

Common Stock Code: 1467



TEX-RAY INDUSTRIAL CO., LTD.

2023 Shareholders Meeting in regular session

Agenda Handbook

June 9, 2023

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One. Agenda

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

Mode of convention: Physical session

Call Meeting to Order:

Chairman's Address:

One. Report Items:

- I. 2022 Business Report
- II. Audit Committee's Review Report on 2022 Financial Statements
- III. Report on remuneration to the employees and Directors in 2022
- IV. Report on 2022 Endorsement and Guarantee and financing to third parties.
- V. Report on significant transactions with related parties.
- VI. Report on amendment to the "Parliamentary Procedure for the Board", "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles".
- VII. Other reports

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.

One. Report Items:

I. 2022 Business Report for review

Description:

Refer to p. 7 of Attachment I for information on 2022 Business Report.

II. Audit Committee' Review Report on the 2022 Financial Statements for review.

Description:

- (I) The 2022 Financial Statements of the Company have been audited by certified public accountants and reviewed by the Audit Committee. An Auditors' Report and Audit Committee' Review Report have been issued for confirmation. For additional information, refer to p. 9 of Attachment II.
- (II) The Audit Committee is required to declare the Review Report.

III. Report on remuneration to the employees and Directors in 2022

Description:

- (I) Proceed in accordance with Article 31 of the "Articles of Incorporation" of the Company.
- (II) The Company has net loss before taxation in 2022, no payment to employees and Directors as remuneration.
- (III) For information on the remuneration to the Directors, including the remuneration policy, content of remuneration to individual Directors and the amount, refer to p. 10 of Attachment III.

IV. Report on Endorsement and Guarantee, and Financing in favor of third parties in 2022 for review.

Description:

- (I) The limit of endorsement and guarantee of the Company was NT\$3,059,692 thousand as of December 31, 2022, the actual amount of endorsement and guarantee was NT\$1,327,366 thousand on the same day. For additional information, refer to p.11 of Attachment IV.
- (II) The limit of financing third parties of the Company was NT\$1,223,877 thousand as of December 31, 2022, the actual amount of financing in favor of third parties was NT\$132,053 thousand on the same day. For additional information, refer to p.12 of Attachment V.
- (III) Report to the Shareholders Meeting in accordance with the Procedure for Endorsement and Guarantee of the Company.

V. Report on significant transactions with related parties in 2022 for review.

Description:

- (I) The Company has established the "Regulations Governing Financial and Business Transactions Among the Affiliates". The content covers purchase and sale, acquisition or disposals of assets and management procedures for related transactions, and related significant transactions which shall be processed upon the resolution of the board of directors. For additional information, refer to p.13 of Attachment VI.
- (II) Report to the Shareholders Meeting in accordance with the operation procedure of the Company.

VI. Report on amendment to the "Parliamentary Procedure for the Board", "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles" for review.

Description:

- (I) Amendment to related operation procedures for bolstering the pursuit of the corporate governance 3.0 sustainable development blue print in accordance with the requirement of the competent authority, and also in supporting the actual operation of the Company.

- (II) Related provisions before and after the amendment are exhibited on p. 15-41 in Attachment VII through IX.

VII. Other reports for review.

Description: The Company did not receive any motions for presenting to the Shareholders Meeting from shareholders in the period of proposal.

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 p. 7 of Attachment I and p.42-59 of Attachment X.
- (II) Please ratify.

Resolution:

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 p.60 of Attachment XI.
- (III) Please ratify.

Resolution:

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 p.61-65 of Attachment XII.
- (II) Please discuss:

Resolution:

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.	-

- (IV) Present for election.

Five. Others and Extemporary motions:

Six. Meeting Adjourned

Two. Attachment

Attachment I
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 II

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 III. 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	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	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	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	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	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	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	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	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	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	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	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	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 IV. 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 V. 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 VI. 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 VII

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>

Provision before amendment

TEX-RAY INDUSTRIAL CO., LTD.
Rules of Procedure for the Board

- Article 1 This Procedure was instituted in accordance with the Regulations Governing Procedure for Board of Directors Meeting of Public Companies for the establishment of a viable governance system, vitalization of the monitoring function and bolstering the management mechanism of the Board.
- Article 2 The content of the agenda, the proceeding, the particulars to be inscribed as minutes of meeting, announcement, and others to be regulated by law shall be governed by this Procedure.
- Article 3 The Board of the Company will convene at least once quarterly.
The Board shall specify the reason for the convention and inform the Directors 7 days in advance, and may call for special session at any time in case of emergency.
The aforementioned notice of meeting may be made electronically at the consent of the respondents.
The particulars inscribed in Paragraph 1 of Article 7 under this Procedure shall be specified as the reasons for the convention and cannot be proposed as extemporary motions unless under emergency or with justifiable reason.
- Article 4 The Board shall convene at the business place of the Company during regular business hours, or at a place and time convenient for the Directors to attend.
- Article 5 The General Management Department is designated as the administrative body of the Company. The administrative body shall prepare the agenda for the meeting of the Board and provide sufficient information for sending to the Directors together with the meeting notice.
If a director reckons that the meeting information is inadequate, he or she may ask the unit in-charge of the board of directors' meeting to supplement with more information. If the Directors suggest the information is not adequate, the review of the motion may be postponed at the resolution of the Board.
- Article 6 The agenda of the routine session of the Board shall cover at least the following:
I. Report Items.
(I) The minutes of meeting of the previous session and the follow-up action.
(II) Important business and financial reporting.
(III) Reporting on internal audits
(IV) Reporting on other important issues.
II. Discussion.
(I) Issues of discussion carried forward from the previous session.
(II) Issues for discussion in current session.
III. Extemporary motions.
- Article 7 The following shall be presented to the Board for discussion:
I. The Operation Plan of the Company.
II. Annual Financial Report and the financial report covering the 2nd quarter requiring audit by CPAs.
III. The establishment or revision of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter, "SEA"), and the evaluation of the effectiveness of the internal control system.
IV. The establishment or amendment to Article 36-1 of the SEA or the Procedures for the Acquisition or Disposal of Assets, Derivative Trade, Loaning of Funds, Endorsement and Guarantee, or others pertinent to financial transactions at significant level.
V. The offering, issuance, or private placement of any equity-type securities.
VI. The appointment and dismissal of the heads of finance, accounting, or internal auditor
VII. Donation to related parties or significant donation to unrelated parties. provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
VIII. Under Article 14-3, other materiality to be resolved by the Shareholders' Meeting of presented to the Board under other applicable laws or the Articles of Incorporation or required by the competent authority.
Related parties as referred to in Paragraph 7 shall be the related parties defined by the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Significant donation by unrelated parties as referred to shall be the amount of each donation or the amount of donation to particular recipient in a year in accumulation exceeding NT\$100 million, or at 1% of the net operating income or 5% of the paid-in capital as presented in the audited financial statement covering the previous period. (For shares issued by foreign companies or share with face value

other than NT\$10/share, the calculation of 5% of the paid-in capital will be based on 2.5% of the shareholders equity.)

One year as referred to in the preceding paragraph is based on the day on which the Board convened moving backward for one year in retrospect. The issues that have been passed by the Board could be excluded in the calculation.

At least one Independent Director shall attend the session of the Board in person. For issues to be presented to the Board for resolution as stated in the first paragraph, they should be passed by the Board in a session attended by all Independent Directors. If specific Independent Director cannot attend in person, another Independent Director shall be appointed as proxy to attend. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

Article 8

Further to the issues require for presenting to the Board for discussion as stated in Article 7-1, the Board of the Company shall empower the Chairman to exercise the power of the Board when the Board is in recess in accordance with the Articles of Incorporation. The content of the empowerment is specified as follows:

- I. The approval of the annual budget and the review of the annual account settlement.
- II. Signing contracts, memorandum and statement of intent with external parties.
- III. The approval of direct investment or acceptance of shares through assignment.
- IV. The appointment, dismissal, evaluation, reward or punishment, promotion, retirement, and remuneration of employees other than managers.
- V. The organizational structure of the Company and corporate strategy.
- VI. Authorization under related management regulations or gate approval of the Company.
- VII. The decision latitude authorized to the Chairman under the Procedure for the Acquisition or Disposal of Assets.
- VIII. The decision latitude authorized to the Chairman under the Procedure for Endorsement and Guarantee.
- IX. The approval of the base day for capitalization or recapitalization, and the ex-dividend day and payment day for cash dividend payment.
- X. Other areas of authorization to the Chairman by the Board.

Article 9

A sign-in registry shall be prepared for each session of the Board for the Directors to sign in and tracking the attendance of the Directors.

Directors shall attend all sessions of the Board in person. If specific Director cannot attend a session in person, it may appoint a proxy to attend in accordance with the Articles of Incorporation. If the Board convenes via videoconferencing, Directors participating in the videoconference shall be deemed attending the session in person.

In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

Proxies as referred to in the preceding two paragraphs shall be limited to the authorization of only one other Director.

Article 10

If the Chairman calls for a session of the Board, the Chairman shall act as the Presiding Officer. For the 1st session of a new term of the Board, the Directors who won the absolute majority of the votes shall call for the session of the Board and act as the Presiding Officer. If there are 2 or more Directors entitled to call for the session of the Board, they shall nominate one among themselves to act as the Presiding Officer.

Pursuant to Paragraph 4 of Article 203 or Paragraph 3 of Article 203-1 that more than half of the Directors call for a session, they shall nominate one among themselves to act as the Presiding Officer.

In the absence of the Chairman due to leave taking or for other reasons, the Vice Chairman shall act on behalf of the Chairman. If there is no Vice Chairman or the Vice Chairman is also absent due to leave taking or for other reasons, the Chairman shall appoint one Executive Director as the proxy. If there is no position as Executive Director, the Chairman shall appoint one Director as the proxy. If not, the Directors shall nominate one among themselves to act as the Presiding Officer for the session.

Article 11

If specific department or party is involved in particular motion to be discussed and resolved by the Board in session, this department of party shall prepare related information and materials as reference for the Directors in session.

The Board shall inform related departments or subsidiaries to attend the session of the Board depending on the content of the motions.

CPAs, lawyers, or other professionals may be invited as observers to attend the session to provide related details where necessary. But they should be excused from the scene at the time of discussion or voting.

The Presiding Officer of a Board session shall announce for the beginning of the session at the time as scheduled with the presence of more than half of the Directors.

If a session of the Board is attended by less than half of the Directors at the time scheduled for the meeting, the Presiding Officer shall announce for the postponement of the meeting for up to two times. If the Presiding Officer has announced for the postponement of the meeting twice and by then the number of Directors attending the session is still less than half, the Presiding Officer shall call for a new round of the session pursuant to Paragraph 2 of Article 3.

All Directors as referred to in the preceding paragraph and Subparagraph 2 of Paragraph 2 under Article 16 shall be based on the number of Directors in office.

Article 12 The Board shall follow the agenda in the meeting but the agenda may be altered only at the consent of Directors in session by a simple majority. The Presiding Officer cannot announce for the adjournment of the meeting without the consent of the Directors in session by a simple majority.

If a Board session is in progress and the number of Directors still falls below a simple majority, the Presiding Officer shall announce for the suspension of the proceedings at the suggestion of the Directors in session where the rules under Paragraph 5 of Article 11 shall be applicable with necessary changes made.

Article 13 If the Presiding Officer deems the discussion on a particular motion is sufficient and could be referred to balloting, the Presiding officer shall announce for the conclusion of discussion and proceed to balloting.

For motions presented to and discussed by the Board, if no Directors express adverse opinion in response to the inquiry of the Presiding Officer, it shall be deemed the passing of the motion at common consent of the Directors in session. If there is adverse opinion on particular motion in response to the inquiry of the Presiding Officer, this motion shall be referred to resolution by voting.

The Presiding Officer may select any of the following method in voting. If there is no consensus about the method of voting among the Directors in session, decision may be made by a simple majority of the Directors in session.

- I. Vote by hand raising.
- II. Vote by roll call.
- III. Vote by balloting.
- IV. Any mean as adopted by the Company.

All Directors in session as stated in the preceding two paragraphs shall not include the Directors who cannot exercise voting right pursuant to Paragraph 1 under Article 15.

Article 14 Resolutions of the Board shall be made in a session with the presence of at least half of the Directors and the approval by a simple majority of the Directors in session unless the SEA or the Company Act provides otherwise.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If one motion has already been passed, all other motions shall be deemed vetoed that it is not necessary to put to vote again.

If it is necessary for the appointment of scrutineers and tallying clerks in balloting on the motions, the Presiding Officer shall appoint these personnel but they must also be Directors.

The voting result shall be announced on the scene and tracked into minutes of meeting on record.

Article 15 If specific motion entails a conflict of interest between the Directors or the institutions they represented in the session of the Board, they shall explain the content in summary and the point of conflict. If such conflict of interest will jeopardize the interest of the Company, the Directors concerned may express opinion and respond to the queries from other Directors in session, but shall not take part and recuse from discussion and voting. In addition, these Directors cannot act as the proxies of other Directors in the discussion and voting on these motions.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

The resolution of the Board shall be governed by Paragraph 4 under Article 206 of the Company Act, and Paragraph 2 under Article 180 of the same law with necessary changes made in handling Directors who cannot exercise voting rights.

- Article 16 The proceedings of the Board in session shall be tracked as the minutes of meeting on record with the following details inscribed:
- I. The session and the term of the Board (or year), and the place and time of the meeting.
 - II. The name of the Presiding Officer
 - III. The attendance of the Directors, including the names and number of the Directors in session, taking leave and absent.
 - IV. The names and occupational titles of the observers in session.
 - V. The name of the meeting recording clerk.
 - VI. Report Items.
 - VII. Discussion: the method and result of decision on motions, the summary of the speeches delivered by the Directors, experts, and other personnel, the names of the Directors for recusal to avoid the conflict of interest as stated in the first paragraph, key summary of the conflict of interest, the reason for recusal or no recusal, the pursuit of recusal, dissent or qualified opinion on record or in written declaration and the written opinion issued by Independent Directors pursuant to Paragraph 2 of Article 12.
 - VIII. Extemporaneous motions: the name of the party presenting the motions, the method of resolution and the result, the summary of the speeches delivered by the Directors, experts, and other personnel, the names of the Directors for recusal to avoid the conflict of interest as stated in the first paragraph, key summary of the conflict of interest, the reason for recusal or no recusal, the pursuit of recusal, dissent or qualified opinion on record or in written declaration.
 - IX. Miscellaneous
- If any of the following applies to the resolutions of the Board, specify in the minutes of meeting on record, and report to Financial Supervisory Commission at its designated website, the MOPS, for declaration within 2 days after the meeting.
- I. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
 - II. Motions not passed by the Audit Committee of the Meeting but passed by more than 2/3 of the Directors.
- The sign-in registry shall constitute an integral part of the minute of meeting on record, and shall be kept by the Company within its perpetuity.
- The minute of meeting on record for the Board shall be signed or affixed with the seal of the Presiding Officer and the meeting recording clerk, and distributed to the Directors within 20 days after the meeting. This document shall be listed as essential document files of the company and to be kept within the perpetuity of the Company.
- The production of the minute of meeting on record may be made and distributed in electronic mean.
- Article 17 The entire proceedings of the Board in session shall be tracked by voice recording or videotaping, and shall be kept for at least 5 years. The record may be kept in electronic mean.
- In the event of legal action on specific resolution of the Board instated in the retention period of the above record, related voice records or videotapes shall be kept until the final ruling of the legal proceedings.
- If the Board convenes via videoconferencing, the audiovisual data shall constitute an integral part of the meeting, and shall be kept within the perpetuity of the Company.
- Article 18 The procedure for the Board of the Executive Directors of the Company shall be governed by Article 2, Paragraph 2 under Article 3, Article 4 to Article 6, Article 9, and Article 11 to Article 17 with necessary changes made. If the Board of Executive Directors convenes within 7 days, the Executive Directors shall be informed 2 days in advance.
- Article 19 The Rules of Procedure for the Board shall be subject to the approval of the Board and reported to the Shareholders' Meeting. Any amendment thereto shall be resolved by the Board under authorization.

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>Article 17 Companies listed at TWSE or TPEX shall institute documented rules and regulations under the fair and reasonable principles in governing the <u>financial transactions or trade with 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 guarantee. For significant transactions, it will be necessary to present to the Board for</u></p>	<p>Article 17 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 such, paragraph 1 and</p>

<p><u>approval and to the Shareholders Meeting for ratification or reporting.</u></p>		<p>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>

Provision before amendment



TEX-RAY INDUSTRIAL CO., LTD.
Corporate Governance Best Practice Principles

TEX-RAY

Chapter I General Principles

- Article 1 To assist in establishing sound corporate governance systems and promoting sound development of the securities market, the Company formulates the Principles by referring to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” jointly adopted by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX), for compliance.
The Company is advised to formulate their own corporate governance principles and establish an effective corporate governance framework with reference to these Principles and disclose them through the Market Observation Post System (MOPS).
- Article 2 When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, the Company shall follow the following principles:
I. Protect the rights and interests of shareholders.
II. Strengthen the powers of the board of directors.
III. Fulfill the function of supervisors.
IV. Respect the rights and interests of stakeholders.
V. Enhance information transparency.
- Article 3 The Company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.
The establishment or amendment of the internal control system shall be approved by the board of directors; if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
The Company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee or supervisors shall also attend to and supervise these matters. Directors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. The Company is advised to establish channels and mechanisms of communication between their independent directors, audit committees or supervisors, and chief internal auditors, and the convener of the audit committee or supervisors shall report the communications between members of the audit committees or supervisors and chief internal auditors at the shareholders' meeting.
The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.
Appointment, dismissal, evaluation and review, salary and compensation of internal auditors of the Company shall be reported to the board of directors or shall be submitted by the chief auditor to the board chairperson for approval.
- Article 3-1 The Company shall appoint an appropriate number of competent governance staff depending on the scale of operation, status of business and management need, and appoint one Corporate Governance Officer in compliance with the requirements of the competent authority, Taiwan Stock Exchange Corporation or Taipei Exchange. This officer shall administer all matters pertinent to corporate governance, and shall be qualified as a lawyer, certified public accountant or has been in managerial position in legal affairs, compliance, internal audit, finance, shares registration and investor service, or corporate governance in securities, banking, futures firms or publicly-traded companies for at least 3 years

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.

Chapter II Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

- Article 4 The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.
The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.
- Article 5 The Company shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. The Company shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.
Resolutions adopted by shareholders meetings of the Company shall comply with laws, regulations and articles of incorporation.
- Article 6 The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders meetings, and formulate the principles and procedures for shareholder nominations of directors and supervisors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.
For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee, or at least one supervisor, attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.
- Article 7 The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall adopt all means and fully use technology means in information disclosure, and shall upload the Annual Report, Annual Financial Statement, Notice of Shareholders Meeting, Meeting Handbook, and supplementary information for the meeting. The Company shall also adopt the electronic mean of balloting to upgrade the attendance rate of shareholders to Shareholders Meeting, and assure the shareholders can exercise their rights as shareholders in the Shareholders Meeting.
The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting.
The Company shall arrange the shareholders to cast votes on the motions presented at the Shareholders Meeting one-by-one, and enter the information on the result of the votes for and against the motions, or abstention to the website of MOPS on the same day after the adjournment of the meeting.
- Article 8 The Company in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors.

- The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed on the company's website.
- Article 9 The chairperson of the shareholders meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.
For the protection of the rights of the majority shareholders, if the Presiding Officer acts in defiance of the procedure by announcing for the adjournment of the meeting, other members of the Board shall quickly assist the shareholders to keep the order of the meeting under law, and appoint one Directors as the Presiding Officer by a simple majority of the shareholders in session to continue the meeting.
- Article 10 The Company shall value the rights of information of the shareholders and prevent insider trade. In addition, the Company shall also duly observe the rules and regulations governing information transparency thereby feeding the shareholders with information on financial position, operation, shareholding by insiders and corporate governance timely through uploading to the website of MOPS or the official website of the Company.
To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.
To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.
The aforementioned requirement is advised to include (without limitation to) the control of stock transactions of the insiders after acknowledging the content of financial report or business performance of Directors that no transaction of shares is permitted in the period of 30 days prior to the announcement of the annual financial report, and 15 days prior to the announcement of the quarterly financial report.
- Article 10-1 The remuneration to the Directors is advised to be reported to the regular session of the Shareholders Meeting, and shall include the policy of remuneration, the association between the content and amount of remuneration to individual Directors, and the result of performance evaluation.
- Article 11 Shareholders shall be entitled to the earnings of the Company. In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee or supervisors, and may decide profit distributions and deficit off-setting plans by resolution.
The Shareholders Meeting may appoint specific auditors to conduct the aforementioned audits.
The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars, documents and records of specific transaction of the company.
The board of directors, audit committee or supervisors, and managers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.
- Article 12 In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.
When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.
The relevant personnel of the Company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.
- Article 13 In order to protect the interests of the shareholders, it is advisable that the Company designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.
The Company shall properly deal with any legal action duly instituted by shareholders in

which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors, supervisors or managers in performing their duties.

The Company is advised to establish related internal operation procedure for regulating the aforementioned 2 issues and keep documented record for inclusion in the internal control system.

Section 2 Establishing a Mechanism for Interaction with Shareholders

- Article 13-1 It is the onus of the Board of the Company to establish the mechanisms for interaction with the shareholders in order to improve the mutual understanding on the development goal of the Company.
- Article 13-2 Further to the communication with the shareholders in the Shareholders Meeting, the Company shall encourage the shareholders to participate in the liaison through efficient means beyond the Shareholders Meeting so that the managers and Independent Directors can understand the opinions and topics of concern of the shareholders better, explain the policy of the Company clearly for the support of the shareholders.
- Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises
- Article 14 The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.
- Article 15 Unless otherwise provided by the laws and regulations, a manager of the Company may not serve as a manager of its affiliated enterprises. A director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.
- Article 16 The Company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.
- Article 17 All business transactions between the Company and the affiliates shall be regulated by documented rules and regulations governing financial and business transactions under the fair and reasonable principles. The terms and conditions of the transactions and the method of payment shall be explicitly stated in the agreements to be entered into. Transactions not in arm's length or the funneling of unjustified benefits shall be prohibited.
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.
- Article 18 A corporate shareholder having controlling power over the Company shall comply with the following provisions:
- I. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or not profitable.
 - II. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director.
 - III. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders meeting or board meeting.
 - IV. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
 - V. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
 - VI. The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the company's requirements for professional qualifications.

Article 19 Arbitrary replacement of the corporate shareholder's representative is inappropriate. The Company shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders. The Company shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares. The major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list, provided however that the company may set up a lower shareholding threshold according to the actual shareholding stake that may control the company.

Chapter III Enhancing the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20 The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

I. Basic requirement and value: gender, age, nationality and cultural background, where the proportion of female Directors is advised to account for 1/3 of the total seats of Directors.

II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

I. The ability to make judgments about operations.

II. Accounting and financial analysis ability.

III. Business management ability.

IV. Crisis management ability.

V. Knowledge of the industry.

VI. An international market perspective.

VII. Leadership ability.

VIII. Decision-making ability.

Article 21 The Company shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

When the number of directors falls below five due to the discharge of a director for any reason, the company shall hold a by-election for director at the following shareholders meeting.

When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all of the directors of the Company shall comply

with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

- Article 22 The Company shall act in compliance with the rules and regulations of the competent authority thereby explicitly state the adoption of nomination system for the election of Directors, and cautiously assess the qualification requirements of the candidates in the election and assure no involvement of the particulars inscribed in Article 30 of the Company Act, and shall proceed with Article 192-1 of the Company Act.
- Article 23 Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the Company and those of its general manager
It is inappropriate for the chairperson to also act as the general manager or an equivalent post. The Company with a functional committee shall clearly define the responsibilities and duties of the committee.
- Section 2 Independent Director System
- Article 24 The Company shall establish at least 3 seats of Independent Directors in accordance with the Articles of Incorporation. The number of seats reserved for Independent Directors shall not fall below 1/3 of the total. Independent Directors shall not assume office for more than 3 terms in a row.
Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.
If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.
The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.
Change of status between independent directors and non-independent directors during their term of office is prohibited.
The professional qualification requirement, holding of shares and restriction of holding concurrent position, determination of independence, method of nomination, and others in law abundance shall be governed by the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and other rules and regulations of Taiwan Stock Exchange Corporation or Taipei Exchange.
- Article 25 The Company shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:
- I. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - II. Establishment or amendment to the procedures for the acquisition of disposal of assets, derivative trade, loaning of funds, endorsement and guarantee, and the procedures for other significant financial transactions pursuant to Article 36-1 of the Securities and Exchange Act.
 - III. A matter bearing on the personal interest of a director.
 - IV. A material asset or derivatives transaction.
 - V. A material monetary loan, endorsement, or provision of guarantee.
 - VI. The offering, issuance, or private placement of any equity-type securities.
 - VII. The hiring, discharge, or compensation of an attesting CPA.
 - VIII. The appointment or discharge of a financial, accounting, or internal auditing officer.
 - IX. Any other material matter so required by the competent authority.

- Article 26 The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors. The Company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors. The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.
Section 3 Functional Committees
- Article 27 For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the Company, in consideration of the company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation. Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval. Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.
- Article 28 Companies listed at TWSE or TPEX shall establish an audit committee or the position of supervisor.
The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.
The exercise of authority of the Audit Committee and Independent Directors of the committee and related matters shall be governed by the Securities and Exchange Act, the Regulations Governing the Exercise of Powers of Audit Committees of Public Companies, and the rules and regulations of Taiwan Stock Exchange Corporation or Taipei Exchange.
- Article 28-1 The Company is advised to staff the Remuneration Committee being established with Independent Directors for at least half the members. The qualification requirement and the exercise of authority of the members, the establishment of organization code of the committee and related matters shall be governed by the "Regulations Governing the Appointment and Exercise of Powers by Remuneration Committee of a Company Whose Stock on Taiwan Stock Exchange or Taipei Exchange".
- Article 28-2 The Company is advised to establish a nomination committee and establish related organization codes where at least half of the members shall be Independent Directors and the committee shall be chaired by an Independent Director.
- Article 28-3 The Company is advised to establish and announce the channels for outsiders in filing complaints, and the system for the protection of the informants. The designated body for responding to the complaints shall be independent, and shall keep the files containing information provided by the informants in strict confidence with proper access control. In addition, the Company shall also establish internal operation procedures for inclusion into the internal control system for control.
- Article 29 The establishment of proxy for the Accounting Officer of the Company
To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.
Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.
The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement

improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.

The Company shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 5 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 30 It is advisable that the Company engage a professional and competent legal counsel to provide adequate legal consultation services to the company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require.

The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company.

Section 4 Rules for the Proceedings and Decision-Making Procedures of Board Meetings

Article 31 The board of directors of a TWSE/TPEX listed company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

The Company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 32 Directors shall be highly self-disciplined, and shall voluntarily recuse from motions entailing a conflict of interest between the Directors and the Company that the reverse of which may jeopardize the interest of the Company, and cannot act on behalf of another Directors as proxy in voting on the motions. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 33 When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the Company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:

I. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.

II. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors. During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 34

Staff personnel of the Company attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of directors meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the company.

Meeting minutes may be produced, distributed, and preserved by electronic means.

The Company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 35

The Company shall submit the following matters to its board of directors for discussion:

I. Corporate business plans.

II. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.

III. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.

IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

V. The offering, issuance, or private placement of any equity-type securities.

VI. The performance assessment and the standard of remuneration of the managerial officers.

VII. The structure and system of director's remuneration.

VIII. The appointment or discharge of a financial, accounting, or internal auditing officer.

IX. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.

X. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be approved by resolution at a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation.

However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

- Article 36 The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.
The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.
Section 5 Fiduciary Duty, Duty of Care and Responsibility of Directors
- Article 37 Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law or in the articles of incorporation for approval in shareholders meetings, they shall ensure that all matters are handled according to the resolutions of board of directors.
The Company is advised to establish the regulations and procedures governing the evaluation of the performance of the Board. Further to the annual evaluation of Board and self-assessment or peer evaluation of individual Directors in their performance, the Company shall also appoint external professional institutions or adopt appropriate means to evaluate their performance. The content of evaluation of the Board shall cover the following dimensions and design appropriate evaluation indicators meeting the needs of the Company:
I. Participation in the operation of the company;
II. Improvement of the quality of the board of directors' decision making;
III. Composition and structure of the board of directors;
IV. Election and continuing education of the directors; and
V. Internal control.
Performance evaluation of the board members (on themselves or peers) should cover the following aspects and is subject to appropriate adjustments with the company's needs being taken into consideration:
I. Alignment of the goals and mission of the company;
II. Awareness of the duties of a director;
III. Participation in the operation of the company;
IV. Management of internal relationship and communication;
V. The director's professionalism and continuing education; and
VI. Internal control.
The Company is advised to conduct evaluation on the performance of the functional committees and the content of which shall cover the following dimension with proper adjustment to meet the needs of the Company:
I. Participation in the operation of the company;
II. The understanding of the professed duties of the functional committees.
III. The upgrade of the decision-making quality of the functional committees.
IV. The organization and the appointment of the members to the functional committees.
V. Internal control.
The Company is advised to report the result of performance evaluation to the Board, and use the result as reference for the remuneration to individual members of the Board and nomination for the appointment to a renewed term of office.
- Article 37-1 The Company is advised to establish a succession plan for the management with routine assessment of the development and implementation of the plan by the Board for assuring sustainable development.
- Article 37-2 The Board is advised to assess and monitor the direction and performance of the management of intellectual property on the basis of the following dimensions for assuring the management cycle of "Plan, Do, Check and Action", and establish an intellectual property management system:
I. The policy, objective, and system pertinent to intellectual property management in association with the corporate strategy.
II. Establish, implement, maintain the management system for the acquisition, protection, maintenance and use of intellectual property on the basis of the scale and mode of operation.
III. Determine and provide resources required for the effective implementation and maintenance of the intellectual property management system.
IV. Observe the internal and external risk or opportunity pertinent to the management of

intellectual property and respond accordingly.

V. Design and implement the mechanisms of continued improvement for assuring the management of intellectual property conforming to the expectation of the Company in practice and result.

- Article 38 If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of a supervisor to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.
Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, or a supervisor in accordance with the foregoing paragraph.
- Article 39 The Company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.
The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.
- Article 40 Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.
- Chapter IV Empowering the Audit Committee

Section 1 Functions of the Audit Committee

- Article 41 The Company shall stipulate a fair, just, and open procedure for the election of independent directors, and shall adopt a cumulative voting mechanism pursuant to the Company Act to fully reflect the opinions of the shareholders.
The Company shall establish the minimum number of seats for Independent Directors in consideration of operation need and in accordance with the rules and regulations of Taiwan Stock Exchange Corporation or Taipei Exchange.
The aggregate shareholding percentage of all of the independent directors of the Company shall comply with laws and regulations. Restrictions on share transfers by each supervisor and the creation, release, or changes in pledges of shares held by each independent director shall comply with the relevant laws and regulations, and the relevant information shall be fully disclosed.
- Article 42 The Company shall state explicitly the adoption of the candidate nomination system for the election of Independent Directors in its Articles of Incorporation in accordance with applicable legal rules of the competent authority, and assess the qualification requirements of the candidates for nomination for assuring no involvement with the particulars inscribed in Article 30 of the Company Act and act in accordance with Article 192-1.
- Article 43 Unless otherwise approved by the competent authority, at least one independent directors seat shall have no spousal relationship or familial relationship within the second degree of kinship with another independent director or a director.
The Company is advised to refer to the provisions on independence provided in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and appoint a suitable independent director to enhance the risk management and financial and operational control of the Company.
The independent directors will preferably be domiciled within the territory of the ROC to allow timely performance of supervisory functions.
- Section 2 Powers and Obligations of the Audit Committee

- Article 44 The independent directors in the Audit Committee shall be familiar with the relevant laws and regulations, and shall understand the rights, obligations, and duties of directors of the company and the functions, duties, and operation of each department. An independent director shall attend meetings of the board of directors to supervise their operations and to state his/her opinions when appropriate so as to grasp or discover any abnormal situation early on.
The Company shall stipulate the independent director's remuneration in its articles of incorporation or by an approval in a shareholders meeting.
- Article 45 The Audit Committee shall supervise the implementation of the operations of the company, and the performance of duties by directors and managers, and care the enforcement of the internal control system so as to reduce the financial and operational risks of the company. Where a director, for himself/herself or on behalf of others, enters into a sale/purchase or loan transaction, or conducts any legal act with the company, an independent director member of the audit committee shall act as the representative of the company in the above situation.
- Article 46 The Audit Committee may investigate the operational and financial conditions of the company from time to time, and the relevant departments in the company shall provide the books or documents that will be needed for the supervisor's review, transcription or duplication.
When reviewing the finance or operations of the company, an independent director may retain attorneys or CPAs on behalf of the company to perform the review; however, the company shall inform the relevant persons of their confidentiality obligations.
The board of directors or managers shall submit reports in accordance with the request of the Audit Committee and shall not for any reason circumvent, obstruct, or refuse the inspection of the Audit Committee.
When the Audit Committee performs its duties, the Company shall provide necessary assistance as needed by the supervisor, and the reasonable expenses that the Audit Committee needs shall be borne by the Company.
- Article 47 For the Audit Committee to timely discover any possible irregular conduct in the company, the Company shall establish a channel for the Audit Committee to communicate with the employees, shareholders, and stakeholders.
Upon discovering any irregular conduct, the Audit Committee shall take appropriate measures timely to curb the expansion of the irregular conduct, and file a report to the relevant regulatory authorities or agencies if necessary.
When an independent director or general manager, an officer of the finance, accounting, research and development, or internal audit department, or a CPA resigns or is removed from his/her position, the Audit Committee shall investigate the reasons. In the event that the Audit Committee neglects its duties and therefore causes harm to the company, the Audit Committee shall be liable to the Company.
- Article 48 (This article is deleted as it is the provision especially to enable supervisors to exercise their duties independent, but it is not applicable to the Audit Committee as it adopts the collegiate system)
Chapter V Respecting Stakeholders' Rights
- Article 49 The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.
When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.
When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.
- Article 50 The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.
- Article 51 The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material

decisions of the company concerning employee welfare.

- Article 52 In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.
Chapter VI Improving Information Transparency
Section 1 Enhancing Information Disclosure
- Article 53 Information disclosure is a vital part of the responsibility of the Company. The Company shall perform its responsibility of public disclosure of information in accordance with applicable legal rules and the rules and regulations of Taiwan Stock Exchange Corporation or Taipei Exchange.
The Company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline. The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.
- Article 54 In order to enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently.
The Company shall appoint one or more acting spokespersons who shall represent the company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion. In order to implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will. The Company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.
- Article 55 The Company shall install its website, given the convenience granted by the Internet, and make the information on the financial position and operation, and corporate governance of the Company available to the shareholders and stakeholders. The Company is also advised to provide its financial statements, information on corporate governance and other related matters in English.
To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.
- Article 56 The Company shall hold an investor conference in compliance with the regulations of the TWSE and TPEX, and shall keep an audio or video record of the meeting. The information on financial position and operation released in the institutional investors conference shall be entered into the designated website of Taiwan Stock Exchange Corporation or Taipei Exchange for declaration as required, or make available to the public through other appropriate channels.
Section 2 Disclosure of Information on Corporate Governance
- Article 57 The Company shall set up special section at its official website for the disclosure of the following information on corporate governance with routine update:
I. The Board: the curriculum vitae, the authority and responsibility of the members of the Board, the policy of diversity of the members of the Board, and the pursuit of the policy.
II. The functional committees: the curriculum vitae of the members of the functional committees, and their authority and responsibility.
III. Internal rules and regulations pertinent to corporate governance: such as the Articles of Incorporation, the Rules of Procedure for the Board, the organization code of the functional committees and other rules and regulations pertinent to corporate governance.
IV. Vital information pertinent to corporate governance: such as the information on the appointment of a Corporate Governance Officer.
The Company is advised to take appropriate measures for the disclosure of information on the practice of corporate governance to reflect to actual situation, and take appropriate means to

disclose the concrete plans and policies for the improvement of corporate governance.

Chapter VII Supplementary Provisions

- Article 58 The Company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the company's own corporate governance mechanisms, so as to enhance their effectiveness.
- Article 59 The Corporate Governance Best Practice Principles are implemented upon the approval of the board of directors; the same applies to amendments.
- Article 60 The Principles are duly instituted on December 25, 2014. The 1st amendment was made on March 25, 2019. The 2nd amendment was made on May 12, 2020. The 3rd amendment was made on February 28, 2022.

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 align="center">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>

Provision before amendment



TEX-RAY INDUSTRIAL CO., LTD. Sustainable Development Best Practice Principles

- Article 1 To fulfill their corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company establishes the Best Practice Principles for compliance.
- Article 2 The Principles apply to the entire operations of the Company and its business group. The Company shall spare no effort in the practice of sustainable development while engaging in business operation in alignment with the international development trend. Through the performance of responsibility as a corporate citizen, the Company can enhance its contribution to the national economy, improve the quality of life for the employees, community, and the society as a whole, and bolster the competitive advantage for sustainable development.
- Article 3 The Company shall pay attention to the rights of the stakeholders while pursuing sustainable development. In working on sustainable development and profit, the Company shall also value environmental, social and corporate governance factors and include these factors as a part of the management policies and business operation of the Company. The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.
- Article 4 The Company shall practice sustainable development in accordance with the following principles:
- I. Exercise corporate governance.
 - II. Foster a sustainable environment.
 - III. Preserve public welfare.
 - IV. Intensify the disclosure of information on sustainable development.
- Article 5 The Company shall take the association between the development trend of the topics on sustainability and the core business of the enterprise into account, and the influence of the business activities of the Company and other group enterprises on the stakeholders thereby establish the policy and system of sustainable development, and related management policies and action plans subject to the passing of the Board and reporting to the Shareholders Meeting before implementation. When a shareholder proposes a motion involving sustainable development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.
- Article 6 The Company is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.
- Article 7 The Directors owe a duty of care in due diligence to supervise the practice of the enterprise in sustainable development, and review the result and continue the improvement for assuring the proper pursuit of the policy of sustainable development. In pursuing the goal of the Company in sustainable development, the Board of the Company shall consider the interest of the stakeholders to its entirety which include the following:
- I. Propose the mission or vision of sustainable development thereby establish the policy, system or related management policies of sustainable development.
 - II. Include sustainable development as an integral part of the corporate activities and direction for development, and approve the action plans for sustainable development.
 - III. Assure the timely and accurate disclosure of information pertinent to sustainable development.
- The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.
- Article 8 The Company is advised to organize education and training on topics of sustainable development including the promotion of the aforementioned topics.

- Article 9 The Company is advised to build up a framework for the advocacy of sustainable development for vitalizing the management of sustainable development, and shall establish a designated full (part)-time body charged with sustainable development, and responsible for the proposal and implementation of the policies, systems or related management policies and action plans for sustainable development, and report to the Board at regular intervals. The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders. It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.
- Article 10 The Company shall identify the stakeholders of the Company for respecting the rights of the stakeholders, and establish a section for stakeholders at its official website. The Company shall seek to understand the reasonable expectation and need of the stakeholders through proper means of communications, and properly respond to the topics of sustainable development to the concern of the stakeholders.
- Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.
- Article 12 The Company is advised to upgrade efficient use of energy, and use regenerated materials that can mitigate the impact on the environment for the sustainable use of global resources.
- Article 13 The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:
I. Collect and assess the timely and complete information on the impact on the natural environment from its business activities.
II. Set measurable goals for environmental sustainability and review the goals at regular intervals on the continuity and association of these goals.
III. Map out concrete or action plans for implementation with routine review of the result.
- Article 14 The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.
- Article 15 The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:
I. Reduce resource and energy consumption of their products and services.
II. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
III. Improve recyclability and reusability of raw materials or products.
IV. Maximize the sustainability of renewable resources.
V. Enhance the durability of products.
VI. Improve efficiency of products and services.
- Article 16 To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures. The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.
- Article 17 The Company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures. The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.

II. Indirect greenhouse gas emissions: emissions resulting from the utilization of energy such as imported electricity, heating, or steam.

III. Other indirect greenhouse gas emissions: the emissions generated from the Company's activities are not the indirect energy emissions but come from the emission sources owned or controlled by other companies.

The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

Article 18

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

I. Presenting a corporate policy or statement on human rights.

II. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.

III. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.

IV. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.

Article 19

The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20

The Company is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for their employees on a regular basis.

Article 21

The Company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

The Company shall make and pursue reasonable employee benefit policies (including salaries, leave, and other fringe benefits), and shall reflect the result or success of operation on the remuneration to the employees for assuring the recruitment, keeping and motivation of human resources for achieving the goal of sustainable development.

Article 22

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

- Article 22-1 The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.
- Article 23 The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.
- Article 24 The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.
- Article 25 The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society. The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.
- Article 26 The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative. The Company is advised to make the policies for the management of suppliers thereby demands the suppliers to comply with related rules and regulations governing environmental protection, occupational health and safety, or human right of the workers. The Company is also advised to assess if the supplier has a record on affecting the environment and the society negatively before engaging in business transaction to avoid engagement in business with suppliers contradictory to the corporate social responsibility policy of the Company. When the Company enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.
- Article 27 The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance. The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.
- Article 28 The Company shall fully disclose reliable information relevant with sustainable development in accordance with applicable legal rules and Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies in information disclosure for enhancing information transparency. The Company disclosed the following information on sustainable development:
I. The Board resolved to pass the policies, system or related management policies and action plans on sustainable development.
II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.

III. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
IV. Major stakeholders and their concerns.
V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
VI. Other information relating to sustainable development initiatives.

Article 29

The Company compiles the Sustainability Report in accordance with the extensively adopted GRI or guide for the disclosure of the status of sustainable development and has been accredited or assured by a third party for enhancing the reliability. The reports are advised to include:

I. The policies and action plans for the pursuit of policies, system and related management for sustainable development.

II. Major stakeholders and their concerns.

III. The performance and review of the Company in the aspects of advocacy of corporate governance, development of sustainable environment, preservation of social charity and promotion of economic development.

IV. Future improvements and goals.

Article 30

The Company pays close attention to the development of related standards pertinent to sustainable development at home and abroad, and the changes in the operation environment of the enterprise thereby review and make perfect the sustainable development system established by the Company for a better result in the pursuit of sustainable development.

Article 31

The Operational Procedures are implemented upon the resolutions of the board of directors; the same applies to the amendment.

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>

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											
	Retained earnings						Total other equity interest					Total equity
							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 equity attributable to owners of parent	Non-controlling interests	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings						
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)

	<u>2022</u>		<u>2021</u>	
	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>

TEX-RAY INDUSTRIAL CO., LTD.

Chapter I General Provision

- Article 1 : The Company is duly incorporated in accordance with the Company Act and bears the name of 南緯實業股份有限公司
The Company's English name is TEX-RAY INDUSTRIAL CO., LTD.
- Article 2 : The Company is engaged in the following business:
I. C301010 Spinning of Yarn
II. C302010 Weaving of Textiles
III. C303010 Manufacture of Non-woven Fabrics
IV. C305010 Printing, Dyeing, and Finishing
V. C306010 Wearing Apparel
VI. C307010 Clothing Accessories
VII. CJ01010 Hat Manufacturing
VIII. F102040 Wholesale of Nonalcoholic Beverages
IX. F102050 Wholesale of Tea Leaves
X. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
XI. F113010 Wholesale of machinery
XII. F301010 Department Stores
XIII. I501010 Product Designing
XIV. I502010 Clothing Designing
XV. IG02010 Research and Development Service
- Article 2-1 : The Company may make direct investment at the resolution of the Board in excess of 40% of the paid-in capital of the Company, and may act as guarantor in favor of industry peers.
- Article 3 : The Company is established in Taipei, and may establish branches at home and abroad where necessary at the resolution of the Board.
- Article 4 : The Company shall make announcement by advertising on an eye-catching page of local newspapers and sending notice.
- ### Chapter II Shares of Stock
- Article 5 : The Company has authorized capital of NT\$3,000,000,000 evenly split into 300,000,000 shares at NT\$10/share. The Board is authorize to offer the shares in tranches where necessary. The Company shall reserve NT\$100,000,000 out of the aforementioned authorized capital for the issuance of Employee Stock Options (ESO) in 10,000,000 shares at NT\$10/share. The Board is authorized to offer the ESO in tranches.
- Article 6 : The Company issues registered shares and each share certificate shall be affixed with the names or seals of at least 3 Directors with the assignment of serial number subject to the certification of the competent authority or an approved share registration agent before release. The Company may not print physical share certificate but register with the central depository of securities.
- Article 7 : Shareholders shall present the impression card of their specimen seals to the Company for record. The same procedure is applicable to any amendment thereto. All shareholders shall use the specimen seal identical with the sample on the impression card for claiming dividend or exercising any other rights.
- Article 8 : The administration of shareholder service and share registration of the Company shall be governed by the "Directions for the Administration of Investor Service by Public Companies" of the competent authority and other applicable legal rules.
- Article 9 : Registration of share transfer is prohibited in the period of 60 days prior to the scheduled date of a regular session of the Shareholders Meeting, a period of 30 days prior to the scheduled date of a special session of the Shareholders Meeting, or a period of 5 days prior to the ex-dividend day or any other day of other interest.
- ### Chapter III Shareholders Meeting
- Article 10 : The Shareholders Meeting may convene in regular session or special session.
I. The Shareholders Meeting shall convene in regular session once a year within 6 months after the end of the fiscal year, and shall be called by the Board.
II. The Shareholders Meeting may convene in special session at any time where necessary and to be called in accordance with applicable legal rules.
- Article 11 : The Company shall notify the shareholders of a regular session of the Shareholders Meeting 30 days in advance, and of a special session 15 days in advance. The content of the notice shall include the date and place of the convention and the cause of the convention.
The Company's shareholders' meeting can be held by means of visual communication network

- or other methods promulgated by the central competent authority.
- Article 12 : Resolutions of the Shareholders Meeting shall be made by a session of the Shareholders Meeting with the presence of shareholders representing more than half of the outstanding shares issued by the Company and a simple majority of the votes being represented by the shareholders in session unless the Company Act provides otherwise.
- Article 13 : Shareholders are entitled to one vote for the holding of each share except for restricted shares units or shares bearing no voting right as prescribed in Article 179 of the Company Act.
- Article 14 : If specific shareholder cannot attend the Shareholders Meeting in person, this shareholder may appoint a proxy to attend with the use of the power of attorney prepared by the Company and specify the scope of authorization therein. The attendance by proxy to Shareholders Meeting shall be governed by Article 177 of the Company Act and also the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the competent authority.
- Article 15 : If the Shareholders Meeting convenes to the call of the Board, the Chairman shall act as the Presiding Officer. In the absence of the Chairman due to leave taking or for other reasons, the Vice Chairman shall act as the proxy for the Chairman. If there is no Vice Chairman or the Vice Chairman is also absent due to leave taking or for other reasons, the Chairman shall appoint one Director as the proxy. If not, the Directors shall nominate one among themselves to act as the Presiding Officer for the meeting.
- Article 16 : Matters relating to the resolutions by a shareholders’ meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and release of the minute of meeting on record as mentioned may be made by announcement. The minute of meeting on record shall be kept within the perpetuity of the Company. The sign-in registry of the shareholders and the sign-in cards, and the power of attorney submitted by the proxies for attending the Shareholders Meeting shall be kept for at least one year. In the event of lawsuit instated by shareholders pursuant tot Article 189 of the Company Act, the aforementioned documents shall be kept until the final ruling of the legal proceedings.
- Chapter IV Directors and Supervisors
- Article 17 : The Company shall establish 7 to 10 seats of Directors of which 3 shall be reserved for Independent Directors. The number of Independent Directors shall not fall below 1/5 of the total number of Directors and each has tenure of 3 years. 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. 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. 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 convenor. 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.
- Article 18 : The proportion of all shares held by the Directors shall be governed by related rules and regulations of the competent authority of securities.
- Article 19 : If 1/3 of the seats of Directors were left vacant or Independent Director is relieved from office, the Board shall call for a special session of the Shareholders Meeting for holding an election of Directors to fill the vacancies. The Director Elects to fill the vacancies shall have tenure covering the remainder of the term left behind by the predecessors. In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.
- Article 20 : The Chairman a Vice Chairman shall be appointed by the Board in a session attended by at least 2/3 of the Directors and a simple majority of the Directors in session. The Chairman represents the Company externally. In the absence of the Chairman due to leave taking or for other reasons, the Vice Chairman shall act as the proxy for the Chairman. In the absence of the Vice Chairman due to leave taking or for other reasons, the Chairman shall appoint one Directors to act as the proxy. If not, the Directors shall nominate one among themselves to act as the proxy for the Chairman.
- Article 21 : The Directors are organized into the Board of Directors (the Board) for the final approval of all

business policies and important matters. The Board shall establish different functional committees under its direct supervision.

- Article 22 : The presence of at least half of the number of Directors will be necessary to qualify for the quorum of the Board in session and all resolutions shall be made by a simple majority of the votes cast by the Directors in session. If specific Director cannot attend a session of the Board in person, this Director may appoint another Director as the proxy to attend the session. But one Director may act as the proxy of only one other Director. If the Board convenes via videoconferencing, Directors who participate in the videoconference shall be deemed attending the session in person. The parliamentary procedure of the Board shall be governed by the “Rules of Procedure for the Board” of the Company.
- Article 23 : The Board shall convene at least once quarterly. The caution of the convention shall be specified and the meeting notice shall be delivered to the Directors 7 days in advance. The Board may call for special session at any time in the event of an emergency. Meeting notice of the Board may be made by correspondence, fax, or E-mail.
- Article 24 : The function to be performed by Supervisors under the Company Act, Securities and Exchange Act, and other applicable laws shall be taken over by the Audit Committee except the part as stated in Paragraph 4 of Article 14-4 under the Securities and Exchange Act. The rules related to the act of the Supervisors or acting as representatives of the Company under the Company Act as stated in Paragraph 4 of Article 14-4 under the Securities and Exchange Act shall be applicable to the members of the Audit Committee who are Independent Directors with necessary changes made.
- Article 25 : The Directors (including Independent Directors) shall be remunerated by the Company for performing the assigned duties of the Company notwithstanding of the profit status of the Company. The remuneration to the Directors shall be determined by the Board under authorization and in commensurate with the level of participation in the operation of the Company and the contribution value within the upper limit of salaries as stated in the Regulations Governing the Administration of Salaries of the Company. If the Company has account surplus, dividend shall be paid pursuant to Article 31.
The Company shall take professional liability insurance for the protection of the Directors.
Chapter V Managers
- Article 26 : The Company shall establish the positions of managers and the appointment, dismissal and remuneration of whom shall be governed by the Company Act.
- Article 27 : The Company may employ consultants or key personnel at the resolution of the Board.
- Article 28 : The President shall appoint or dismiss all other employees and report to the Board for record.
Chapter VI Accounting
- Article 29 : The fiscal year of the Company starts on January 1 and end of December 31 of each calendar year.
- Article 30 : The Board of the Company shall prepare the following statements and reports at the end of the fiscal year (I) Business Report (II) Financial statements. (III) The proposal for the distribution of earnings or appropriation for covering carryforward loss, and present to the Shareholders Meeting in regular session for ratification 30 days prior to the scheduled date of the regular session.
The distribution of the aforementioned statements and reports may be made by announcement.
- Article 31 : The Company shall appropriate 2% as remuneration to the employees from its earnings, where applicable, which shall be determined by the Board for paying in cash or stock. Employees of the subsidiaries meeting specific condition are also entitled to the remuneration. The Company may also appropriate no more than 2% of the aforementioned amount of earnings as remuneration to the Directors at the resolution of the Board. Employees’ and directors’ remuneration distribution proposals shall be submitted to the shareholders’ meeting for reporting. However, the Company shall reserve for covering carryforward loss, where applicable, followed by the appropriation of remuneration to the employees and the Directors in the aforementioned ratios.
- Article 31-1 : 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.

Chapter VII Miscellaneous

- Article 32 : The organization code and enforcement rules shall be instituted separately.
- Article 33 : Anything not mentioned in the Articles of Incorporation shall be governed by the Company Act and other applicable legal rules.
- Article 34 : The Articles of Incorporation was duly instituted on August 4, 1978 The 1st amendment was made on April 1, 1979. The 2nd amendment was made on June 15, 1982. The 3rd amendment was made on April 15, 1984. The 4th amendment was made on November 11, 1989. The 5th amendment was made on April 21, 1990. The 6th amendment was made on June 23, 1993. The 7th amendment was made on September 15, 1995. The 8th amendment was made on September 14 1996. The 9th amendment was made on June 21, 1997. The 10th amendment was made on November 3, 1997. The 11th amendment was made on April 30, 1998. The 12th amendment was made on May 21, 1999. The 13th amendment was made on June 2, 2000. The 14th amendment was made on June 26, 2001. The 15th amendment was made on June 26, 2002. The 16th amendment was made on June 10, 2003. The 17th amendment was made on April 27, 2004. The 18th amendment was made on June 14, 2005. The 19th amendment was made on June 9, 2006. The 20th amendment was made on June 13, 2008. The 21st amendment was made on June 18, 2010 The 22nd amendment was made on June 5, 2012. The 23rd amendment was made on June 27, 2014. The 24th amendment was made on June 21, 2016. The 25th amendment was made on June 16, 2020. The 26th amendment was made on June 15, 2022.

TEX-RAY INDUSTRIAL CO., LTD.

Chairman: Lin Zui Yeh

TEX-RAY INDUSTRIAL CO., LTD.
Rules of Procedure for Shareholders Meetings

Approved by the Board on March 26, 2020

- Article 1: The parliamentary procedure of the Shareholders Meeting of the Company shall be governed by this Procedure unless the law or the Articles of Incorporation provides otherwise.
- Article 2: A sign-in registry shall be prepared for the shareholders (or proxies) to sign in for registration for admission to the Shareholders Meeting, or the attending shareholders (or proxies) may use their sign-in card in lieu of signing in. The appointment of proxies to attend Shareholders Meeting shall be governed by the Articles of Incorporation of the Company.
- Article 3: The Board shall call for the convention of the Shareholders Meeting and compile the Meeting Handbook unless the law provides otherwise. The Meeting Handbook and other supplementary information on the meeting shall be disclosed before the meeting. Topics like the appointment or dismissal of Directors, amendment to the Articles of Incorporation, cash buy-back for recapitalization, application for withdrawal from public offering, permission of competition among the Directors, capitalization of retained earnings into new shares, capitalization of additional paid-in capital into new shares, dissolution of the Company, corporate merger or demerger, or anything as inscribed in Paragraph 1 of Article 185 of the Company Act shall be specified as a part of the cause of convention with the summary of the content explained. These topics cannot be proposed as extemporary motions. The summary of these topics may be posted at the designated website of the competent authority of securities or the Company with the website IP marked on the meeting notice. If an election of a new term of the Board of Directors and the date of assuming office of the Directors has been specified in the meeting notice as a part of the cause of convention, the said date of assuming office cannot be altered in the form of extemporary motion or other means on the same session of the Shareholders Meeting after the election was completed.
- Article 4: Shareholders holding more than 1% of the shares issued by the Company may present motion to the Shareholders Meeting in the regular session pursuant to Article 172-1 of the Company Act.
- Article 5: The Shareholders Meeting should be held at the business place of the Company or a place convenient for the shareholders to attend and the time should not be earlier than 9:00 am and later than 3:00 pm.
- Article 6: If the Shareholders Meeting convenes to the call of the Board, the Chairman shall act as the Presiding Officer. In the absence of the Chairman due to leave taking or for other reasons, the Vice Chairman shall act as the proxy for the Chairman. If there is no Vice Chairman or the Vice Chairman is also absent due to leave taking or for other reasons, the Chairman shall appoint one Director as the proxy. If not, the Directors shall nominate one among themselves to act as the Presiding Officer for the meeting. If an entitled third party other than the Board calls for a session of the Shareholders Meeting, this party shall act as the Presiding Officer of the meeting. If there are 2 or more entitled parties calling for the session, these parties shall nominate one among themselves to act as the Presiding Officer.
- Article 7: The attendance and voting of shareholders in the Shareholders Meeting shall be based on the quantity of shares represented. The quantity of shares represented by the shareholders in session shall be based on the record on the sign-in registry or the sign-in card being surrendered.
- Article 8: If the shareholders representing more than half of the outstanding shares of the Company is present, the Presiding Officer shall announce the Shareholders Meeting in session. If not, the Presiding Officer shall announce for the postponement of the session. Such announcement of postponement may be announced twice only and the time lapse for each postponement shall not be longer than 1 hour. If the announcement for postponement of the session has been made twice and the number of shareholders in session still cannot represent 1/3 of the outstanding shares issued by the Company, the Presiding Officer shall announce to abort the session. If the number of shareholders in session can represent more than 1/3 of the outstanding shares issued by the Company after the announcement for postponement of the session twice, the Company shall make provisional resolutions pursuant to Article 175-1 of the Company Act, and call for a new session of the Shareholders Meeting within 1 month thereafter. If provisional resolution has been made, and the Shareholders Meeting is still in session with the presence of shareholders representing more than half of the outstanding shares issued by the Company, the Presiding Officer shall announce the Shareholders Meeting in session at any moment. The

- provisional resolution already made shall be referred to the voting by the shareholders in session pursuant to Article 174.
- Article 9: The Company may appoint the retained legal counsel, certified public accountants, or related personnel to attend the session of the Shareholders Meeting as observers. The administrative staff of the Shareholders Meeting shall wear ID badge or arm badge for identification.
- Article 10: The Company shall keep track on the entire proceedings of the Shareholders Meeting by voice recording or videotaping and keep the record for at least 1 year.
- Article 11: If the Shareholders Meeting convenes to the call of the Board, the Board shall prepare the agenda. Related motions presented (including extemporary motions and amendment to the original motions) shall be put to vote one-by-one. The session shall be unfolded in accordance with the agenda and cannot be changed without the resolution of the Shareholders Meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene other than the Board of Directors. The Presiding Officer cannot announce for the adjournment of the session while the agenda as mentioned in the preceding 2 paragraphs (including extemporary motions) is still in progress unless under the resolution of the Shareholders Meeting. After the adjournment of the Shareholders Meeting, shareholders cannot nominate another Presiding Officer to continue the session at the same place or in another place. However, if the Presiding Officer acts in defiance of the Procedure by announcing for the adjournment of the session, the shareholders may appoint one person to act as the Presiding Officer by shareholders in session representing a simple majority of the votes to continue the session. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
- Article 12: Before speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, their shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. If specific shareholder (or proxy) just presented the message memo but did not present the speech, it shall be deemed no expression of opinion. When the content of the speech is not in alignment with the subject on the speaker's slip, the spoken content shall prevail. Attending shareholders may not interfere with the speaking shareholders without the Chairman's consent and the speaking shareholders. The Chairman will have the violating shareholders stopped.
- Article 13: The same shareholder (proxy) cannot express opinion on particular motion more than twice unless at the consent of the Presiding Officer. The duration for each instance of opinion expression is limited to 5 minutes. If specific shareholder acts in defiance of this rule or the content of the speech is deviated from the subject matter of the motion, the Presiding Officer shall stop this shareholder from further expression of opinion.
- Article 14: If an institutional shareholder is appointed to attend the Shareholders Meeting as a proxy, this institutional shareholders may only act as the proxy of only one other shareholder. When an institutional shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- Article 15: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 16: If the Presiding Officer deems the discussion on particular motion is enough and it is high time to put to vote, the Presiding Officer can announce for the end of discussion and refer the motion to voting.
- Article 17: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The outcome of a vote at the audit committee meeting shall be reported on the spot and be recorded accordingly.
- Article 18: The Presiding Officer may announce for a recess while the session in progress. In the event of force majeure, the Presiding Officer shall announce for the suspension of the session, and announce the time for continuation depending on the circumstance. If the meeting place can not longer be available for the meeting of Shareholders Meeting before the conclusion of the agenda (including extemporary motions), the Shareholders Meeting may resolve to seek another place to continue the meeting. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 19: Shareholders are entitled to one vote for the holding of each share except for restricted shares units or shares bearing no voting right as prescribed in Article 179 of the Company Act.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered on the MOPS.

Article 20: There may be amendment or substitute of particular motion being proposed, the Presiding Officer shall determine the priority of voting on the original motion, the amendment or the substitute to the motion. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Article 21: The Presiding Officer shall appoint prefects (or security guards) to keep the order of the meeting place. The prefects (or security guard) shall wear arm badge or ID badge marked "Prefect" while performing their duties in keeping the order of the meeting place.

Article 22: Anything not covered by this Procedure shall be governed by the Company, the Articles of Incorporation of the Company, or other applicable legal rules.

Article 23: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Attachment XIV

TEX-RAY INDUSTRIAL CO., LTD.

Regulations Governing the Election of Directors and Independent Directors

Approved by the board of directors on March 27, 2020

Article 1: Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Regulations.

Article 2: The registered cumulative voting method shall be adopted for the election of the Company's directors. Each share shall have the number of voting rights equal to the directors to be elected in accordance with the law. One candidate may be cast for a centralized election or several candidates may be allocated, and the ones with the greatest number of voting rights shall be elected in sequential order. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. When the Company elects independent directors in accordance with its Articles of Incorporation, the elections of independent directors and non-independent directors shall be conducted at the same time and counted separately. The independent director election shall be carried out in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and related laws and regulations.

Article 3: Elections of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures specified in Article 192-1 of the Company Act. To conduct reviews of the candidates' qualifications, education, working experience, background, and the existence of any matters set forth in Article 30 of the Company Act, other certification documents for qualification requirements shall not be added arbitrarily, and the review results shall be provided to the shareholders for reference, in order to elect suitable directors.

Article 4: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.

Article 5: Ballots shall be prepared by the board of directors and shall be coded according to the serial numbers of the attendance cards, plus the number of voting rights.

Article 6: If the candidate is a shareholder, the voter must fill in the name in the "Candidate" column of the ballot with the candidate's shareholder account name and number noted. If the candidate is not a shareholder, the name and the ID card number or passport number of the candidate should be filled in the said column of the ballot. However, when the government or corporate shareholder is a candidate, the title of the government or corporate should be filled in the "Candidate" column of the ballot with the name of its representative stated. If there is more than one representative appointed, they can be selected separately.

Article 7: A ballot shall be deemed invalid under any of the following circumstances.

- I. The ballot is not prepared in accordance with the provisions of the "Regulations."
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.
- IV. The candidate whose name is entered in the ballot is a shareholder and his/her account name and shareholder account number does not conform to the shareholder registry, or the candidate whose name is entered in the ballot is not a shareholder and does not conform to the name and identity card number provided.
- V. Other words or marks are entered in addition to the name (title) of the candidate and the shareholder number (or ID card number).
- VI. The name (title) or the shareholder number (or ID card number) of the candidate is not filled.
- VII. Two or more candidates are indicated on the same ballot.

Article 8: The voting rights shall be calculated on-site immediately after the end of the poll; and the results of the calculation shall be announced by the chair on the site.

Article 9: The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 10: These Regulations and all amendments thereto shall be enforced upon approval by a shareholders' meeting.

TEX-RAY INDUSTRIAL CO., LTD.
Quantity of shares held by the Directors

April 11 2023

Job title	Name	Date of assuming office	Term of office	Shareholding while elected	Number of shares currently held
Chairman	Ray Lin	July 12, 2021	3 years	6,120,000	6,120,000
Vice Chairman	Yao Wan-Kuei	July 12, 2021	3 years	3,830,239	3,830,239
Directors	Representatives of Yue Ta Textile Holding (BVI) Limited: Chang Nai-Wen, Tai Chun	July 12, 2021	3 years	42,052,440	42,052,440
Director	Kuo Wen-Yen	July 12, 2021	3 years	0	0
Directors	Wu Ching-Feng	July 12, 2021	3 years	2,009,400	2,009,400
Director	He Yu	July 12, 2021	3 years	80,912	73,912
Director	Representative of CIAN Co., Ltd.: Liang Chia-Yin	July 12, 2021	2 years	23,362,466	23,362,466
Independent Director	Tsai Chao-Lun	July 12, 2021	3 years	0	0
Independent Director	Li Mu-Jung	July 12, 2021	3 years	409	409
Independent Director	Chu Hsing-Hua	July 12, 2021	3 years	0	0
Total				77,455,866	77,448,866

Note 1: the mandatory quantity of shares to be held by all Directors is 12,000,000 shares. As of the day share transfer is halted (April 11, 2023), all Directors held 77,448,866 shares issued by the Company.

Note 2: The Company has established the Audit Committee. The holding of shares by Supervisor is not applicable in this context.

Attachment XV: Motions presented by shareholders: none.