modify the text to comply with regulations.
Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 May 2019. The second revision date of this procedure is 28 May 28 2020. <u>The third revision date of this procedure is 6 June 2024.</u>	Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 May 2019. The second revision date of this procedure is 28 May 28 2020.	Added revision date.

Tkx International Trading Co.,Ltd.

Comparison Table for Amendments to “Management of Endorsement and Guarantees”

After revision	Before revision	Reason for Amendment
Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of <u>the Company’s 、 Company and its subsidiaries as a whole</u> endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. <u>The total cumulative amount of the Company and its subsidiaries as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise. If approved by the board of directors, the company’s endorsement guarantee limit for subsidiaries that directly or indirectly hold 100% of the voting shares may not be subject to the aforementioned restrictions on the limit for a single enterprise.</u> 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties.	Article 4 The ceilings on amount of endorsement/guarantee 4.1.The total amount of the Company’s endorsement guarantee shall not exceed 50% of the Company’s net worth for the current period. 4.2.The total cumulative amount of the Company’s endorsement guarantee shall not exceed 10% of the Company’s net worth for the current period for a single enterprise. 4.3.Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares. 4.4.If the company is engaged in endorsing as a result of its business relationship, the amount of the individual endorsement shall not exceed the amount of goods purchased or sold in the most recent year between the two parties. 4.5.The total amount endorsed by the <u>Company and its subsidiaries shall not exceed 50% of the Company’s net worth for the current period.</u> 4.6.The total cumulative amount of the Company and its subsidiaries <u>as a whole shall not exceed 20% of the Company’s net worth for the current period. for a single enterprise.</u> 4.7.Mutual endorsement of a single <u>subsidiary which holding</u>	It is appropriate to amend the text to amend the limit of mutual endorsement guarantees between the Company and a single subsidiary of the Company that directly and indirectly holds 100% of the voting shares.

After revision	Before revision	Reason for Amendment
	<u>Company holds, directly or indirectly, 90%, or more of the voting shares 100% of its direct and indirect voting shares shall be limited to 100% of the Company's net worth for the current period.</u>	
Article 8. Announcement and Reporting Procedures 8.1. <u>The company shall announce and declare the balance of endorsements and guarantees of the company and its subsidiaries for the previous month before the 10th day of each month.</u> 8.2 (Omit). 8.3 (Omit).	Article 8. Announcement and Reporting Procedures 8.1.The Company shall announce and report the previous month's balance of endorsements/guarantees of itself by the 10th day of each month. 8.2 (Omit). 8.3 (Omit).	Modify the text to comply with regulations.
Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 May 2019. The second revision date of this procedure is 28 May 28 2020. <u>The third revision date of this procedure is 6 June 2024.</u>	Article 14 These procedures were established on 28 December 2015. The first revision date of this procedure is 29 May 2019. The second revision date of this procedure is 28 May 28 2020.	Added revision date.

Kayee International Group Co., Ltd
凱昇國際集團股份有限公司
公司章程修訂條文對照表（英文原文）

修訂後條文	原條文	說明
ARTICLES OF ASSOCIATION OF Yong Yi International Group Co., Ltd SEVENTH AMENDED AND RESTATED	ARTICLES OF ASSOCIATION OF KAYEE INTERNATIONAL GROUP CO., LTD SIXTH AMENDED AND RESTATED	
1. The name of the Company is Yong Yi International Group Co., Ltd 永邑國際集團股份有限公司。	1. The name of the Company is Kayee International Group Co., Ltd 凱昇國際集團股份有限公司	Change the company name.
1.1 In these Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively: Applicable Law the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company; Applicable Public Company Rules the ROC laws, rules and regulations (including, without limitation, the Company Law of the ROC, the Securities and Exchange Law of the ROC, the rules and regulations promulgated by the FSC, and the rules and regulations promulgated by the TWSE or TPEX (as defined below), as amended from time to time) affecting public reporting companies or companies listed on any ROC stock exchange or securities market or traded on the ESM (as defined below) that from time to time are required by the relevant regulator as applicable to the Company; Articles the Articles of Association as altered from time to time; Audit Committee the audit committee of the Board, which shall comprise solely of all the Independent Directors of the Company; Board the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles; Capital Reserve for the purpose of the Articles only, comprises of the premium paid on the issuance of any share and income from endowments received by the Company from the Members;	1.1 In these Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively: Applicable Law the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company; Applicable Public Company Rules the ROC laws, rules and regulations (including, without limitation, the Company Law of the ROC, the Securities and Exchange Law of the ROC, the rules and regulations promulgated by the FSC, and the rules and regulations promulgated by the TWSE or TPEX (as defined below), as amended from time to time) affecting public reporting companies or companies listed on any ROC stock exchange or securities market or traded on the ESM (as defined below) that from time to time are required by the relevant regulator as applicable to the Company; Articles the Articles of Association as altered from time to time; Audit Committee the audit committee of the Board, which shall comprise solely of all the Independent Directors of the Company; Board the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles; Capital Reserve for the purpose of the Articles only, comprises of the premium paid on the issuance of any share and income from endowments received by the Company from the Members;	Change the company name. Added the position of vice chairman and revised the wording of the articles.

Chairman the Director elected amongst all the Directors as the chairman of the Board; Vice the Director elected amongst all the Directors as the vice chairman of the Board in the same manner as they elect the chairman; chairman Company Yong Yi International Group Co., Ltd 永邑國際集團股份有限公司; (The following is omitted)	Chairman the Director elected amongst all the Directors as the chairman of the Board; Company Kayee International Group Co., Ltd 凱羿國際集團股份有限公司; (The following is omitted)	
24.1 In the event that the general meeting is convened by the Board, the Chairman shall act as chairman at all meetings of the Members at which such person is present. In case the Chairman is on leave or absent or can not exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Directors who are present at the meeting of Members shall elect one from among themselves to act as the chairman at such meeting in lieu of the Chairman.	24.1 In the event that the general meeting is convened by the Board, the Chairman shall act as chairman at all meetings of the Members at which such person is present. In his absence the Directors who are present at the meeting of Members shall elect one from among themselves to act as the chairman at such meeting in lieu of the Chairman.	Added the position of vice chairman and revised the wording of the articles.
54. Chairman to Preside The Chairman, if there be one, shall act as chairman at all meetings of the Board at which such person is present. When the Chairman is on leave or for any reason is unable to exercise the powers of the chairman, the Vice Chairman shall do so in place of the chairman, or, if the Vice Chairman also is on leave or for any reason is unable to act, a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.	54. Chairman to Preside The Chairman, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.	Added the position of vice chairman and revised the wording of the articles.

Attachment 9

Kayee International Group Co., Ltd.
Roster of Independent Director Candidates

Type	Name	Shareholding (Unit: share)	Education	Major Experience	Current Job	Served As An Independent Director Of The Public Company For Three Consecutive Terms
Independent Director	Cheng, Yu-Wei		Bachelor of Laws, National Taiwan University University of Pennsylvania LL.M. J.D., University of Pennsylvania	Professor, Institute of Industrial Economics, National Central University	Professor, Institute of Industrial Economics, National Central University	NONE