

TEX-RAY INDUSTRIAL CO., LTD.

Agenda for the regular session of 2023 Shareholders Meeting

Time: June 9, 2023, 09:00

Venue: Meeting Room, No. 426 Linsen N. Rd., Zhongshan District, Taipei City

Attendance: 149,185,346 shares of present shareholders and representative shareholders (including 7,055,002 shares exercising voting rights through electronic voting), accounting for 63.86% of the company's total issued shares of 233,624,667 shares)

Mode of convention: Physical session

Chairman: LIN ZUI YEH Record : CHEN HSIU WEN

Attending directors: LIN ZUI YEH 、 YAO WAN KUEI 、 HO YU 、 KUO WEN YEN 、 YANG CHIA YIN 、 TSAI CHAO LUN 、 Chu,Hsin-Hua

Attendees: KPMG TSENG KUO YANG 、 Lawyer Zhang Zhixiang 、 Wu Jianzhong Finance and Accounting Supervisor (Corporate Governance Supervisor), Wang Yukai Audit Supervisor

Announcing the opening of the meeting: The number of shareholders and representatives present exceeds the statutory number, and the opening of the meeting is announced.

Call Meeting to Order: OMIT

Speech from the Chairman:

Chairman's Address:

One. Report Items:

- I. 2022 Business Report(Please refer to Annex 1)
- II. Audit Committee's Review Report on 2022 Financial Statements(Please refer to Annex 2)
- III. Report on remuneration to the employees and Directors in 2022(Please refer to Annex 3)
- IV. Report on 2022 Endorsement and Guarantee and financing to third parties. (Please refer to Annex 4&5)
- V. Report on significant transactions with related parties. (Please refer to Annex 6)
- VI. Report on amendment to the "Parliamentary Procedure for the Board", "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles". (Please refer to Annex 7 and The Company's Proceedings Manual)
- VII. Other reports : The company did not receive any proposals from shareholders during the period when shareholders exercised their proposal rights

Two. Ratifications

- I. 2022 Business Report and Financial Statement for ratification.
- II. Appropriation of earnings for covering loss in 2022 for ratification.

Three. Discussions:

- I. Proposal to amend the "Articles of Incorporation."

Four. Election: Election of Independent Directors to fill the vacancies.

Five. Others and extemporary motions

Six. Meeting adjourned.

Two. Ratifications

I. Cause of motion: 2022 Business Report and Financial Statements for ratification. (Proposed by the board of director)

Description:

- (I) The 2022 Business Report and Financial Statements of the Company have been audited by Tseng Kuo Yang and Chang Shu Ying, CPAs of KPMG Taiwan and reviewed by the Audit Committee for review. Enclosed therein please find the statements and the reports as exhibited on Attachment 1 and Attachment 10
- (II) Please ratify.

Resolution: A total of 148,100,466 voting rights (including 7,055,002 voting rights exercised by

electronic voting) were present at the time of voting on this proposal. The voting results are as follows:

voting result	Shareholders present Voting rights (%)
142,157,485 voting rights (including 1,232,933 electronic voting rights)	95.99
170,328 opposition rights (including 170,328 electronic voting rights)	0.11
Invalid weight 0 weight	0.00
5,772,653 abstentions & non-voting rights (including 5,651,741 electronic voting rights)	3.90
Voting result: This case was passed by voting according to the original motion	

II. Cause of motion: The proposal for the appropriation of retained earnings to cover loss in 2022 for ratification. (Proposed by the board of director)

Description:

- (I) The Company has undistributed earnings of NT\$104,468,146 at the beginning of 2022. Net loss in the same period amounted to NT\$38,383,098 and other comprehensive income in the same period amounted to NT\$5,661,014. The proceeds from the disposal of equity instrument at fair value through comprehensive income statements amounted to NT\$10,682,174. The retained earnings at the end of the period amounted to NT\$82,428,236.
- (II) Information on appropriation of undistributed earnings for covering loss is shown on Attachment 11.
- (III) Please ratify.

Resolution: A total of 148,100,466 voting rights (including 7,055,002 voting rights exercised by electronic voting) were present at the time of voting on this proposal. The voting results are as follows:

voting result	Shareholders present Voting rights (%)
142,231,988 voting rights (including 1,307,436 electronic voting rights)	96.04
178,503 opposition rights (including 178,503 electronic voting rights)	0.12
Invalid weight 0 weight	0.00
5,689,975 abstentions & non-voting rights (including 5,569,063 electronic voting rights)	3.84
Voting result: This case was passed by voting according to the original motion	

Three. Discussions

I. Cause of motion: Please discuss the proposal to amend the “Articles of Incorporation.” (Proposed by the board of director)

Description:

- (I) The Company planned to amend Article 17 of the Articles of Incorporation of the Company to 9 to 13 seats for alignment with corporate governance. The mapping of the provisions before and after the amendment is exhibited on Attachment 12.
- (II) Please discuss:

Resolution: A total of 148,100,466 voting rights (including 7,055,002 voting rights exercised by electronic voting) were present at the time of voting on this proposal. The voting results are as follows:

voting result	Shareholders present Voting rights (%)
142,280,344 voting rights (including 1,355,792 electronic voting rights)	96.07
137,430 opposition rights (including 137,430 electronic voting rights)	0.09
Invalid weight 0 weight	0.00
5,682,692 abstentions & non-voting rights (including 5,561,780 electronic voting rights)	3.84
Voting result: This case was passed by voting according to the original motion	

Four. Election:

I. Cause of motion: **election of Independent Director to fill the vacancy for discussion. (Proposed by the Board of Directors)**

Description:

- (I) According to Article 17 of the Articles of Incorporation of the Company, the Company shall establish 7 to 11 seats of Directors of which at least 3 have to be reserved for Independent Directors. In supporting the pursuit of corporate governance, the Company seeks to add one more seat of Independent Director. Director Wu Ching Feng will resign from office and one more Independent Director will be elected in this session of Shareholders Meeting. The Company still maintain 11 seats of Directors for this term of the Board.
- (II) The tenure for the Independent Director to be elected for filling the vacancy will start on June 9, 2023 and ends on July 11, 2024.
- (III) According to Article 14-2 of the Securities and Exchange Act and Article 17 of the Articles of Incorporation of the Company, the election of Independent Directors will be held under the candidate nomination system. The list of candidates for election to the seats of Independent Directors for this time is shown below:

Candidates for election to the seats of Independent Directors	Education	Experience	Shares held
Lin Cheng Teh	Department of Business Administration, National Chung Hsing University.	Chairman, Modern Times Financial Co., Ltd.	10,000

- (IV) Present for election.

job title	account number or ID number	Name	Elected weight
Independent Directors	710	LIN CHENG TE	141,850,362

Five. Others and Extemporary motions: NA

Six. Meeting Adjourned (9:32 am)

TEX-RAY INDUSTRIAL CO., LTD.
Business Report

I. Operating Guideline

The Russian invasion of Ukraine in February 2022 hindered the exports of crops from the Black Sea. Price fluctuated worldwide. Under the joint sanction of the West, Russia tightened her energy supply. Europe is the first being hit hard. The Winter of 2022 was perhaps colder than before. Indeed, the international community has to share the burden of high energy and commodity prices. Most countries tended to ease their policies for the control of COVID-19 at the post-pandemic era but China still maintained here dynamic zero pandemic control policy. In October, China suddenly reversed here dynamic zero policy without a hint that resulted in the massive infection of the pandemic, and in turn affected the global supply chain significantly. The lack of balance in demand and supply in 2022 affected the daily lives of people significantly with the surging food price and energy price in particular. Inflation turned serious. 2022 was the year of global financial turbulence with frail economic performance and plummeting of the stock markets all over the world. The ongoing upward adjustment of interest rate by the US in an attempt to curb inflation made US Dollar strong, which caused the sharp decline of the stock markets and severe depreciation of currencies in many countries and regions. The US Fed upward adjusted the interest rate by 4.25% in one year. Many countries also followed this move that the global surge of interest rate resulted in recession.,

Despite these unfavorable factors in the operation environment, Tex-Ray Industrial Co., Ltd. Still actively adjusted its global strategic deployment. In the production zone of China, the Company continued its previous policy by reducing the self-production of fabric and just curtail the production just enough to supply the production base in the market of China. The ceaseless rising basic salaries in Vietnam hampered the competitive power that the Company adjusted the production structure in Vietnam and turned to other countries for continuing the production particular in Africa, which is still at the initial stage but will help to balance the global production of the Company.

Notwithstanding wave after wave of difficulties and challenges, Tex-Ray spared no effort in vitalizing the organization through the successful integration of internal resources and OEM capacity to develop flexible operation and risk control to further vitalize the organization and control the risk within its tolerance. In practice, the Company avoided excessive investment in quick fix or capacity expansion that may trigger unnecessary risk in 2022 during which the economic situation was conditioned by far too many unfavorable factors. The Company will continue to enhance its business value and commit further effort in the design, research and development of market value in greater depth, and to launch new products and services entailing higher value. Indeed, the effort has not been made in vain so far.

2023 will still be the year of challenge. The Company will make the best use of its competitive advantage with its Texray Seamless Value Added Chain (TSVAC) and consolidated its subsidiaries for cutting the cost of management and process to augment communication and synergy between the production zones. This will help to effectively cut down the cost of operation and upgrade the overall quality and performance for the best value and interest of the shareholders.

II. Implementation Overview and Results

In order to keep abreast of the market trends and respond to the needs of rapid response, the Company has re-adjusted the roles and functions of the companies in different regions:

- (1) The Taiwan headquarters aims to enhance its advantages in global operations, continue to develop new categories of customers, increase profits and expand the scale of operations, strengthen the efficiency of internal production and sales coordination, increase procurement bargaining power, and expand the development and business of functional products, to enhance the overall profit of the Company.
- (2) To respond to the continuous growth of the domestic market for textiles and garment in China, the Company has actively adjusted its product categories and developed the domestic market but gradually adjusted the existing export business to produce products with better profitability in China, while allocating other operations to other production bases for production and manufacturing services.
- (3) As for the production sites in Africa, the Company has successfully developed the domestic market in Africa through the steady weaving and dyeing capabilities, vertical integration of the processes for ready-made garments, and featured products. The Company has also continued to purchase and update machinery and equipment to diversify product categories with distinctive features and to provide customers with more high-quality choices, while continuing to expand the customer base and increase the market share. Also, it has set up production lines for the export to the European and the U.S markets so as to enhance its competitiveness.
- (4) Make the best use of the abundance of the highly competitive human resources of Vietnam for upgrading the production efficiency of the Company, and also seek strategic partner firms in production and manufacturing to expand the production capacity and stabilize quality.
- (5) Further to the aforementioned “King's Metal Fiber Technologies Co., Ltd.”, the Company also starts to pay close attention to the development of new business such as the “Taiwan Supercritical Technology Co., Ltd.”, which business performance was record high last year. Through the commitment of group resources and effort, we expect to run the operation in diversity through the development of different types of business to avoid the operation risk deriving from excessive concentration.

III. The operating revenue and expenditure and budget execution

The Company did not compile financial forecast in 2023

IV. Profitability Analysis

In 2022, Tex-Ray was affected by inflation as the others in the textiles and apparels business. According to the projection of the Department of Statistics of MOEA and the research team of TTRI, the total value of the textile industry in the 4th quarter of 2022 is estimated at NT\$80.12 billion or a decrease of 15.4% from the same period of 2021. This also indicated a decrease of 9.9% in comparison with the total value in the 3rd quarter of 2022. This is a proof of the difficulty and challenge to the textile industry under recession of the operation environment. Nevertheless, the Company has adjusted its business and mode of manufacturing in agility in responding to market change, and made the best of its effort and possibility to continue the transformation within tolerable risk to upgrade the gross margin and added value of the Company.

V. Research and development status

Global warming triggered a disturbing pattern of extreme climate. In 2022 along, heat wave, drought, forest fire and other natural disasters occurred all over the world. Temperature was also record high. Many countries in Europe experienced high temperature above 40°C, which resulted in shortage of water supply. In the UK, the high temperature of 40°C was indeed unprecedented. Lowering the global temperature in this century by 1.5°C before industrialization is taken as a mission impossible. The COP26 (The UN Climate Change Conference in Glasgow) was held in Glasgow, Scotland, UK from October 31 to November 12, 2021, which concluded in the agreement of the Glasgow Climate Pact. This is the very first scheme in history denoting the reduced use of coal, and is a commitment to provide better financial resources to the developing countries for helping them to adapt to climate change. In COP 27, the EU has announced the levy of carbon tariff (full name: Carbon Border Adjustment Mechanism) in 2027. The USA, Japan, and Korea are also planning for the same kind of mechanism. In the future, a fee will be charged on commodities without paying the “carbon fee”. Further to the effort of carbon footprint inspection, the Company also make technology innovation, safety and protection, comfort and function, and sustainability as the trend for the development of new products. In responding to the concern of environmental protection and green issues all over the world, famous brands of the world have declared environmental protection in a row. They particularly pay their attention to the textile industry to find out if there is any potential for a new generation of environmental friendly and toxic free production process, research and development, and production capacity. The Company has developed a patented environmental friendly technology for its process, the water print process. This is a solution for the printing and dyeing industry, which is energy and water consuming. The Company also integrated the RAYS functional textile product road map and oriented to towards the development of environmental friendly, energy efficient, carbon reduction and functional products. Examples are the ECO-LOR® dyeing process, the T-Cool® and T-Hot® products with adaptive function to weather. In the future, the Company will continue to invest resources and focus its research and development efforts on sustainable and eco-friendly products. With the growing global aging population and rising awareness of health, the market's demand for health care and sports and fitness products has increased; meanwhile, the rapid development of information technology and the global Internet of Things has led to a growth in the demand for smart wearable garment. Company has been devoted to sports and fitness products and long-term care since its early days, it continues to lead the industry in technology and patents. By combining the advantages in electronics, textiles, and other relevant industries, the Company will engage in collaboration with different industries to develop new functional products, and develop diverse applications of textiles for different industries.

Chairman: Lin Zui Yeh

Manager: Lin Chung Yi

Accounting Supervisor: Wu Jianzhong

Attachment 2

Audit Committee's Report

The Audit Committee

The 2022 Financial Statement, Consolidated Financial Statement, 2022 Business Report, and Proposal for Covering Loss prepared by the Board of Directors of Tex-Ray Industrial Co., Ltd. Have been audited by Tseng Kuo Yang and Chang Shu Ying, CPAs of KPMG Taiwan. We have reviewed the aforementioned statements and reports, and confirm that they are appropriately presented in conformity to the requirements of Article 219 of the Company Act, and present for your review.

To

Shareholders' Meeting of Tex-Ray Industrial Co., Ltd. In 2023 regular session

Audit Committee of TEX-RAY INDUSTRIAL CO., LTD.
Convener: Tsai Chao-Lun

March 28, 2023.

Attachment 3. Compensation to directors (including independent directors)Unit: NTD thousand; December 31, 2022

Job title	Name	Compensation to directors								Sum of A, B, C, and D as a % of the net income after tax (Note 10)		Employee compensation received by directors						Sum of A, B, C, D, E, F, and G as a % of the net income after tax (Note 10)		Compensation from investees other than subsidiaries or from the parent company (Note 11)				
		Return (A) (Note 2)		Retirement Pension (B)		Remuneration to directors (C) (Note 3)		Professional practice fees (D) (Note 4)				Salary, bonus and special allowance, et al. (E) (Note 5)		Retirement Pension (F)		Remuneration to employees (G) (Note 6)								
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company			All companies in the financial statements (Note 7)		The Company	All companies in the financial statements (Note 7)
																		Amount in cash	Amount in stock		Amount in cash	Amount in stock		
Chairman	Ray Lin	1,000	1,000	0	0	0	0	42	84	1,042/(2.71)	1,084/(2.82)	2,400	2,400	0	0	0	0	0	0	0	0	3,442/(8.97)	3,484/(9.08)	0
Vice Chairman	Yao Wan-Kuei	700	700	0	0	0	0	42	42	742/(1.93)	742/(1.93)	2,220	2,940	130	174	0	0	0	0	0	0	3,092/(8.06)	3,856/(10.05)	0
Director	Chang Nei-Wen	0	0	0	0	0	0	45	45	45/(0.12)	45/(0.12)	0	0	0	0	0	0	0	0	0	0	45/(0.12)	45/(0.12)	0
Director	Tai Chun	0	0	0	0	0	0	45	45	45/(0.12)	45/(0.12)	0	0	0	0	0	0	0	0	0	0	45/(0.12)	45/(0.12)	0
Director	Kuo Wen-Yen	0	0	0	0	0	0	42	42	42/(0.11)	42/(0.11)	0	0	0	0	0	0	0	0	0	0	42/(0.11)	42/(0.11)	0
Director	Wu Ching-Feng	0	0	0	0	0	0	42	42	42/(0.11)	42/(0.11)	0	0	0	0	0	0	0	0	0	0	42/(0.11)	42/(0.11)	0
Director	He Yu	0	0	0	0	0	0	42	42	42/(0.11)	42/(0.11)	0	0	0	0	0	0	0	0	0	0	42/(0.11)	42/(0.11)	0
Director	Representative of Suzhou Weide Co., Ltd.: Yang Chia-Yin	0	0	0	0	0	0	42	42	42/(0.11)	42/(0.11)	0	0	0	0	0	0	0	0	0	0	42/(0.11)	42/(0.11)	0
Independent Director	Tsai Chao-Lun	800	800	0	0	0	0	42	42	842/(2.194)	842/(2.194)	0	0	0	0	0	0	0	0	0	0	842/(2.194)	842/(2.194)	0
Independent Director	Li Mu-Jung	800	800	0	0	0	0	42	42	842/(2.194)	842/(2.194)	0	0	0	0	0	0	0	0	0	0	842/(2.194)	842/(2.194)	0
Independent Director	Chu Hsing-Hua	822	800	0	0	0	0	42	42	842/(2.194)	842/(2.194)	0	0	0	0	0	0	0	0	0	0	842/(2.194)	842/(2.194)	0
Subtotal		4,100	4,100	0	0	0	0	468	510	4,568/(11.90)	4,610/(12.01)	4,620	5,340	130	174	0	0	0	0	0	0	9,318/(24.28)	10,124/(26.38)	0

*Compensation received by directors for providing service to any company included in the Financial Statements (e.g. consultancy service without the title of an employee) in the most recent year except those disclosed in the above table: None.

The Company has adopted the “Regulations Governing Appraisal on Performance of the Board of Directors and Functional Committees,” and “Regulations Governing Payment of Compensation to Directors” as the basis for evaluation on independent directors and the other directors. If the Company records a profit in a year, the Company shall set aside no more than 2% thereof as the remuneration to directors, and then reasonable amount is paid in consideration of the Company’s overall business performance, future business risk and industrial development trend, and also in reference to personal performance achievement level and contribution to the Company’s operating efficiency.

Attachment 4. Status of endorsement and guarantee

Name of the company of the endorsement/ guarantee	Entity for which the endorsement/ guarantee is made		Ceiling on the endorsement/ guarantee amount for a single enterprise	Highest endorsement/ guarantee balance this period	Endorsement/ guarantee balance at end of period	Actual amount disbursed	Endorsement/ guarantee amount with properties as security	Ratio of accumulated endorsement/ guarantee amount to the net worth in the most recent financial statements	Maximum endorsement/ guarantee amount	Endorsement/ guarantee provided by the parent to subsidiary	Endorsement/ guarantee provided by the subsidiary to parent	Endorsement/ Guarantee provided to Mainland China region
	Name of the company	Relationship (Note 1)										
The Company	Tex-ray Textile Technology Co., Ltd.	2	\$ 1,529,846	969,517	783,105	458,531	230,808	25.59%	3,059,692	Y	N	Y
The Company	Tex-ray Apparel Co., Ltd.	2	1,529,846	225,505	214,970	145,565	51,589	7.03%	3,059,692	Y	N	Y
The Company	TEX-RAY(VN)	2	1,529,846	64,430	61,420	-	-	2.01%	3,059,692	Y	N	N
The Company	Tex-ray (Shanghai) Industrial Co., Ltd.	2	1,529,846	108,340	106,871	87,500	-	3.49%	3,059,692	Y	N	Y
The Company	TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.	2	1,529,846	48,625	20,000	-	-	0.65%	3,059,692	Y	N	N
The Company	AIQ SMART CLOTHING INC.	2	1,529,846	41,000	41,000	35,021	15,355	1.34%	3,059,692	Y	N	N
The Company	Wiley Eco Print Industrial Co., Ltd.	2	1,529,846	100,000	100,000	50,607	-	3.27%	3,059,692	Y	N	N
Tex-ray (Shanghai) Industrial Co., Ltd.	Kunshan Dongyi	2	422,882	45,142	44,530	30,280	-	10.53%	634,323	N	N	Y
Tex-ray Textile Technology Co., Ltd.	Tex-ray Apparel Co., Ltd.	4	1,529,846	180,567	178,118	178,118	190,989	- %	3,059,692	N	N	Y

Note 1: There are 6 types of relationship between the endorser/guarantor and the endorsee/guarantee as shown below. Please specify the type:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- (4) A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for the Company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company in which all capital contributing shareholders make endorsements/ guarantees the jointly invested company in proportion to their shareholding percentages.

Note 2: The maximum amount of the endorsements/guarantees shall not exceed 100% of the net worth in the Company's most recent financial statements. Therefore, the net worth in the most recent financial statements shall be used for calculation and the limit is NT\$3,059,692 thousand \times 100% = NT\$3,059,692 thousand.

Note 2: The upper limit of the endorsements/guarantees for a single enterprise shall not exceed 50% of the net worth in the Company's most recent financial statements. Therefore, the net worth in the most recent financial statements shall be used for calculation and the limit is NT\$3,059,692 thousand \times 50% = NT\$1,529,846 thousand.

Note 4: The endorsement/guarantee amount provided to a single enterprise with which the Company does business may not exceed the total amount of the business transaction in the 12-month period prior to the endorsement/guarantee by both parties.

Note 5: The maximum amount of endorsement/guarantee provided by overseas subsidiaries is capped at 150% of each subsidiary's net worth in the most recent financial statements. The maximum amount of endorsement/guarantee provided to a single entity is capped at 100% of each subsidiary's net worth in the most recent financial statements

Attachment 5. Loans of Funds to Others:

The lending company	The borrower of the loan	Current accounts	Whether a related party	Maximum amount in the current period	Balance at end of period	Actual amount disbursed	Interest rate range	Type of loans (Note 1)	Amount of business transactions	Reasons for necessary short-term financing	Reserved loss allowance amount	Collaterals		Maximum amount of loans to a single entity	Aggregated amount of loans
												Designation	Value		
The Company	Tex-ray Apparel Co., Ltd.	Other receivables-Related parties	Yes	\$ 64,430	61,420	-	4%	2	-	Operating revenue turnover	-	-	-	1,223,877	1,223,877
The Company	Tex-ray Textile Technology Co., Ltd.	"	Yes	84,075	61,420	30,710	4%	2	-	Operating revenue turnover	-	-	-	1,223,877	1,223,877
The Company	AIQ SMART CLOTHING INC.	"	Yes	40,000	-	-	4%	2	-	Operating revenue turnover	-	-	-	1,223,877	1,223,877
The Company	AIQ-S	"	Yes	9,665	9,213	9,213	2.5%-4%	2	-	Operating revenue turnover	-	-	-	1,223,877	1,223,877
Z-PLY(NY)	Tex-ray Textile Technology Co., Ltd.	"	Yes	128,860	122,840	61,420	2.5%	2	-	Operating revenue turnover	-	-	-	322,557	483,835
Z-PLY(NY)	TEX-RAY (MEXICO)	"	Yes	64,430	61,420	-	2.5%	2	-	Operating revenue turnover	-	-	-	322,557	483,835
Z-PLY(NY)	AMRAY (MEXICO)	"	Yes	32,215	30,710	-	2.5%	2	-	Operating revenue turnover	-	-	-	322,557	483,835
Tex-ray (Shanghai) Industrial Co., Ltd.	Tex-ray Textile Technology Co., Ltd.	"	Yes	270,850	267,177	266,509	6%	2	-	Operating revenue turnover	-	-	-	422,882	634,323
Tex-ray (Shanghai) Industrial Co., Ltd.	Tex-ray Apparel Co., Ltd.	"	Yes	90,283	89,059	-	6%	2	-	Operating revenue turnover	-	-	-	422,882	634,323
Tex-ray (Shanghai) Industrial Co., Ltd.	AIQ (Zhejiang)	"	Yes	49,656	48,982	48,982	6%	2	-	Operating revenue turnover	-	-	-	422,882	634,323
TEX-RAY (MEXICO)	AMRAY (MEXICO)	"	Yes	81,182	78,771	49,626	2.5%	2	-	Operating revenue turnover	-	-	-	293,086	439,629
TEX-RAY (CAYMAN)	TEX-RAY (MEXICO)	"	Yes	128,860	122,840	118,848	2.5-4%	2	-	Operating revenue turnover	-	-	-	471,333	707,000
TEX-RAY (CAYMAN)	AMRAY (MEXICO)	"	Yes	289,935	276,390	261,035	2.5-4%	2	-	Operating revenue turnover	-	-	-	471,333	707,000
AIQ SMART CLOTHING INC.	AIQ-S	"	Yes	4,832	-	-	4%	2	-	Operating revenue turnover	-	-	-	578	578
Zheng-ray Industrial Co., Ltd.	Herbray Biotech Ltd.	"	Yes	10,000	-	-	4%	2	-	Operating revenue turnover	-	-	-	43,326	43,326

Note 1: Loans of funds is divided into the following two types:

- (1) The need for business dealings.
- (2) The need for short-term financing.

Note 2: Since the maximum amount on financing is capped at 40% of the Company's net worth, the net worth in the most recent financial report shall be used for calculation where the maximum amount is NT\$ 3,059,692 thousand \times 40% = NT\$ 1,223,877 thousand.

Note 2: Since the maximum amount on loans to a single entity is capped at 40% of the Company's net worth, the net worth in the most recent financial report shall be used for calculation where the maximum amount is NT\$ 3,059,692 thousand \times 40% = NT\$ 1,223,877 thousand.

Note 4: The maximum amount of financing is capped at 40% of the net worth of the borrower company as stated in the financial statements. However, the maximum amount of financing between foreign subsidiaries held 100% by the Company is limited to 150% of the net worth in the lending company's financial statements.

Note 5: The loan amount to an individual entity shall not exceed 40% of the subsidiary net worth as stated in the financial statements. However, the maximum amount of loans between foreign subsidiaries held 100% by the Company to an individual entity shall not exceed 100% of the subsidiaries' net worth of as stated in the financial statements.

Attachment 6. Significant transactions with related parties

1. Operating revenue

The amount of significant sales from the Company to the related parties is as follows:

	<u>2022</u>	<u>2021</u>
Subsidiary - Z-PLY (NY)	\$ 645,534	605,314
Subsidiary	265,542	244,837
Other Related Parties	-	150
Associate	593	32
	<u>\$ 911,669</u>	<u>850,333</u>

The Company sells products to related parties on a payment collection term of one to three months. When dealing with general suppliers, the price cannot be compared due to the difference in the specifications and styles of the order.

2. Operating cost

(1) The monetary amount of the Company's purchase from related parties is as follows:

	<u>2022</u>	<u>2021</u>
Subsidiary - Tex-ray Industrial Co., Ltd.	\$ 58,122	82,976
Subsidiary - Tex-ray Apparel Co., Ltd.	92,110	46,087
Subsidiary	2,985	4,761
	<u>\$ 153,217</u>	<u>133,824</u>

The payment terms for the Company's purchase from the related parties is one to three months, which is equivalent to that of a general supplier, and the purchase price cannot be compared since the transactions with the related parties are all special model orders.

(2) The amount of processing commissioned by the Company to the related parties is as follows:

	<u>2022</u>	<u>2021</u>
Subsidiary - GOOD TIME	\$ 131,741	96,384
Subsidiary - TEXRAY (VN)	280,939	297,207
Subsidiary	10,307	17,524
	<u>\$ 422,987</u>	<u>411,115</u>

For the Company's outsourcing transactions with related parties, prices and payment terms are negotiated separately according to the contents of the order. When necessary, prepayment may be made depending on the operating needs of the related party.

3. Receivables from related parties

The Company's receivable accounts of the related parties are stated as follows:

<u>Account items</u>	<u>Related Party's Category</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable - related party	Subsidiary	\$ -	<u>96</u>
Accounts receivable - related party	Subsidiary - Z-PLY (NY)	\$ 43,322	388
"	Subsidiary - T.Q.M (SWAZILAND)	63,901	96,821
"	Subsidiary	8,126	873
"	Other Related Parties	-	158
		<u>\$ 115,349</u>	<u>98,240</u>
Other receivables- Related parties	Subsidiary - Tex-ray Industrial Co., Ltd.	\$ 1,104	995
"	Subsidiary - AMRAY	5,127	1,194
"	Subsidiary	902	1,518
"	Other Related Parties	-	200
		<u>\$ 7,133</u>	<u>3,907</u>

4. Payables to related parties

The Company's payable accounts of the related parties are stated as follows:

<u>Account items</u>	<u>Related Party's Category</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts payable - related parties	Subsidiary - Tex-ray Apparel Co., Ltd.	\$ 16,237	4,344
"	Subsidiary	1,401	1,580
		<u>\$ 17,638</u>	<u>5,924</u>
Other payables - related party	Subsidiary - FLYNN	\$ 290,985	-
"	Subsidiary	672	139
		<u>291,657</u>	<u>139</u>
Other non-current liabilities- Others	Subsidiary - FLYNN	\$ 45,945	-

On December 27, 2022, it was resolved by the board of directors to acquire 100% of the equity of TRLA GROUP, INC and Z-PLY CORPORATION from its subsidiary FLYNN INTERNATIONAL LTD. at the consideration of USD1,372 thousand and USD 10,246 thousand respectively , the outstanding payment amount in the aforementioned transaction is US\$11,000 thousand at the end of 2022.

Attachment 7

Mapping of the provisions of the Parliamentary Procedure for the Board before and after amendment of
 Tex-Ray Industrial Co., Ltd.

Number of article	Amended provisions	Current provisions	Description
Article 3	<p>...</p> <p>The particulars inscribed in Paragraph 1 of Article 7 should be listed out in the cause of convention and cannot be proposed as extemporary motions.</p>	<p>...</p> <p>The particulars inscribed in Paragraph 1 of Article 7 shall be listed out as a part of the cause of convention and cannot be proposed as extemporary motions <u>unless under emergency or with justifiable reason.</u></p>	<p>Given the particulars inscribed in Paragraph 1 of Article 7 are important to the operation of the Company and must be specified as a part of the cause of the convention so that the Directors can access to sufficient information and have sufficient time for assessment before making decision.</p>
Article 7	<p>The following shall be presented to the Board for discussion:</p> <p>...</p> <p>V. The offering, issuance, or private placement of any equity-type securities.</p> <p><u>VI. If there is no position of Executive Director in the Board, the appoint or dismissal of the Chairman.</u></p> <p><u>VII. The appointment and dismissal of the heads of finance, accounting, or internal auditor</u></p> <p>...</p>	<p>The following shall be presented to the Board for discussion:</p> <p>...</p> <p>V. The offering, issuance, or private placement of any equity-type securities.</p> <p>VI. The appointment and dismissal of the heads of finance, accounting, or internal auditor</p> <p>...</p>	<p>I. Pursuant to Paragraphs 1 and 2 of Article 208 under the Company Act, the election of the Chairman falls within the authority of the Board of Directors or the Board of Executive Directors.</p>

Attachment 8

Comparison Table for Amendments to the Corporate Governance Best Practice Principles

Amended provisions	Current provisions	Description
<p>Article 3-1 (The personnel charged with corporate governance affairs of the Company) Paragraph 1- skipped It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items: I. Handling matters relating to board meetings and shareholders meetings according to laws II. Producing minutes of board meetings and shareholders meetings III. Assistance in onboarding and continuing education of the directors and supervisors; IV. Provision of information required for performance of duties by the directors and supervisors; V. Assistance in the directors' and supervisors' compliance of law; and <u>VI. Report on the result of reviewing the qualification requirements of the Independent Directors in compliance with applicable legal rules at the time of their nomination, election, and assumption of office.</u> <u>VII. Handling the administrative procedures for the changes in Directors.</u> VIII. Others as specified in the Articles of Incorporation or contracts.</p>	<p>Article 3-1 (The personnel charged with corporate governance affairs of the Company) Paragraph 1- skipped It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items: I. Handling matters relating to board meetings and shareholders meetings according to laws II. Producing minutes of board meetings and shareholders meetings III. Assistance in onboarding and continuing education of the directors and supervisors; IV. Provision of information required for performance of duties by the directors and supervisors; V. Assistance in the directors' and supervisors' compliance of law; and VI. Others as specified in the Articles of Incorporation or contracts.</p>	<p>The Company follows Corporate Governance 3.0- Planning of the Sustainable Development Road Map and also third party opinions thereby the compliance of the qualification requirement of Independent Directors (including the candidates of Independent Directors and Independent Directors currently in office) is included as a part of the function of the Corporate Governance Officer of the Company. For fortifying the function of the Corporate Governance Officer of the Company, changes in Directors (including but not limited to the resignation of Independent Directors to the knowledge of the Corporate Governance Officer or upon notice of matters of the appointment as specified in Paragraph 3 of Article 27 under the Company Act, which shall be complied with) as a part of the function of the Corporate Governance Officer. Accordingly, Subparagraphs 6 and 7 were added.</p>
<p>Part III - Corporate governance relation between the Company and Related <u>Parties</u>.</p>	<p>Part III - Corporate governance relation between the Company and <u>affiliates</u>.</p>	<p>Further to the governance relation between companies listed at TWSE or TPEX and the affiliates, it also covers the management of the transactions with related parties. Therefore, the name of this section is amended.</p>
<p><u>Article 17</u> Companies listed at TWSE or TPEX shall institute documented rules and regulations under the fair and reasonable principles in governing the <u>financial</u> transactions or trade with <u>related parties and shareholders</u>. In entering into agreement, the Company shall explicitly state the terms and conditions of pricing and the method of payment, shall avert any transaction falling beyond arm's length and any <u>funneling of unjustified benefit</u>. <u>The content of the aforementioned documented rules and regulations shall cover the management procedures for purchase and sale of goods, acquisition or disposal of assets, loaning of funds, and endorsement and</u></p>	<p><u>Article 17</u> If the companies listed at TWSE or TPEX have business transactions with the <u>affiliates</u>, the financial and business transactions between the parties shall be governed by documented rules and regulations under the fair and reasonable principles. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited. <u>The transactions or entering into agreement between companies listed at TWSE or TPEX and their shareholders shall also be governed by the aforementioned principles with prohibition of funneling unjustified benefit.</u></p>	<p>I. Amendment to Paragraph 1 The provision of the article currently in effect just specified only the transactions between the Company and its affiliates shall be governed by documented rules and regulations. For bolstering the management of transactions with related parties, the transactions between the Company and related parties and shareholders shall also be governed by documented rules and regulations. In addition, affiliates shall also fall within the scope of related parties. As</p>

<p><u>guarantee. For significant transactions, it will be necessary to present to the Board for approval and to the Shareholders Meeting for ratification or reporting.</u></p>		<p>such, paragraph 1 and paragraph 2 currently in effect were combined as Paragraph 1 with proper revision of the wording.</p> <p>II. Paragraph 2 was added which explicitly states that the content of the aforementioned documented rules and regulations shall cover the management procedures of related transactions. In addition, significant transactions shall be presented to the Board for approval, and to the Shareholders Meeting for ratification.</p>
<p>Article 28 Companies listed at TWSE or TPEX shall establish Audit Committee. The following is skipped.</p>	<p>Article 28 Companies listed at TWSE or TPEX shall <u>establish</u> and Audit Committee <u>or a Supervisor</u>. The following is skipped.</p>	<p>According to Financial Supervisory Commission order under Jin-Guan-Zheng-Fa-Zi No. 10703452331, all companies listed at TWSE or TPEX shall complete the establishment of Audit Committee by 2022 to replace the system of Supervisor of the past.</p>
<p>Article 29 1~4 skipped.</p> <p>Companies listed at TWSE or TPEX shall consult the <u>Audit Quality Indicators (AQIs)</u> at regular intervals (at least once a year) for the assessment of the independence status and competence of the retained certified public accountants. If the Company has not changed the retained certified public accountants for 7 consecutive years, or the certified public accountants have been subject to disciplinary action, or the independence status of the certified public accountants has been jeopardized, the Company shall evaluate if it is necessary to make replacement and report the evaluation result to the Board.</p>	<p>Article 29 1~4 skipped.</p> <p>Companies listed at TWSE or TPEX assess of the independence status and retained competence of the certified public accountants at regular intervals (at least once a year). If the Company has not changed the retained certified public accountants for 7 consecutive years, or the certified public accountants have been subject to disciplinary action, or the independence status of the certified public accountants has been jeopardized, the Company shall evaluate if it is necessary to make replacement and report the evaluation result to the Board.</p>	<p>For upgrading the transparency of audit quality, companies listed at TWSE or TPEX were encouraged under the “Corporate Governance 3.0- Sustainable Development Road Map” in the advocacy of the AQIs at the time of assessment for the replacement of retained certified public accountants. For additional information, consult the information on AQIs provided by the CPA office.</p>
<p>Article 60 The 4th amendment was made on March 14, 2023</p>	<p>Article 60 The 3rd amendment was made on February 28, 2022</p>	<p>Addition of the date for the 4th amendment.</p>

The Mapping of the Provisions of Sustainability Development Best Practice Principles before and after amendment

Amended provisions	Current provisions	Description
<p>Article 27-1 Companies listed at TWSE or TPEX are advised to commit their resources for the promotion of artistic and cultural events or cultural and creative business through donation, sponsor, investment, purchase, strategic cooperation, corporate volunteers in technical service or other modes of support for the encouragement of cultural development.</p>	<p>New provision</p>	<p>This provision was added for the encouragement of the support in cultural and artistic events and promotion of cultural sustainability.</p>

Independent Auditors' Report

To the Board of Directors of TEX-RAY INDUSTRIAL CO., LTD.:

Opinion

We have audited the consolidated financial statements of TEX-RAY INDUSTRIAL CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. The key audit matters that in our professional judgement, should be communicated are as follows:

1. Revenue recognition

Please refer to Note 4(o) for the accounting policies on revenue and Note 6(t) "Revenue from contracts with customers" for the details of the related disclosure.

Description of key audit matter:

The Group is in the garment textile industry. In order to enhance the international competency, the management adopts global layout as its business strategy and adds multiple production and sales supply chains overseas. Therefore, the extent of influence of local laws and political and economic changes in various countries to such strategy increases dramatically. Resulting in that the revenue recognition is regarded as highly concerns. Therefore, the Group' s revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

We have performed certain audit procedures including understanding the design of internal controls over the recognition of revenue and the collection of receivables, performing test of details by inspecting the sales orders, shipping records, invoices and documents related to accounts receivable and cash collection, and sending confirmation letters to verify the sales records and assessing the adequacy of revenue recognition. Furthermore, we also performed sample testing for verification from transactions within a period before and after balance sheet date to determine whether the revenue is recognized in appropriate period.

2. Valuation of accounts receivable

For the accounting policies on the valuation of accounts receivable, please refer to Note 4(g). Refer to Note 5(a) for the accounting estimates and assumptions related to the valuation of accounts receivable on reporting date and refer to Note 6(c) for the details of the accounts receivable.

Description of key audit matter:

As of December 31, 2022, the accounts receivable of the Group was \$720,650 thousand . We have considered that the Group' s trading partners are scattered in different industries and geographic regions, how the management control credit risk of its customer is thoroughly important. Therefore, the impairment assessment of accounts receivable has been identified as one of the key audit matters.

How the matter was addressed in our audit:

We have performed certain audit procedures including inspecting the controls over customer credit assessment process, analyzing the accounts receivable aging table, viewing past collection experience of customers and checking cash collection records after the reporting date to evaluate whether the impairment of the accounts receivable has been properly assessed.

Other Matter

TEX-RAY INDUSTRIAL CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 operations, or has no realistic alternative but to do so.

Those charged with governance (including 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 auditor's 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 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 of the current period 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 Kuo-Yang Tseng and Shu-Ying Chang.

KPMG

Taipei, Taiwan (Republic of China)

March 28, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 2,144,613	25	1,343,026	16	2100	Short-term borrowings (Note 6(j))	\$ 1,440,752	17	1,432,249	17
1150	Notes receivable, net (Note 6(c))	33,069	-	1,232	-	2110	Short-term notes and bills payable (Note 6(k))	279,473	3	299,584	4
1170	Accounts receivable, net (Notes 6(c), 7 and 8)	720,650	8	1,293,485	15	2130	Current contract liabilities (Notes 6(t) and 7)	108,992	1	80,400	1
1200	Other receivables, net (Notes 6(d) and 7)	88,876	1	110,610	1	2150	Notes payable	1,653	-	9,456	-
1220	Current tax assets	5,283	-	4,827	-	2170	Accounts payable	536,277	6	872,157	10
1310	Inventories, manufacturing business, net (Note 6(e))	1,250,817	14	1,495,212	17	2200	Other payables	340,232	4	296,294	4
1410	Prepayments	134,589	2	129,439	2	2220	Other payables to related parties (Note 7)	20,816	-	29,061	-
1470	Other current assets	7,553	-	3,149	-	2230	Current tax liabilities	60,881	1	101,417	1
1476	Other current financial assets (Note 8)	178,190	2	172,533	2	2310	Advance receipts	4,733	-	24,935	-
		<u>4,563,640</u>	<u>52</u>	<u>4,553,513</u>	<u>53</u>	2313	Unearned revenue	2,836	-	-	-
	Non-current assets:					2280	Current lease liabilities (Note 6(m))	46,253	1	33,277	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	24,512	-	10,689	-	2320	Long-term liabilities, current portion (Note 6(l))	118,053	1	226,251	3
1600	Property, plant and equipment (Notes 6(f) and 8)	1,936,570	22	1,984,873	23	2300	Other current liabilities	6,981	-	7,960	-
1755	Right-of-use assets (Notes 6(g) and 8)	301,164	3	280,832	3			<u>2,967,932</u>	<u>34</u>	<u>3,413,041</u>	<u>40</u>
1760	Investment property, net (Notes 6(h) and 8)	1,435,942	17	1,422,784	17		Non-Current liabilities:				
1780	Intangible assets (Note 6(i))	256,893	3	248,238	3	2540	Long-term borrowings (Note 6(l))	2,067,926	24	1,691,168	20
1840	Deferred tax assets (Note (p))	58,059	1	61,783	1	2570	Deferred tax liabilities (Note 6(p))	180,307	2	178,613	2
1960	Non-current prepayments for investments	-	-	9,092	-	2580	Non-current lease liabilities (Note 6(m))	205,220	2	189,775	2
1980	Other non-current financial assets (Note 8)	42,811	1	38,196	-	2640	Net defined benefit liability, non-current (Note 6(o))	11,719	-	21,933	-
1990	Other non-current assets, others	36,898	1	8,265	-	2670	Other non-current liabilities, others	4,430	-	16,966	-
		<u>4,092,849</u>	<u>48</u>	<u>4,064,752</u>	<u>47</u>			<u>2,469,602</u>	<u>28</u>	<u>2,098,455</u>	<u>24</u>
							Total liabilities	<u>5,437,534</u>	<u>62</u>	<u>5,511,496</u>	<u>64</u>
							Equity attributable to owners of parent (Note 6(q)):				
						3110	Ordinary share	2,336,247	27	2,336,247	27
						3200	Capital surplus (Note 6(q))	239,699	3	239,714	3
						3300	Retained earnings	259,608	3	281,648	3
						3400	Other equity interest	224,138	3	77,073	1
						36XX	Non-controlling interests	159,263	2	172,087	2
							Total equity	<u>3,218,955</u>	<u>38</u>	<u>3,106,769</u>	<u>36</u>
							Total liabilities and equity	<u>\$ 8,656,489</u>	<u>100</u>	<u>\$ 8,618,265</u>	<u>100</u>
	Total assets	<u>\$ 8,656,489</u>	<u>100</u>	<u>8,618,265</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(t))	\$ 6,129,220	100	6,637,936	100
5000 Operating costs (Notes 6(e) and (o))	4,828,337	79	5,311,863	80
5900 Gross profit from operations	1,300,883	21	1,326,073	20
6100 Selling expenses	587,327	10	667,571	10
6200 Administrative expenses	534,329	8	484,526	7
6300 Research and development expenses	77,898	1	56,694	1
6450 Expected credit loss (gain)	70,706	1	23,248	-
Operating expenses (Notes 6(o) and (u))	1,270,260	20	1,232,039	18
6900 Net operating income (loss)	30,623	1	94,034	2
7000 Non-operating income and expenses:				
7010 Other income (Notes 6(v) and 7)	8,445	-	3,748	-
7020 Other gains and losses, net (Note 6(v))	73,776	1	49,872	1
7100 Interest income (Note 6(v))	32,440	1	20,927	-
7510 Interest expense (Notes 6(v) and 7)	(99,981)	(2)	(94,919)	(1)
	14,680	-	(20,372)	-
7900 Profit from continuing operations before tax	45,303	1	73,662	2
7950 Less: Income tax expenses (Note 6(p))	86,977	1	116,417	2
(Loss) profit	(41,674)	-	(42,755)	-
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	5,825	-	2,594	-
8312 Gains on revaluation surplus	958	-	59,893	-
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	10,164	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	16,947	-	62,487	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	151,156	2	(127,510)	(2)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	151,156	2	(127,510)	(2)
8300 Other comprehensive income	168,103	2	(65,023)	(2)
Total comprehensive income	\$ 126,429	2	(107,778)	(2)
(Loss) profit , attributable to:				
Owners of parent	\$ (38,383)	-	(30,882)	
Non-controlling interests	(3,291)	-	(11,873)	-
	\$ (41,674)	-	(42,755)	
Comprehensive income attributable to:				
Owners of parent	\$ 125,025	2	(95,481)	(2)
Non-controlling interests	1,404	-	(12,297)	-
	\$ 126,429	2	(107,778)	(2)
Basic earnings per share (Note 6(s))				
Basic earnings per share (dollars)	\$ (0.16)		(0.13)	
Diluted earnings per share (dollars)	\$ (0.16)		(0.13)	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											Total equity		
	Retained earnings						Total other equity interest				Total equity attributable to owners of parent		Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation surplus					
Balance at January 1, 2021	\$ 2,336,247	234,052	166,655	201,749	105,236	473,640	(848,171)	(36,504)	1,028,774	3,188,038	143,962	3,332,000		
Loss	-	-	-	-	(30,882)	(30,882)	-	-	-	(30,882)	(11,873)	(42,755)		
Other comprehensive income	-	-	-	-	2,427	2,427	(126,919)	-	59,893	(64,599)	(424)	(65,023)		
Total comprehensive income	-	-	-	-	(28,455)	(28,455)	(126,919)	-	59,893	(95,481)	(12,297)	(107,778)		
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	10,523	-	(10,523)	-	-	-	-	-	-	-		
Cash dividends of ordinary share	-	-	-	-	(163,537)	(163,537)	-	-	-	(163,537)	-	(163,537)		
Reversal of special reserve	-	-	-	(201,749)	201,749	-	-	-	-	-	-	-		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	5,164	-	-	-	-	-	-	-	5,164	-	5,164		
Changes in ownership interests in subsidiaries	-	498	-	-	-	-	-	-	-	498	-	498		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	40,422	40,422		
Balance at December 31, 2021	2,336,247	239,714	177,178	-	104,470	281,648	(975,090)	(36,504)	1,088,667	2,934,682	172,087	3,106,769		
Loss	-	-	-	-	(38,383)	(38,383)	-	-	-	(38,383)	(3,291)	(41,674)		
Other comprehensive income	-	-	-	-	5,661	5,661	151,107	5,682	958	163,408	4,695	168,103		
Total comprehensive income	-	-	-	-	(32,722)	(32,722)	151,107	5,682	958	125,025	1,404	126,429		
Changes in non-controlling interests	-	(15)	-	-	-	-	-	-	-	(15)	(14,228)	(14,243)		
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	10,682	10,682	-	(10,682)	-	-	-	-		
Balance at December 31, 2022	\$ 2,336,247	239,699	177,178	-	82,430	259,608	(823,983)	(41,504)	1,089,625	3,059,692	159,263	3,218,955		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 45,303	73,662
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	203,482	206,525
Amortization expense	17,405	17,488
Provision for expected credit loss	70,706	23,248
Gain on financial assets or liabilities at fair value through profit or loss	-	(111)
Interest expense	99,981	94,919
Interest income	(32,440)	(20,927)
Dividend income	-	(21)
Share-based payments	-	3,028
(Gain) loss on disposal of property, plan and equipment	(415)	808
Loss on disposal of intangible assets	-	146
Impairment loss on non-financial assets	225	-
Loss (gain) on fair value adjustment of investment property	34,250	(27,988)
Gain on lease modification	(300)	(26)
Total adjustments to reconcile profit	392,894	297,089
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(31,961)	645
Decrease (increase) in accounts receivable	500,425	(273,254)
Decrease (increase) in other receivable	21,434	(25,408)
Decrease (increase) in inventories	241,612	(236,582)
(Increase) decrease in prepayments	(5,760)	58,809
(Increase) decrease in other current assets	(4,420)	828
Total changes in operating assets	721,330	(474,962)
Changes in operating liabilities:		
Increase in contract liabilities	28,630	14,762
Decrease in notes payable	(7,803)	(38,085)
(Decrease) increase in accounts payable	(334,846)	194,876
Increase (decrease) in other payable	25,190	(192,260)
(Decrease) increase in other payable to related parties	(8,211)	14,612
(Decrease) increase in other current liabilities	(965)	2,241
Decrease in net defined benefit liability	(4,389)	(3,174)
Increase in deferred credits	2,846	-
(Decrease) increase in other operating liabilities	(32,706)	5,054
Total changes in operating liabilities	(332,254)	(1,974)
Total changes in operating assets and liabilities	389,076	(476,936)
Total adjustments	781,970	(179,847)
Cash inflow (outflow) generated from operations	827,273	(106,185)
Interest received	32,440	20,927
Dividends received	-	21
Interest paid	(100,162)	(94,786)
Income taxes paid	(103,066)	(153,850)
Net cash flows from (used in) operating activities	656,485	(333,873)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (CONT' D)
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2022	2021
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(10,920)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	16,380	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	723
Acquisition of property, plant and equipment	(70,366)	(195,152)
Proceeds from disposal of property, plant and equipment	13,948	16,723
Acquisition of intangible assets	(8,080)	(5,645)
(Increase) Decrease in other financial assets	(10,419)	32,559
Increase in other non-current assets	(40,005)	(24,335)
Net cash flows from (used in) investing activities	(109,462)	(175,127)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,734,980	1,975,628
Decrease in short-term loans	(2,726,477)	(1,394,448)
Increase in short-term notes and bills payable	779,889	49,924
Decrease in short-term notes and bills payable	(800,000)	-
Proceeds from long-term debt	1,941,111	511,765
Repayments of long-term debt	(1,672,205)	(451,627)
Payment of lease liabilities	(41,393)	(32,093)
Cash dividends paid	-	(163,537)
Change in non-controlling interests	(14,243)	43,057
Net cash flows from financing activities	201,662	538,669
Effect of exchange rate changes on cash and cash equivalents	52,902	(54,961)
Net increase (decrease) in cash and cash equivalents	801,587	(25,292)
Cash and cash equivalents at beginning of period	1,343,026	1,368,318
Cash and cash equivalents at end of period	\$ 2,144,613	1,343,026

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

To the Board of Directors of TEX-RAY INDUSTRIAL CO., LTD.

Opinion

We have audited the financial statements of TEX-RAY INDUSTRIAL CO., LTD.(“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that in our professional judgement, should be communicated are as follows:

1. Revenue recognition

Please refer to Note 4(o) for the accounting policies on revenue and Note 6(r) “Revenue from contracts with customers” for the details of the related disclosure.

Description of the key audit matter:

The Company is in the garment textile industry. In order to enhance the international competency, the management adopts global layout as its business strategy and adds multiple production and sales supply chains overseas. Therefore, the extent of influence of local laws and political and economic changes in various countries to such strategy increases dramatically. Resulting in that the revenue recognition is regarded as highly concerns. Therefore, the Company's revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

We have performed certain audit procedures including understanding the design of internal controls over the recognition of revenue and the collection of receivables, performing test of details by inspecting the sales orders, shipping records, invoices and documents related to accounts receivable and cash collection and assessing the adequacy of revenue recognition. Furthermore, we also performed sample testing for verification from transactions within a period before and after balance sheet date to determine whether the revenue is recognized in appropriate period.

2. Valuation of accounts receivable

For the accounting policies on the valuation of accounts receivable, please refer to Note 4(f). Refer to Note 5(a) for the accounting estimates and assumptions related to the valuation of accounts receivable on reporting date and refer to Note 6(c) for the details of the accounts receivable.

Description of the key audit matter:

As of December 31, 2022, the accounts receivable of the Company was \$167,516 thousand. We have considered that the Company's trading partners are scattered in different industries and geographic regions, how the management control credit risk of its customer is thoroughly important. Therefore, the impairment assessment of accounts receivable has been identified as one of the key audit matters.

How the matter was addressed in our audit:

We have performed certain audit procedures including inspecting the controls over customer credit assessment process, analyzing the accounts receivable aging table, viewing past collection experience of customers and checking cash collection records after the reporting date to evaluate whether the impairment of the accounts receivable has been properly assessed.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period 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 Kuo-Yang Tseng and Shu-Ying Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TEX-RAY INDUSTRIAL CO., LTD.
Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 508,975	8	113,418	2	2100	Short-term borrowings (Note 6(i))	\$ 450,000	7	440,000	8
1161	Notes receivable due from related parties (Note 7)	-	-	96	-	2110	Short-term notes and bills payable (Note 6(j))	279,473	4	299,584	5
1170	Accounts receivable, net (Note 6(c))	167,516	3	447,377	8	2130	Current contract liabilities (Note 6(r))	-	-	556	-
1181	Accounts receivable due from related parties (Note 7)	115,349	2	98,240	2	2150	Notes payable	1,383	-	9,449	-
1200	Other receivables, net	3,954	-	5,197	-	2170	Accounts payable	240,231	4	320,853	6
1210	Other receivables due from related parties, net (Note 7)	47,473	1	26,229	-	2180	Accounts payable due to related parties (Note 7)	17,638	-	5,924	-
1310	Inventories, manufacturing business, net (Note 6(d))	306,417	5	477,693	8	2200	Other payables	103,770	2	96,853	2
1410	Prepayments (Note 7)	198,934	3	163,299	3	2220	Other payables due to related parties (Note 7)	291,657	4	139	-
1470	Other current assets	1,995	-	261	-	2230	Current tax liabilities	41,363	1	68,989	1
1476	Other current financial assets (Note 8)	151,951	2	151,965	3	2280	Current lease liabilities (Note 6(l))	5,766	-	5,238	-
		1,502,564	24	1,483,775	26	2320	Long-term liabilities, current portion (Note 6(k))	48,543	1	140,000	2
						2300	Other current liabilities (Note 7)	2,776	-	8,800	-
Non-current assets:								1,482,600	23	1,396,385	24
1518	Non-current investments in equity instruments designated at fair value through other comprehensive income (Note 6(b))	20,012	-	-	-	Non-current liabilities:					
1550	Investments accounted for using equity method, net (Note 6(e))	3,205,497	52	2,708,459	48	2540	Long-term borrowings (Note 6(k))	1,499,356	24	1,256,179	23
1600	Property, plant and equipment (Notes 6(f) and 8)	420,896	7	429,264	7	2570	Deferred tax liabilities (Note 6(o))	179,123	3	177,699	3
1755	Right-of-use assets (Note 6(g))	28,912	-	26,603	-	2580	Non-current lease liabilities (Note 6(l))	23,426	-	21,821	-
1760	Investment property, net (Notes 6(h) and 8)	1,094,413	17	1,114,398	19	2640	Net defined benefit liability, non-current (Note 6(n))	10,323	-	19,909	-
1780	Intangible assets	10,332	-	11,843	-	2670	Other non-current liabilities, others (Note 7)	46,947	1	502	-
1840	Deferred tax assets (Note 6(o))	12,294	-	18,556	-			1,759,175	28	1,476,110	26
1960	Prepayments for investments	-	-	9,092	-		Total liabilities	3,241,775	51	2,872,495	50
1980	Other non-current financial assets (Note 8)	4,690	-	5,187	-	Equity (Note 6(p)):					
1990	Other non-current assets	1,857	-	-	-	3110	Ordinary share	2,336,247	37	2,336,247	40
		4,798,903	76	4,323,402	74	3200	Capital surplus	239,699	4	239,714	4
						3300	Retained earnings	259,608	4	281,648	5
						3400	Other equity interest	224,138	4	77,073	1
							Total equity	3,059,692	49	2,934,682	50
Total assets		\$ 6,301,467	100	5,807,177	100	Total liabilities and equity		\$ 6,301,467	100	5,807,177	100

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenues (Notes 6(r) and 7)	\$ 2,878,383	100	3,110,103	100
5000 Operating costs (Notes 6(d), (n) and 7)	2,411,182	84	2,572,050	83
5900 Gross profit from operations	467,201	16	538,053	17
5910 Less: Unrealized profit from sales	(10,791)	-	(13,236)	-
5920 Add: Realized profit on from sales	13,236	-	7,336	-
5950 Gross profit (loss) from operations	469,646	16	532,153	17
6000 Operating expenses (Notes 6(n) and (s)):				
6100 Selling expenses	303,478	11	360,587	12
6200 Administrative expenses	154,472	5	102,848	3
6300 Research and development expenses	16,967	1	7,571	-
	474,917	17	471,006	15
6900 Net operating income	(5,271)	(1)	61,147	2
7000 Non-operating income and expenses:				
7010 Other income (Notes 6(t) and 7)	32,108	1	35,218	1
7020 Other gains and losses, net (Note 6(t))	73,566	3	18,786	1
7100 Interest income (Notes 6(t) and 7)	3,170	-	2,107	-
7070 Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(95,170)	(3)	(100,901)	(3)
7510 Interest expense (Note 6(t))	(33,549)	(1)	(31,960)	(1)
	(19,875)	-	(76,750)	(2)
Profit (loss) before tax	(25,146)	(1)	(15,603)	-
7950 Less: Income tax expenses (Note 6(o))	13,237	-	15,279	-
Profit (loss)	(38,383)	(1)	(30,882)	-
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Losses on remeasurements of defined benefit plans	5,422	-	2,427	-
8312 Gains on revaluation surplus	-	-	59,893	2
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6,879	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	12,301	-	62,320	2
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	151,107	5	(126,919)	(4)
8399 Income tax related to components of other comprehensive income that may be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	151,107	5	(126,919)	(4)
8300 Other comprehensive income	163,408	5	(64,599)	(2)
8500 Total comprehensive income	\$ 125,025	4	(95,481)	(2)
Basic earnings per share (Note 6(q))				
9750 Basic earnings per share (dollars)	\$ (0.16)		(0.13)	
9850 Diluted earnings per share (dollars)	\$ (0.16)		(0.13)	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TEX-RAY INDUSTRIAL CO., LTD.

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Total other equity interest		
Balance on January 1, 2021	\$ 2,336,247	234,052	166,655	201,749	105,236	473,640	(848,171)	(36,504)	1,028,774	144,099	3,188,038	
Loss	-	-	-	-	(30,882)	(30,882)	-	-	-	-	(30,882)	
Other comprehensive income	-	-	-	-	2,427	2,427	(126,919)	-	59,893	(67,026)	(64,599)	
Total comprehensive income	-	-	-	-	(28,455)	(28,455)	(126,919)	-	59,893	(67,026)	(95,481)	
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	10,523	-	(10,523)	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(163,537)	(163,537)	-	-	-	-	(163,537)	
Reversal of special reserve	-	-	-	(201,749)	201,749	-	-	-	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5,164	-	-	-	-	-	-	-	-	5,164	
Changes in ownership interests in subsidiaries	-	498	-	-	-	-	-	-	-	-	498	
Balance on December 31, 2021	2,336,247	239,714	177,178	-	104,470	281,648	(975,090)	(36,504)	1,088,667	77,073	2,934,682	
Loss	-	-	-	-	(38,383)	(38,383)	-	-	-	-	(38,383)	
Other comprehensive income	-	-	-	-	5,661	5,661	151,107	5,682	958	157,747	163,408	
Total comprehensive income	-	-	-	-	(32,722)	(32,722)	151,107	5,682	958	157,747	125,025	
Changes in ownership interests in subsidiaries	-	(15)	-	-	-	-	-	-	-	-	(15)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	10,682	10,682	-	(10,682)	-	(10,682)	-	
Balance on December 31, 2022	\$ 2,336,247	239,699	177,178	-	82,430	259,608	(823,983)	(41,504)	1,089,625	224,138	3,059,692	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
TEX-RAY INDUSTRIAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Loss before tax	\$ (25,146)	(15,603)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	16,013	18,410
Amortization expense	6,569	7,319
Reversal of provision for expected credit loss	(146)	(60)
Loss on financial assets at fair value through profit or loss	-	(111)
Interest expense	33,549	31,960
Interest income	(3,170)	(2,107)
Dividend income	-	(21)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	95,170	100,901
Loss on disposal of property, plan and equipment	(95)	(7,152)
Unrealized (loss) profit from sales	(2,445)	5,900
Loss (gain) on fair value adjustment of investment property	7,193	(21,048)
Other income	(2,240)	(2,203)
	(420)	-
Total adjustments to reconcile profit	149,978	131,788
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	723
Decrease in notes receivable	-	500
Decrease (increase) in notes receivable due from related parties	96	(96)
Decrease (increase) in accounts receivable	280,007	(108,480)
(Increase) decrease in accounts receivable due from related parties	(17,109)	12,299
Decrease in other receivables	1,243	735
(Increase) decrease in other receivables due from related parties	(21,244)	105,803
Decrease (increase) in inventories	171,276	(56,932)
(Increase) decrease in prepayments	(31,468)	19,935
(Increase) decrease in other current assets	(1,734)	69
Total changes in operating assets	381,067	(25,444)
Changes in operating liabilities:		
Decrease in contract liabilities	(556)	(17,352)
Decrease in notes payable	(8,066)	(37,890)
Decrease in notes payable due to related parties	-	(13)
(Decrease) increase in accounts payable	(80,622)	57,704
Increase (decrease) in accounts payable due to related parties	11,714	(21,039)
Increase (decrease) in other payables	6,713	(214,503)
Increase (decrease) in other payable due to related parties	533	(227)
Decrease in advance receipts	-	(4,679)
(Decrease) increase in other current liabilities	(6,024)	4,884
Decrease in net defined benefit liability	(4,164)	(2,919)
Decrease in other non-current assets	(1,856)	-
Increase (decrease) in other operating liabilities	500	(257)
Total changes in operating liabilities	(81,828)	(236,291)
Total changes in operating assets and liabilities	299,239	(261,735)
Total adjustments	449,217	(129,947)
Cash inflow generated from operations	424,071	(145,550)
Interest received	3,170	2,107
Dividends received	-	21
Interest paid	(33,345)	(32,094)
Income taxes paid	(33,177)	(16,108)
Net cash flows from (used in) operating activities	360,719	(191,624)

Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(10,920)	-
Acquisition of investments accounted for using equity method	(100,510)	(433,850)
Acquisition of property, plant and equipment	(1,528)	(4,590)
Proceeds from disposal of property, plant and equipment	95	9,084
Acquisition of intangible assets	(5,059)	(1,430)
Decrease in other financial assets	511	19,505
Dividends received	20,680	26,435
Net cash flows (used in) investing activities	(96,731)	(384,846)
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,225,000	566,624
Decrease in short-term loans	(1,215,000)	(246,614)
Increase in short-term notes and bills payable	779,889	49,924
Decrease in short-term notes and bills payable	(800,000)	-
Proceeds from long-term debt	287,553	-
Repayments of long-term debt	(140,000)	(38,250)
Payment of lease liabilities	(5,873)	(6,720)
Cash dividends paid	-	(163,537)
Disposal of ownership interests in subsidiaries (without losing control)	-	16,378
Net cash flows from financing activities	131,569	177,805
Net increase (decrease) in cash and cash equivalents	395,557	(398,665)
Cash and cash equivalents at beginning of period	113,418	512,083
Cash and cash equivalents at end of period	\$ 508,975	113,418

See accompanying notes to parent company only financial statements.

TEX-RAY INDUSTRIAL CO., LTD.
Proposal for appropriation of earnings for covering loss in 2022

Unit: NT\$

Item	Amount	Remarks
Undistributed earnings in the beginning of the period	104,468,146	In case of profits after final accounts of the Company in the year, the Company shall firstly withhold the taxes, make up for the accumulated losses, set aside 10% as legal surplus reserve, and then calculate or reserve special surplus reserve according to the applicable laws and regulations. In case of any surplus, the Board of Directors shall prepare a distribution proposal together with the undistributed profits of the previous years, and submit the proposal to the shareholders' meeting for resolution on distribution. The Company's dividend policy, is to cope with the current and future development plans, while considering the investment environment, fund demands, and international and domestic competitions and the benefits of the shareholders. The amount of shareholders' bonus to be distributed every year shall not be lower than 10% of the current distributable earnings. The shareholders' bonus may be distributed in cash or shares; of which, the cash dividends shall not be lower than 10% of the total dividends.
Net loss in current period	(38,383,098)	
Other comprehensive income	5,661,014	
Disposal of equity instrument at fair value through Other Comprehensive Profit and Loss Accounts	10,682,174	
Undistributed earnings at the end of the period	82,428,236	

Note: no dividend payment to the employees and Directors, given the status of net loss in 2022.

Chairman: Lin Zui Yeh

Manager: Lin Chung Yi

Accounting Supervisor: Wu
Jianzhong

TEX-RAY INDUSTRIAL CO., LTD.

Mapping of the provisions of the Articles of Incorporation before and after amendment

Amended provisions	Provisions before amendment	Basis and reason of amendment
<p>Article 17: The Company shall establish 9 to 13 seats of Directors of which at least 3 shall be reserved for Independent Directors. The number of Independent Directors shall not fall below 1/5 of the total seats of Directors and each has tenure of 3 years.</p> <p>The Company shall adopt the candidate nomination system for the election of Directors. The candidates shall be elected by the Shareholders Meeting from the list of candidates nominated for the election.</p> <p>The professional qualification requirement, restriction of shareholding and holding concurrent position, the determination of the status of independence, the method of nomination and election to office and other matters of compliance shall be governed by applicable legal rules.</p> <p>The Board of the Company shall establish and Audit Committee staffed with Independent Directors as members. The committee shall consist of at least 3 members of whom one shall act as the convener. At least one member shall be expertise in accounting or finance. The function of the Audit Committee and other matters of compliance shall be governed by applicable legal rules or the Articles of Incorporation of the Company.</p>	<p>Article 17: The Company shall establish 7 to 11 seats of Directors of which at least 3 shall be reserved for Independent Directors. The number of Independent Directors shall not fall below 1/5 of the total seats of Directors and each has tenure of 3 years.</p> <p>The Company shall adopt the candidate nomination system for the election of Directors. The candidates shall be elected by the Shareholders Meeting from the list of candidates nominated for the election.</p> <p>The professional qualification requirement, restriction of shareholding and holding concurrent position, the determination of the status of independence, the method of nomination and election to office and other matters of compliance shall be governed by applicable legal rules.</p> <p>The Board of the Company shall establish and Audit Committee staffed with Independent Directors as members. The committee shall consist of at least 3 members of whom one shall act as the convener. At least one member shall be expertise in accounting or finance. The function of the Audit Committee and other matters of compliance shall be governed by applicable legal rules or the Articles of Incorporation of the Company.</p>	<p>Addition of the seats of Directors in supporting corporate governance</p>
<p>These Articles 34 of Incorporation are established on August 4, 1978. Omitted. The 27th amendment was made on June 9, 2023.</p>	<p>These Articles 34 of Incorporation are established on August 4, 1978. Omitted. The 26th amendment was made on June 15, 2022.</p>	<p>The amendment dates are added</p>