Common Stock ID: 1467

TEX-RAY INDUSTRIAL CO., LTD.

2021 Annual Report

Published on May 25, 2022

The Annual Report may be accessed at
1. MOPS: mops.twse.com.tw
2. The Company's website at www.texray.com

I. The Company’s spokesman or acting spokesman:

	Spokesman	Acting Spokesman
Name	Yao Wan-Kuei	Yeh Feng-Hua
Job Title	Vice Chairman	Assistant Vice President
Tel. No.	02-25215155	02-25215155
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II. Address and telephone number of the Company's headquarters, branch offices and factories:

1. Headquarters: 2F, No. 426, Linsen N. Rd., Taipei City
   Tel. No. (02) 2521-5155
2. Fabric Business Unit: 9F, No. 426, Linsen N. Rd., Taipei City
   Tel. No. (02) 2521-5155
3. Clothing Business Unit: 7F, No. 426, Linsen N. Rd., Taipei City
   Tel. No. (02) 2521-5155

III. Agency handling share transfer:

Name: Jih Sun Securities Co., Ltd., Shareholder Service Agency Dept.
Address: 7F, No. 85, Sec. 2, Nanjing E. Rd., Taipei City
Website: www.jihsun.com.tw
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IV. CPAs who duly audited the annual financial report for the most recent fiscal year

Firm Name: KPMG in Taiwan
Name of CPA: Tseng Kuo-Yang, CPA and Chien Ti-Nuan, CPA
Address: 68F, No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
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V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities

: None.

VI. The Company’s website at www.texray.com

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One. A Message to Shareholders

To All Shareholders:

Thanks you for all of your permanent support and encouragement to the Company. The outbreak of COVID-19 all over the world in 2021 not only caused inconvenient transportation, sharply increasing freight, global port congestion and global supply chain disconnection that resulted in the decrease in multinational trades and business trips, and derived new business models. In May 2021, the pandemic broke out locally in Taiwan, and also in Vietnam at the same time. The Company could not help but activated the work from home model. Meanwhile, the Company's production base suspended production in Vietnam, as a result of the lockdown policy. In Q1 of 2021, the Company delivered fair performance, as its operating revenue grew from the past years. Notwithstanding, the recurring outbreak of epidemic in May forced Vietnam to adopt the lockdown policy. As a result, it was impossible for the Company's Binh Duong Factory and Long An Factory to complete the production and shipment successfully. The impact posed therefor caused it impossible for the Company to recover the operation in five months. Though the Company allocated the production capacity from the other production bases globally to help the production, it was still impossible to remove the impact resulting in the reduction of production capacity in Vietnam and, therefore, the Company's annual operating revenue declined. The external environmental impact affected the Company's operations adversely. Notwithstanding, the Company kept adopting the business strategies to eliminate the products and customers with weaker competitiveness, focus on performance products to increase the gross profit, continue transforming, use the best effort in R&D of products and innovation of production technologies, and proceed with the organizational adjustment to optimize customers in response to the changes in the production and trading models, and continue improving its production and management ability to achieve the goal for sustainability.

In consideration of the Company's past outstanding resource integration and its remarkable ability as an ODM, the Company consolidated the global production & marketing supply chain resiliently and reflected the risk control rapidly. Besides, The "TexRay Seamless Value Added Chain" integrates the Group's strategic strengths, manages the business stably and honestly, and create the innovative value management model reflecting the Company's characteristics. Emphasis on functionality and eco-friendly carbon reduction and non-toxicity has become a new trend in the fabric and apparel market in the world. The Company has created a patented eco-friendly wet print technique for the process as a modern eco-friendly solution in the printing and dyeing industry that consumes the most energy and also causes the most serious water contamination. On the front of products, it has brought together the RAYS performance textile product map to develop eco-friendly, energy saving, carbon reduction, and performance products, including the ECO-LOR® series through the dope dyeing process as well as the temperature-regulating textiles, such as T-Cool and T-Hot series. The Company's marketing units in New York and LA, the USA are all using the best efforts to promote the Company's high-end products which are not only fashionable and trendy, but also functional, eco-friendly and toxic-free, with a view to fulfilling the Company's corporate social responsibility and making some contribution to the environmental protection by providing such products.

The Company's subsidiary, "KING'S METAL FIBER TECHNOLOGIES CO., LTD. (hereinafter referred to as "King's Metal")," has generated stable earnings and delivered outstanding performance permanently. Therefore, at the end of 2020, King's Metal was reorganized successfully, and a public offering was carried out later on March 12, 2021. It was listed on the emerging stock market in September 2021. King's Metal keeps its competitiveness in terms of the metal fiber manufacturing technology and market share. Due to the coming electrical vehicle and 5G communication era, the lamination process technologies critical to MLCC and LTCC have to develop toward high precision printing and fine line width. Given this, there will be promising market outlook for the existing automotive glass thermal insulation and buffer material manufacturing. Meanwhile, in order to expand the application of technologies to different product categories, King's Metal also uses its best efforts to invest capitals in the development and production of new products, such as sintered felt and burner, et al. It also establishes the mono-filament section to work with local electronic terminal manufacturers to manufacture the new generation high-end lamination process fine steel wires, and thereby launches into the electronic materials industry. King's Metal expects to continue improving its operating revenue and stable profit, and to apply for listing on TPEx this year.

Taiwan has become an aging society since 1993, and turned to be an aged society in 2018. It is expected to enter a hyper-aged society in 2025. The elderly population structure is aging rapidly. In 2021, the hyper-aged (over 85 years old) population accounted for 10.5% of the elderly population in 2021, which will grow until 27.4% in 2070. Then, the demand for healthcare will increase day by day. In order to improve the care quality and mitigate the demand for healthcare personnel, smart textiles may serve as one additional choice and model available to the healthcare. Meanwhile, the rapid development of information technology and global IoT drives the growing demand for smart apparel. The subsidiary, "AIQ SMART CLOTHING INC.," 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 performance products, and develop diverse applications of textiles for different industries.

Looking forward to the future, the Company will work harder to practice its operating guidelines and targets, strengthen the involvement in the products and territories with more competitiveness and eliminate the products and customers with weaker competitiveness. The Company will improve its ability to seek profit and also keep focusing on fostering the business with potential, in order to create more interest for the whole shareholders based on its practical management philosophy. The central strategy adopted by the Company is exactly the fiber development history, recording the development from traditional fiber to performance fiber, high-temperature fiber and electronic fiber, and upgrading to smart fiber. The Company continues to develop and evolve technical fiber products as its mission to achieve the sustainability.

Wish all of you

good health and happiness!

Chairman: Ray Lin

I. 2021 Business Report

(I) Business plan implementation results

(1) The consolidated operating revenue was NT$6,637,936 thousand in 2021, increasing by 22.80% from 2020.

(2) The consolidated loss after tax was NT$42,755 thousand in 2021, with the EPS at NT$0.13. Due to the orders for protective clothing and isolation gowns, the Company's operating revenue in 2020 grew more than that in 2021. As it restored to the same situation in 2021, the Company's income in 2021 is less than that in 2020.

(II) Budget implementation status

The Company did not prepare financial forecasts.

(III) Analysis on financial revenue & expense and profitability

1. Consolidated financial revenue & expense

Unit: NTD Thousand

Item	2020	2021
Operating revenue	8,598,587	6,637,936
Operating cost	6,382,107	5,311,863
Gross profit	2,216,480	1,326,073
Operating expense	1,783,919	1,232,039
Operating income	432,561	94,034
Non-operating revenue (expense), net	(166,059)	(20,372)
Income before tax	266,502	73,662
Net income	164,775	(42,755)
Basic EPS (NT$)	0.72	(0.13)

2. Profitability Analysis

Item		2020	2021
ROA %		3.21	0.40
ROE %		5.58	(1.33)
To paid-in capital ratio (%)	Operating income	18.52	4.03
	Income before tax	11.41	3.15
Profit margin %		1.92	(0.64)
Retroactive adjustment of EPS (NT$)		0.72	(0.13)

(IV) Research and development status

Please refer to Page 90.

II. Outline of 2022 Business Plan

(I) Operating Guideline

Due to the outbreak of local pandemic in Mid-May 2021, the CPC urged people to avoid any unnecessary transportation. People had to stayed at home, and thus “At Home” became the key words for Taiwan in 2021. This also reflect the new global economic pattern, and the “at home economic” has become the new type of business model and grown rapidly. On March 21, the giant container ship “Ever Given” ran aground in Egypt's Suez Canal and crossed the river, blocking traffic. Vessels passing through the Suez Canal every day carry about 1 million barrels of crude oil and 8% liquefied natural gas, as well as goods that account for at least 12% of global trade, mainly clothing, furniture, industrial production parts and automotive parts. The data of the international shipping industry publication “Lloyd's List,” shows that the daily value of stranded trade is estimated at US$9.6 billion, equivalent to US$400 million per hour/3.3 million tons of cargo. This delayed voyages of cargo vessels have caused significant direct and indirect economic losses to the world economy, and brought further headwinds to the supply chains impacted by COVID-19. The pandemic has further intensified the inflation. In 2021, while the demands increased to drive economic growth, the pandemic has led to a mayhem in the global supply chains, resulting in supply shortages. Under the imbalanced supply-demand, in particular rising food and energy prices impact people's lives even greater. The accommodative fiscal and monetary policies adopted by various countries only fueled the inflation. Although the economy in Taiwan has grown substantially, the growth mainly came form the outperformance of information, communication, and electronic products, with shortage of supply resulting in higher prices. However, traditional industries are facing considerable headwinds. In addition to the impacts of the pandemic on production and exports, the exchange rate of the New Taiwan Dollar has appreciated significantly, also intensified the pressure on the export-oriented traditional industries.

Faced with many unfavorable external environmental factors, the Company is still actively undertaking transformation to re-arrange its global strategic layout. As the U.S.-China trade war is still in progress, the Company has reduced the proprietary production of fabrics in Chinese production bases, but only retained the garment production bases for Chinese market only. In addition, the export business in African production bases has been expanded, to lower the reliance on the production bases in Vietnam, for avoiding from repeating the crisis when Vietnam was locked down, the production and supply were interrupted, as well as providing options of production origins to customers.

Facing many difficulties and challenges, and the prolonged COVID-19 pandemic, the textile industry with annual production value of NT$360 million in

Taiwan, was caught in an ordeal. The world-class department store, “JC Penny” filed bankruptcy protection in 2021. With the integration of internal resources and the ODM capabilities developed from the past, the Company has supplied its products through multiple production and sales channels and supply networks in a flexible model while managing and controlling the risks effectively to mitigate the risks to the tolerable range. The Company has also taken over the orders from those brands and distributors in crisis, which has gradually led to new business opportunities, while making them potential partners when the Company conducts business expansion in the coming years. With its existing ODM capabilities, the Company has provided partners with more choices to effectively increase its business value. The Company has also enhanced designs with market value and engaged in research and development and market expansion, so as to create more valuable new products and services. The efforts have begun to pay off.

In recent years, the "little golden chickens" have become popular in the stock market with a group's abundant resources to develop subsidiaries or sub-subsidiaries to enable more effective resource allocation. This model is well-received in the market. Under the protection of a large group, a subsidiary can also be expected to have outstanding business performance in the future, which will heat up the discussion after the subsidiary is listed on the stock market. Company has also selected its subsidiary King's Metal Fiber Technologies Co., Ltd. as its "little golden chicken" cultivated by the group, and it was publicly listed on March 12, 2021, and listed as the emerging stock in September 2021. The listing in Taipei Exchange will be applied within this year, and it will continue to strive hard to move toward the capital market.

Looking ahead to the future, the year of 2022 will still be a challenging year. In addition to maintaining the Texray Seamless Value Added Chain model adopted by the Company's management team as throughout the past to leverage its strengths in competition, the Company will reorganize its subsidiaries to reduce management costs, streamline the management processes, strengthen communication and synergy across different production sites, effectively reduce operating costs, and improve quality and efficiency comprehensively so as to create the maximum value and benefits for its shareholders.

(II) Sales volume forecast and the basis thereof, and important production and marketing policy

(1) Sales volume forecast and the basis thereof: According to the “Regulations Governing the Publication of Financial Forecasts of Public Companies,” the Company doesn’t prepare the financial forecast for 2022; therefore, there is no information about sales volume forecast for 2022 available.

(2) Important production and marketing policy:

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 performance 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. To make good use of Vietnam's abundant and competitive human resources, the Company concentrated its resources in Vietnam, and will continue to increase its production capacity to stabilize quality.
5. In terms of the production sites in the U.S. and Mexico, the Mexican factory's production capacity for ready-to-wear has further increased. Because of its location, it has become a tariff-free and quick supply site for the U.S. market; as such, it can achieve a balanced growth in production and sales due to its quick supply so as to make a profit.
6. For other businesses, in addition to King’s Metal Fiber Technologies Co., Ltd., the Company also started to invest in new business and re-organize the current affiliated. By allocating and infusing the Group’s resources, it is expected to breed more “little golden chicks,” and driving the Group’s performance.

Looking forward to the future, as an enterprise’s competitiveness resides in the persistent innovation and R&D, the Company will use the best effort to the development and design of smart clothing, ODM, eco-friendly wet print technique and dope dyeing eco-friendly colorful fiber, research and development of special performance fabric and eco-friendly coated laminated fabric and other applications of new technologies, and also improve its ability to design independently. Meanwhile, the Company will commercialize the results to create higher profit, and orient its development toward the products with larger scale of economy and higher added value, which may help conserve energy and reduce waste in the process, in order to create the maximum value.

(III) The Company's future development strategy, and the effect of external competition, legal environment, and overall business environment.

The textile industry in Taiwan is prone to the impact posed by the global economy. On one hand, it has to deal with the fluctuations in the price of raw materials in the world, the rapid rise in wages in the countries where production sites are located, and foreign exchange rate posing effects to the price; meanwhile, as the U.S. President Trump emphasized the Protectionism to protect the US interest as the first priority after he took office, the force of protectionists was rising. As a result, multiple factors disadvantageous to regional economy arose and various countries successively built the wall for protectionism. Also, laws and regulations restricting the free trade were emerging. All of these factors kept driving the increase in the costs of production and manufacturing. On the other hand, the economic growth momentum in developed countries became sluggish generally, and the main competitors, such as Korea, Hong Kong and China, were trying hard to share the saturated market; therefore, the Company had to deal with the pressure from the price war. In response to the increasingly intensifying trade competition in the world, certain major factors are specified as following:

(1) Effect of external competition:

The main competitors of Taiwan’s textile industry include China, Korea, and Southeast Asia countries emerging recently. For the time being, Taiwan’s textile industry relies on the strength in “performance textile products” to achieve the market segment based on the products made with high-threshold technologies and, therefore, secures a leading position at the world stage. TEX-RAY Group (the “Group”) is used to valuing innovation and R&D, and never falls behind the others with respect to the “performance textile products.” Currently, the performance products under its own brand are considered as the important source generating profit for the Company. Further, looking forward to the future, the global textile industry is entering the “smart apparel” era in line with the technological development. TEX-RAY has been experienced in “smart textiles” for many years, as a leader in the field permanently. It has taken the lead in R&D, design, production and marketing of related products. Therefore, once the demand for such product emerges in the market, such product will inevitably become a star in the market.

(2) Effect of legal environment:

As far as the global garment trading environment is concerned, since the quota restrictions are terminated, in order to protect their own import/export interest, the countries in various regions have successively accelerated the execution of multiple free trade agreements (FTAs) or preferential treatment programs, and the regional economies emerged therefor (e.g. TPP and RCEP). Notwithstanding, after the US President Trump took office, the USA withdrew from TPP, and then boosted the Protectionism again to support the USA's interest as the first priority. Recently, it implemented the Special 301 to attack the export sale of China. As a result, the international trade was affected significantly. Recently, the rapid rise in wages, rising environmental protection awareness and emerging laws and regulations disadvantageous to the processing and trade business in China have forced garment manufacturers to leave China and find new production sites again. Meanwhile, due to the environmental protection and green energy issues emerging constantly all over the world, all of the textile manufacturers turn to pursue the new generation eco-friendly and toxic-free production methods and textiles. Though their operating costs increase therefor, they are considered fulfilling the corporate social responsibility to be borne by them. In order to deal with the pressure from competition and changes in external laws and regulations, TEX-RAY, when operating its business globally, also adjusted its business strategies resiliently, by analyzing the business strengths of its production sites, following the market trends and maintaining its exist competitive strengths.

1. In Taiwan: As affected by political marginalization, it is impossible for the textile industry of Taiwan to enjoy the competitive strength of multi-national cooperation. Therefore, the Company identifies Taiwan as its operating center, strengths the innovation and R&D of "performance textiles" and "smart apparel," reflects its competitive strengths rapidly, and launches its own branded products, keeps concerning the market demand, and improves its understanding about the market , in order to feed back the business opportunities all over the world and better serve the brand customers' needs.
2. Production site in China: In addition to the strong domestic demand, the development of RCEP and the Belt and Road Initiative bring the unlimited imagination for growth.
3. Production site in Eswatini: The successful transformation to the domestic demand market contributes substantial profit to the parent company. Meanwhile, upon return of AGOA in 2018, it may develop another source of profit for the parent company.
4. Production site in North America: Strengthen the connection between the marketing company in the USA and production center in Mexico; emphasize the duty-free fast supply in the US market, work with the brand manufacturers to strive for business opportunities more rapidly, and grow and seek profit through balanced production and marketing; meanwhile, strengthen the

development of domestic demand market and expand its business in Mexico.

(3) Effect of overall business environment:

The impact posed by the Sino-US Trade War forced the textile manufacturers to leave China and move to Southeast Asia countries, thereby causing the increase in workers' wages. As same as the other garment and textile manufacturers, TEX-RAY needs to deal with the same pressure weakening its ability to seek profit from export of garments. Then, the gross profit might decline accordingly. In order to deal with the challenge from the global economic condition, as the changes in external environment are not controllable by it, it decides to focus on strengthening tis internal business physique. This year, it will use the best effort to improve the production efficiency and improve the management of factories, and cut the business costs, develop new customers proactively, and disperse the business risk over new markets.

In order to deal with the COVID-19 epidemic, the Company joins the national pandemic-prevention team to develop the PPE products for medical application service, and market the products overseas to seek plentiful profit for the Company. Notwithstanding, the Company will not act conceited therefor, but will continue to develop different textiles based on its resilient business strategies, in order to satisfy customers' needs as the first priority.

The Company will still use the best effort to (1) strengthen the management of the global supply network and the requirements for minimum tariff rate and fast supply, in order to satisfy customers' need to cut the costs; (2) deepen the regional market, provide more diversified products sellable in the domestic demand market and achieve the business target for economy blockchain; (3) strengthen the ability to R&D and design, optimize the market value and product quality, and increase profit; (4) strengthen the development of eco-friendly and performance textiles, aiming to innovate technologies and cultivate brands with potential; (5) continue to streamline the organizational framework and operating procedures, guide the units with poor business performance, improve efficiency effectively, and cut costs; (6) expand investment and guide excellent affiliated companies to expand their business scale to produce the investment effects.

Looking forward to the future, the Company will use the best effort to practice its operating guidelines, strengthen its ability to seek profit from the original profession, and keep developing and fostering the business with potential, in order to create more interest for the whole shareholders based on its practical management philosophy.

Two. Company Profile

I. Date of Establishment: August 18, 1978; Tax Identification Number: 69559487

II. Company History

(I) Company History

August 1978	The Company was founded, and Dyeing Business Division was established.
December 1989	Merged You-Yi Enterprise Co., Ltd. and established Fancy Yarn Business Division.
December 1995	Public offering of stocks.
January 1996	Established Woven Fabric Business Division.
November 1998	Established Garment Business Division.
December 1998	Stock listed on TWSE.
December 1998	Reinvested in Garment Factory No. 1 in Mexico.
October 1999	Reinvested in Woven Factory and Dyeing & Finishing Factory in Mexico.
May 2000	Reinvested in Garment Factory No. 2 in Mexico.
June 2000	Reinvested in the marketing company in the USA, TRLA GROUP INC.
January 2001	Reinvested in the marketing company in the USA, Z-PLY CORPORATION.
April 2001	Reinvested in King's Metal Fiber Technologies Co., Ltd.
June 2001	The Company's IT application promotion project, namely "Textile Production & Marketing Digital IT System Development Project", was approved by Ministry of Economic Affairs.
October 2001	Award for Industrial Technology Advancement - Excellence Award from Ministry of Economic Affairs.
November 2002	The affiliated company, King's Metal Fiber Technologies Co., Ltd., received the Business Startup Award - Quality Award from Ministry of Economic Affairs.
January 2003	11th Taiwan Excellence Award from for the Bureau of Foreign Trade, MOEA for the product "TEX-RAY Ultra Mercerized Cotton Color Yarn."
May 2003	Participated in the cooperative development project of Metal Industries Research & Development Centre to complete the supercritical carbon dioxide cleaning prototype, and obtained the transfer of technologies for the pressure vessel design, cleaning system design and the US-based Raytheon's workpiece degreasing technology.
November 2003	2003 environmental management system demonstration team rating - excellent performance from Industrial Development Bureau, MOEA.
January 2004	Tainan Dyeing and Finishing Factory of Dyeing Business

	Division received the ISO 14001 environment protection certification.
November 2004	Industrial Excellence Award 2004 from Industrial Development Bureau, MOEA.
March 2005	The technological program subsidy for the Conventional Industry Technology Development, “Eco-Friendly and Streamlined Low-Energy Cotton Yarn Development Technology”, approved by Industrial Development Bureau, MOEA.
April 2006	Reinvested in the garment factory in Vietnam, GOODTIME (VIETNAM) ENTERPRISE CO., LTD.
September 2006	ITDP (Industrial Technology Development Program) Best Industry-Academic Development Award from Ministry of Economic Affairs.
December 2007	Reinvested in T.Q.M. (the dyeing and finishing factory in Eswatini)
December 2007	Reinvested in GREAT CPT INTERNATIONAL CO., LTD. (garment factory in Eswatini)
January 2008	Reinvested in Tex-ray (Shanghai) Industrial Co., Ltd.
January 2009	Reinvested in the incorporation of Tex-ray (Yencheng) Industrial Co., Ltd.
December 2009	Reinvested in the incorporation of TRYD APPAREL CO., LTD.
November 2010	Integration of KARTAT garment factory into TRS garment factory in Eswatini
November 2010	TEX-RAY divided Kaohsiung 302 Factory to establish ZHENG-RAY INDUSTRIAL CO., LTD.
July 2011	Tex-ray (Yencheng) Industrial Co., Ltd. was renamed into JIANGSU TRYD TEXTILE TECHNOLOGY CO., LTD.
November 2011	The subsidy for the Company’s technological program encouraging domestic enterprises’ establishment of R&D center in Taiwan approved by the Institute for Information Industry.
March 2012	The subsidy for the Company’s technological program for development of hollow and lightweight heating textiles is approved by Industrial Development Bureau, MOEA.
February 2012	Reinvested in the incorporation of TEX-RAY SA marketing company.
October 2012	Integration of UK Woven Fabric Factory to TQM Dyeing and Finishing Factory in Eswatini
April 2013	The subsidy for the Company’s technological program for development of high elastic dope dyeing textiles is approved by Industrial Development Bureau, MOEA.
June 2013	The subsidiary in South Africa, TEXRAY (SA), acquired

	51% of the equity of KASUMI. SA is planned to serve as the center dedicating to accepting orders for domestic marketing business in South Africa, while KS is set to be the factory dedicated to producing garments for domestic marketing.
June 2013	TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD. merged MIN SHIN MACHINERY CO., LTD.
June 2013	Integration of WEH Embroidery Factory to TQM Dyeing and Finishing Factory in Eswatini
July 2013	Established the garment factory in VN
November 2013	Established the garment factory in Cambodia
November 2014	Integration of MRM (garment factory) into TRM (dyeing and finishing factory) in Mexico
November 2014	The subsidiary in South Africa, TEXRAY (SA), acquired 49% of the equity of KASUMI. KS is the factory dedicated to producing garments for domestic marketing.
December 2015	Increased capital in Long An Garment Factory in Vietnam.
January 2017	Wholly owned the fiber factory and clothing factory in Yencheng
May 2018	The TQM dyeing and finishing factory is wholly owned by the subsidiary in South Africa, TEXRAY (SA).
August 2018	The UIW woven fabric factory is wholly owned by the subsidiary in South Africa, TEXRAY (SA).
May 2020	The dyeing factory in Taiwan suspended production.
March 2021	Public offering by King’s Metal Fiber Technologies Co., Ltd.
September 2021	King’s Metal Fiber Technologies Co., Ltd. listing on emerging stock market

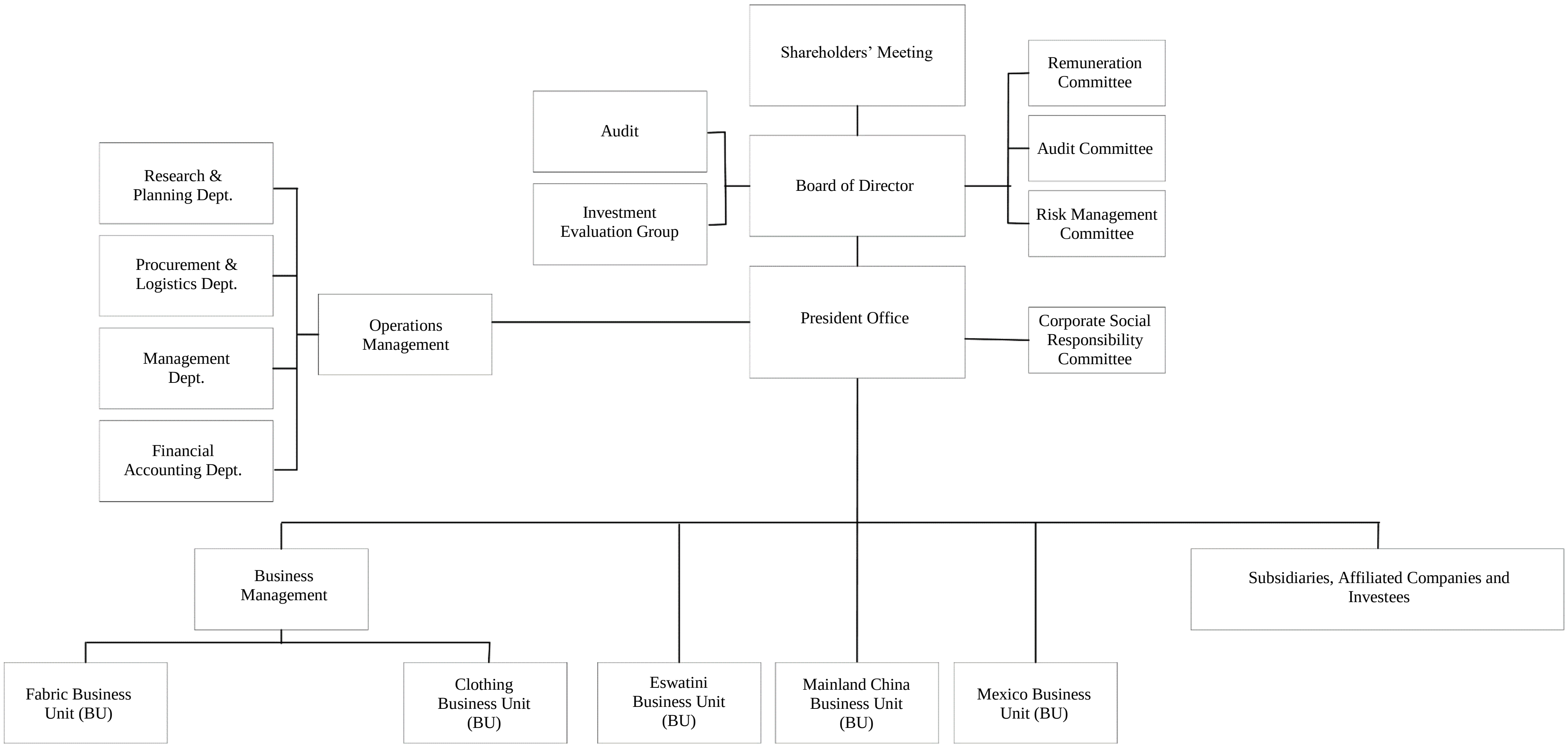
(II) Merger and acquisition activities, investments in affiliated companies and corporate reorganization in the most recent year until the date of publication of the annual report: None.

(III) Large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company’s shares, any change in managerial control, material changes in operating methods or type of business, and any other matters of material significance that could affect shareholders' equity: None.

Three. Corporate Governance Report

I. Organizational System

(I) Organizational System



(II) Business operations by major departments

Department	Operations
Audit Office	1. Practice and promote the systematic management of form audit operations. 2. Establish, maintain and execute the internal audit system for the eight internal control cycles. 3. Audit the eight internal control cyclic systems, management regulations and internal operations. 4. Undertake the audit jobs assigned by the management. 5. Follow up, appraise and report the Company's business targets, plans and budget implementation status. 6. Check and evaluate the completeness and accuracy of related financial procedures.
Clothing Business Unit (BU)	1. Accept garment orders. 2. Coordinate suppliers' production operations. 3. Control quality and delivery of finished goods.
Fabric Business Unit (BU)	1. Accept woven fabric orders. 2. Coordinate suppliers' production operations. 3. Control quality and delivery of finished goods.
Financial Accounting Dept.	1. Fund allocation and financial planning. 2. Preparation of consolidated financial statements and account management. 3. Global transfer pricing report and taxation planning 4. Investment management and strategic planning. 5. Shareholder service and management. 6. Maintenance of investors' relations.
Management Dept.	1. HR management and organizational development 2. Planning, execution and control of general affairs, and tangible security control 3. Planning, construction, execution and maintenance of computer and IT systems
Procurement & Logistics Dept.	1. Review letters of credit. 2. Integrate, compare and collectively process various export expenses, and set prices based on quantity to cut export costs. 3. Plan the export of machine and equipment in response to the plan for establishment of factories overseas. 4. Book containers/prepare documents for raw materials & supplies, export of products and triangle trading. 5. Verify and charge the transportation and custom declaration fees for raw materials and supplies, export of products and triangle trading. 6. Inquire and compare price. 7. Procure machine/dyeing auxiliaries/spare parts, settle accounts receivable/payable, follow up abnormalities, and file claims.
Research & Planning Dept.	1. Develop textile technology and produce textiles. 2. Execute technological project plan. 3. Execute TEX-RAY R&D management system. 4. Plan and promote the marketing program for textiles. 5. Plan and execute domestic and foreign exhibitions. 6. Plan and design business marketing tools. 7. Update and maintain the corporate identity system. 8. Update and maintain tangible and digital showrooms. 9. Establish and present the Company's disclosure of information to the internal and external personnel. 10. Plan, assist and execute various cross-departmental projects. 11. Integrate current information and provide the same to the requesting unit.

II. Information About Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, Managers of All the Company's Divisions and Branch Units

(I) Information about directors and supervisors

April 17, 2022

Job title	Nationality or place of domicile	Name	Gender/age	Date elected (appointed)	Term of office	Date first elected	Shareholding while elected		Current shares held		Shares held by spouse and underage children		Shares held in the names of others		Major experience (academic degree)	Concurrent positions in the Company and other companies	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors			Remark
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Chairman	ROC	Ray Lin	Male/70	July 12, 2021	3	November 3, 1997	6,000,000	2.67%	6,120,000	2.62%	14,280,000	6.11%	–	–	MSM, Baker University	Legal representative of TEX-RAY investees	–	–	–	
Vice Chairman	ROC	Yao Wan-Kuei	Male/70	July 12, 2021	3	May 14, 1996	3,755,137	1.58%	3,830,239	1.64%	93,945	0.04%	–	–	EMBA, National Chengchi University President's Special Assistant, China Man-Made Fiber Corporation	Legal representative of TEX-RAY investees	–	–	–	
Director	BVI	YUEDA Textile Financial Holding Limited		July 12, 2021	3	June 27, 2014	42,052,440	20.00%	42,052,440	18.00%	–	–	–	–	–	–	–	–	–	
Representative	China	Chang Nei-Wen	Male/53	November 3, 2021	2	November 3, 2021	–	–	–	–	–	–	–	–	Prograduate Student from Party School Chairman, Jiangsu Yueda Group Co., Ltd.	–	–	–	–	
Representative	China	Tai Chun	Male/56	July 12, 2021	1	September 8, 2020	–	–	–	–	–	–	–	–	Chairman, Jiangsu Yueda Textile Group Co., Ltd.	–	–	–	–	
Director	ROC	Kuo Wen-Yen	Male/39	July 12, 2021	3	July 12, 2021	–	–	–	–	–	–	–	–	Nanhua University Department of Information Management Manager, R Shing Tang Bride Cake Ltd.					
Director	ROC	Wu Ching-Feng	Male/65	July 12, 2021	3	June 2, 2000	1,970,000	1.22%	2,009,400	0.86%	1,000,000	0.43%	–	–	Senior high school graduate Sales Manager, Tex-Ray Industrial Co., Ltd.	-	–	–	–	
Director	ROC	He Yu	Male/74	July 12, 2021	3	June 2, 2000	51,912	0.00%	80,912	0.03%	–	–	–	–	Bachelor, John F. Kennedy University Department of International Business Administration Chairman, Seven Pyramid Enterprise Co., Ltd Chairman, Seven Praise Optical Industry Co., Ltd.	–	–	–	–	
Director	ROC	Suzhou Weide Co., Ltd.		July 12, 2021	2	June 12, 2019	23,362,466	9.99%	23,362,466	9.99%	–	–	–	–	–	–	–	–	–	
Representative (Note)	ROC	Yang Chia-Yin	Female/50	July 12, 2021	2	June 12, 2019	–	–	–	–	–	–	–	–	Chairman, Suzhou Weide Co., Ltd. Director, ZENO APPAREL CO., LTD.	–	–	–	–	
Independent Director	ROC	Tsai Chao-Lun	Male/73	July 12, 2021	3	December 4, 2018	0	0.00%	0	0.00%	–	–	–	–	Chairman, FORMOSTAR GARMENT CO., LTD. Director, BES Engineering Inc.	–	–	–	–	
Independent Director	ROC	Li Mu-Jung	Male/54	July 12, 2021	3	June 26, 2015	409	0.00%	409	0.00%	24	0.00%	–	–	CPA registered in China Vice Chairman, Putian Shiquan Real Estate Development Co., Ltd.	–	–	–	–	
Independent Director	ROC	Chu Hsing-Hua	Male/65	July 12, 2021	3	July 12, 2021	0	0.00%	0	0.00%	–	–	–	–	Master of Textile Engineering, Feng Chia University Vice Director-General, Intellectual Property Office, MOEA	–	–	–	–	

Note: Director Lin Sen-Yao and Independent Director Chang Chao-Yuan were discharged from their positions upon the reelection in July 2021. YUEDA Textile Financial Holding Limited (BVI) re-appointed Mr. Chang Nei-Wen to serve as the director in place of Mr. Wang Lian-Chun. Director Kuo Wen-Yen and Independent Director Chu Hsing-Hua were elected for the first time on July 12, 2021.

Table 1: Major Shareholders of Juristic Person Shareholders

April 17, 2022

Name of Juristic Person Shareholder	Major Shareholders of Juristic Person Shareholders
YUEDA Textile Financial Holding Limited	YUEDA ENTERPRISE GROUP (H.K.) COMPANY LIMITED
Suzhou Weide Co., Ltd.	ZENO APPAREL CO., LTD.

Table 2: Major Shareholders of Major Shareholders in Table 1 Who are Juristic Persons

April 17, 2022

Name of Juristic Person	Major Shareholders of Juristic Preson
YUEDA ENTERPRISE GROUP (H.K.) COMPANY LIMITED	Jiangsu Yueda Group Co., Ltd. 100%
ZENO APPAREL CO., LTD.	Yang Chia-Yin

(II) Information about directors (including independent directors) and independence

Information about directors and supervisors (II)

I. Disclosure of directors' and supervisors' qualifications and independent directors' independence:

Qualifications / Name	Professional qualification and experience (Note 1)	Independence (Note 2)	Number of other public companies in which the independent director concurrently serve as an independent director.
Ray Lin	MSM, Baker University; Chairman, Tex-Ray Industrial Co., Ltd.	—	July 2021 Elected as the independent director of Taiwan Glass
Yao Wan-Kuei	EMBA, National Chengchi University; Vice Chairman, Tex-Ray Industrial Co., Ltd.	—	—
Chang Nei-Wen	Prograduate Student from Party School; Chairman, Jiangsu Yueda Group Co., Ltd; senior CPA	—	—
Tai Chun	Master of Fudan University; Chairman, Jiangsu Yueda Textile Group Co., Ltd.	—	—
Kuo Wen-Yen	Nanhua University Department of Information Management; Manager, R Shing Tang Bride Cake Ltd.; Chairman, Xian Wen Ming Co., Ltd.	—	—
Wu Ching-Feng	Tainan Nan Ying Senior Commercial & Industrial Vocational School; Chairman, KANTEX CO., LTD.	—	—
He Yu	Bachelor, John F. Kennedy University Department of International Business Administration; Chairman, Seven Pyramid Enterprise Co., Ltd.; Chairman, Seven Praise Optical Industry Co., Ltd.	—	—
Yang Chia-Yin	Southern Illinois University; Director, ZENO APPAREL CO., LTD.	—	—

Tsai Chao-Lun	MBA, University of Wisconsin; Chairman, FORMOSTAR GARMENT CO., LTD.; Director, BES Engineering Inc.	Considered satisfying Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, as neither he/she or his/her spouse or relative within the second degree of kinship holds a position in the Company.	None
Li Mu-Jung	EMBA, National Taiwan University; CPA registered in China; Vice Chairman, Putian Shiquan Real Estate Development Co., Ltd.; Chairman, Putian Taiwanese Businessman Association	Same as above	None
Chu Hsing-Hua	Master of Textile Engineering, Feng Chia University; Vice Director-General, Intellectual Property Office, MOEA; Director, Taiwan Textile Research Institute; Adjunct Associate Professor, Oriental Institute of Technology	Same as above	None

None of the Company's 11 directors (including independent directors) meets the circumstances referred to in Article 30 of the Company Act.

II. Diversity and Independence of Board of Directors:

(I) Diversity of the Board of Directors: Please specify the Board of Directors' diversity policy, goals and achievement thereof. The Board of Directors' diversity policy includes without limitation to the directors' election criteria, professional qualifications and experience required from the Board of Directors, and the composition or percentage of gender, age, nationality and culture. Please also specify the Company's specific goals for said policy, and achievement thereof.

The Company advocates and respects the Board diversity policy, in order to strengthen the corporate governance and urge the robust development of the composition and structure of the Board of Directors. The Company believes that the diversity policy would help improve the Company's overall performance. The Board members are selected based on the talent concept. The members are specialized in cross-industry fields with the abilities to complement, industrial experience and related skills, and also the ability to make business judgment, the ability to manage business, leadership and decision making, and the ability to manage crisis. In order to improve the Board of Directors' functions and achieve the corporate governance targets, Article 20 of the Company's "Corporate Governance Best Practice Principles" specify that the Board of Directors shall have the following abilities: 1. the ability to manage business; 2. the ability to analyze accounting and financial issues; 3. the ability to make business judgment; 4. industrial experience; 5. the ability to manage crisis; 6. international market perspective; 7. leadership; 8. professional ability. The Company's existing Board diversity policy and implementation status thereof: The Company appoints 11 directors (including 3 independent directors), out of whom a director is female. The Board consists of the directors with the professional knowledge, skills and experience in finance, business and legal affairs as required by the Company's operations, as elected in accordance with the Company's Regulations for Election of Directors. Among them, Director Chang Nei-Wen/Independent Director Li Mu-Jung are qualified as CPAs. Independent Director Chu Hsing-Hua is qualified as professor of the university's textile-related departments. All of them can provide professional opinions to help the Company's decision making.

	Diversity Policy											
Name	Nationality	Gender	Assuming the role of the Company's employee concurrently	Age	Business management	Financial accounting	Business judgment	Industry-academia experience	Crisis management.	International market perspective	Leadership	Legal profession or CPA qualification
Ray Lin	ROC	Male	Yes	A	V		V	V	V	V	V	
Yao Wan-Kuei	ROC	Male	Yes	A	V	V	V	V	V	V	V	
Chang Nei-Wen	China	Male		C	V	V	V	V	V	V	V	V
Tai Chun	China	Male		C	V	V	V	V	V	V	V	
Kuo Wen-Yen	ROC	Male		D	V		V	V	V	V	V	
Wu Ching-Feng	ROC	Male		B	V		V	V	V			
He Yu	ROC	Male		A	V		V	V	V	V	V	
Yang Chia-Yin	ROC	Female		D	V		V	V	V	V	V	
Tsai Chao-Lun	ROC	Male		A	V		V	V	V	V	V	
Li Mu-Jung	ROC	Male		C	V	V	V	V	V	V	V	V
Chu Hsing-Hua	ROC	Male		B	V		V	V	V	V	V	V

Note 1: A for more than 70 years old B for more than 60years old C for more than 50 years old D for less than 50 years old

Note 2: The total of 11 directors (including independent directors) all assume the position or director (chairman of board) or unit supreme management in other companies and, therefore, shall be considered holding the expertise and experience sufficient to serve as the Company's directors. Meanwhile, all of them would provide the Company with professional opinions based on their expertise and experience.

(II) Independence of the Board of Directors: Please specify the number and percentage of independent directors, and also explain that the Board of Directors is functioning independently, attached with the reasons to explain whether the circumstances referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act are met or not, and also the statement about the relationship, such as spouse or relative within the second degree of kinship, between directors, supervisors, or directors and supervisors. Among the 11 directors, there are 3 independent directors, i.e. 27.27% thereof. Each director participates in the Board's operations based on his/her profession independently. No relationship, such as spouse or relative within the second degree of kinship, exists among the 11 directors.

(III) Information About Presidents, Vice Presidents, Assistant Vice Presidents, Managers of All the Company's Divisions and Branch Units

2022.05.01

Job title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and underage children		Shares held in the names of others		Major experience (academic degree)	Concurrent positions in the Company and other companies	Spouse or relatives within the second degree of kinship acting as managers			Remark (Note 1)
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Chairman and CEO	ROC	Ray Lin	Male	November 3, 1997	6,120,000	2.62	14,280,000	6.11	-	-	MSM, Baker University	Legal representative of investees	Vice President President Vice President	Yeh Feng-Ying Lin Tsung-Yi n Lin Tsung-Ha	Spouse Father and son Father and son	Note
Vice CEO	ROC	Lin Sen-Yao	Male	May 5, 1979	1,491,256	0.64	283,592	0.12	–	–	Bachelor, Tainan Teachers College Manager, Dexing Enterprise Co., Ltd.	Legal representative of investees	–	–	–	
Vice Chairman and Vice CEO	ROC	Yao Wan-Kuei	Male	May 14, 1996	3,830,239	1.64	93,945	0.04	–	–	EMBA, National Chengchi University President's Special Assistant, China Man-Made Fiber Corporation	Legal representative of investees	–	–	–	
Chief Strategy Officer (CSO)	ROC	Yang Wei-Han	Male	July 8, 2015	234,000	0.10%	0	0.00%	–	–	Master of Industrial Economy, University of Stirling MBA, University of South Australia General Director, Clothing Industry Training Authority	Supervisor of investees	–	–	–	
President and Chief Operating Officer (COO)	ROC	Lin Tsung-Yi	Male	May 11, 2018	4,459,000	1.91%	–	–	–	–	University of New Haven	Representative of investees	Chairman	Ray Lin	Father and son	
Vice President	ROC	Yeh Feng-Ying	Female	January 1, 2001	14,280,000	6.11%	6,120,000	2.62%	–	–	National Keelung Commercial & Industrial Vocational Senior High School graduate	–	Chairman	Ray Lin	Spouse	
President, Clothing Business Division	ROC	Chang Chin-Huei	Male	August 12, 2019	981	0.00%	–	–	–	–	Kuang Wu Industry and Commerce Junior College graduate	–	–	–	–	
Vice President, Fabric Business Unit	ROC	Lin Tsung-Han	Male	June 5, 2012	4,459,000	1.91%	–	–	–	–	University of Newhampshire	–	Chairman	Ray Lin	Father and son	
Financial Manager Accounting Manager	ROC	Wu Chien-Chung	Male	May 11, 2018	0	0.00%	–	–	–	–	Bachelor, Department of Accounting, Chung Yuan Christian University Audit Manager, KPMG in Taiwan Senior Manager, Radium Group	Supervisor of investees	–	–	–	

Note 1: If the Company's Chairman and President or the supreme management of the Company are the same person, spouses or relatives within the first degree of kinship with each other, please disclose the reason, rationality, necessity and responsive measures. The Chairman's four family members all assume important positions in the Company. The Chairman transfers his practical experience to his sons who are designated as his successors. The four family members are included in the Top 10 shareholders of the Company. Two out of the four managers started to work in the Company as entry-level employees, and were once expatriated overseas. Therefore, they know the Company's overall operations very well and it is reasonable and also necessary for them to assume the important positions in the Company. For the time being, the directors who also work as employees or managers concurrently include the Chairman and Vice Chairman Yao. Apparently, less than 50% of the directors are working as employees concurrently. The other directors and independent directors participate in the Company's operations simply with their expertise.

III. Compensation paid to Directors (including Independent Directors), Presidents and Vice Presidents in the most recent year

(I) Compensation to directors (including independent directors)

Unit: NTD Thousand; December 31, 2021

Job title	Name	Compensation to directors								The total amount of four items A, B, C and D AND as a percentage of net profit after tax (Note 10)		Employee compensation received by directors								The total amount of four items A, B, C, D, E, F and G AND as a percentage of net profit 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)	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	Ray Lin	1,000	1,000	0	0	0	0	48	48	1,048/ (0.034)	1,048/ (0.034)	24,00	3,600	0	0	0	0	0	0	3,448/ (0.112)	4,648/ (0.151)	0
Vice Chairman	Yao Wan-Kuei	700	700	0	0	0	0	48	48	748/ (0.024)	748/ (0.024)	2,940	3,490	44	44	0	0	0	0	3,732/ (0.121)	4,282/ (0.139)	0
Director	Chang Nei-Wen; Representative of YUEDA Textile Financial Holding Limited (BVI)	0	0	0	0	0	0	45	45	45/ (0.001)	45/ (0.001)	0	0	0	0	0	0	0	0	45/ (0.001)	45/ (0.001)	0
Director	Tai Chun (Note); Representative of YUEDA Textile Financial Holding Limited (BVI)	0	0	0	0	0	0	45	45	45/ (0.001)	45/ (0.001)	0	0	0	0	0	0	0	0	45/ (0.001)	45/ (0.001)	0
Director	Kuo Wen-Yen	0	0	0	0	0	0	30	30	30/ (0.001)	30/ (0.001)	0	0	0	0	0	0	0	0	30/ (0.001)	30/ (0.001)	0
Director	Wu Ching-Feng	0	0	0	0	0	0	48	48	48/ (0.002)	48/ (0.002)	0	0	0	0	0	0	0	0	48/ (0.002)	48/ (0.002)	0
Director	He Yu	0	0	0	0	0	0	48	48	48/ (0.002)	48/ (0.002)	0	0	0	0	0	0	0	0	48/ (0.002)	48/ (0.002)	0
Director	Representative of Suzhou Weide Co., Ltd.: Yang Chia-Yin	0	0	0	0	0	0	48	48	48/ (0.002)	48/ (0.002)	0	0	0	0	0	0	0	0	48/ (0.002)	48/ (0.002)	0
Independent Director	Tsai Chao-Lun	480	480	0	0	0	0	48	48	528/ (0.017)	528/ (0.017)	0	0	0	0	0	0	0	0	528/ (0.017)	528/ (0.017)	0
Independent Director	Li Mu-Jung	480	480	0	0	0	0	36	36	516/ (0.017)	516/ (0.017)	0	0	0	0	0	0	0	0	516/ (0.017)	516/ (0.017)	0
Independent Director	Chu Hsing-Hua	300	300	0	0	0	0	30	30	330/ (0.011)	330/ (0.011)	0	0	0	0	0	0	0	0	330/ (0.011)	330/ (0.011)	0
Subtotal		2,960	2,960	0	0	0	0	474	474	3,434/ (0.111)	3,434/ (0.111)	5,340	7,090	44	44	0	0	0	0	8,818/ (0.286)	10,568/ (0.342)	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.																						

Note: YUEDA Textile Financial Holding Limited (BVI) re-appointed Mr. Chang Nei-Wen to serve as the director in place of Mr. Wang Lian-Chun on November 3, 2021.

Compensation Scale Table

Breakdown of compensation to directors	Name of Director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Less than NT$1,000,000	Wu Ching-Feng, He Yu, Chang Wen, Tai Chun, Kuo Wen-Yen, Yang Chia-Yin, Tsai Chao-Lun, Li Mu-Jung, Chu Hsing-Hua	Wu Ching-Feng, He Yu, Chang Wen, Tai Chun, Kuo Wen-Yen, Yang Chia-Yin, Tsai Chao-Lun, Li Mu-Jung, Chu Hsing-Hua	Wu Ching-Feng, He Yu, Chang Wen, Tai Chun, Kuo Wen-Yen, Yang Chia-Yin, Tsai Chao-Lun, Li Mu-Jung, Chu Hsing-Hua	Wu Ching-Feng, He Yu, Chang Wen, Tai Chun, Kuo Wen-Yen, Yang Chia-Yin, Tsai Chao-Lun, Li Mu-Jung, Chu Hsing-Hua
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Ray Lin, Yao Wan-Kuei	Ray Lin, Yao Wan-Kuei		
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)				
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)			Ray Lin, Yao Wan-Kuei	Ray Lin, Yao Wan-Kuei
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)				
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)				
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)				
More than NT$100,000,000				
Total	11	11	11	11

Note 1: Director Wang Lian-Chun and Director Sheng-Chieh Wang are both representatives of YUEDA Textile Financial Holding Limited (BVI).
Note 2: The remuneration to directors in the most recent year (including director's salary, duty allowance, severance pay, bonus and reward, et al.).
Note 3: The amount of directors' remuneration that the Board has approved as part of the latest earnings appropriation.
Note 4: The professional practice fees for services rendered in the most recent year (including travel allowances, special allowances, various allowances, accommodation, corporate vehicle and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries.
Note 5: Any salaries, duty allowances, severance pay, bonuses, rewards, travel allowances, special allowances, various allowances, accommodation, corporate vehicles and other in-kind benefits that the director received in the most recent year for assuming the role of the Company's employee concurrently (including President, Vice President, other managers and employees). Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries.

Part of the salary expense was recognized according to IFRS 2 - "Share-based Payment," including employee stock warrants, restricted stock awards (RSAs) and subscription for new shares upon cash capital increase are treated as compensation.

Note 6: If the directors who acted as employees concurrently (including President, Vice President, other managers and employees) received employee remuneration (including stocks and cash) in the most recent year, please disclose the employee remuneration approved by the Board of Directors prior to the motion for earnings distribution submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3.

Note 7: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's directors.

Note 8: The aggregate of the compensation to directors by the Company, and the names of such directors, should be disclosed in the relevant space of the table.

Note 9: Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each director, which shall include the director's name disclosed in the relevant space of the table.

Note 10: The net profit after tax refers to that shown in the most recent parent company only or separate report. If IFRSs have been adopted, the net profit after tax shall refer to that shown in the most recent parent company only or individual financial report.

Note 11: a. This field represents all forms of compensation the Company's directors have received from the Company's invested businesses other than subsidiaries.

b. For the Company's directors who receive compensation from invested businesses other than subsidiaries, amounts received from these invested businesses shall be added to column I of the Compensation Scale Table, in which case, column I will be renamed "all invested businesses."

c. The compensation refers to any return or remuneration (including remuneration received as an employee, director and supervisor) and professional practice fees which the Company's directors received for serving as directors, supervisors or managers in invested businesses other than subsidiaries.

* The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purpose.

(II) Compensation Paid to Presidents and Vice Presidents

Unit: NTD Thousand

Job title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonus and special allowance, et al. (C) (Note 3)		Remuneration to employees (D) (Note 4)				The total amount of four items A, B, C and D as a percentage of net profit after tax (%) (Note 8)		Compensation from investees other than subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman and CEO	Ray Lin	13,171	13,171	548	548	6,800	10,950	0	0	0	0	20,519/ (66.44)	24,669/ (79.88)	0
Vice Chairman and Vice CEO	Lin Sen-Yao													
Vice Chairman and Vice CEO	Yao Wan-Kuei													
Chief Strategy Officer (CSO)	Yang Wei-Han													
President and Chief Operating Officer (COO)	Lin Tsung-Yi													
Vice President	Yeh Feng-Ying													
Vice President	Chang Chin-Huei													
Vice President	Lin Tsung-Han													

Breakdown of compensation to Presidents and Vice Presidents	Name of President and Vice President	
	The Company (Note 6)	All companies in the financial statements (Note 7) E
Less than NT$1,000,000		
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Lin Sen-Yao, Yeh Feng-Ying, Chang Chin-Huei, Lin Tsung-Han	Lin Sen-Yao, Yeh Feng-Ying, Chang Chin-Huei, Lin Tsung-Han
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	Ray Lin, Yao Wan-Kuei, Lin Tsung-Yi	Ray Lin, Yao Wan-Kuei, Lin Tsung-Yi
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	Yang Wei-Han	Yang Wei-Han
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)		
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)		
More than NT$100,000,000		
Total	9	9

Note 1: The salary, duty allowance and severance paid to Presidents and Vice Presidents in the most recent year.

Note 2: The bonuses, rewards, travel allowances, special allowances, various allowances, accommodation, corporate vehicles and other in-kind benefits, and other returns to Presidents and Vice Presidents in the most recent year. Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS 2 - "Share-based Payment," including employee stock warrants, restricted stock awards (RSAs) and subscription for new shares upon cash capital increase are treated as compensation.

Note 3: Please disclose the employee remuneration to Presidents and Vice Presidents who acted as employees concurrently (including stocks and cash) approved by the Board of Directors in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3. The net profit after tax refers to that shown in the most recent parent company only or separate report. If IFRSs have been adopted, the net profit after tax shall refer to that shown in the most recent parent company only or individual financial report.

Note 4: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's Presidents and Vice Presidents.

Note 5: The aggregate of the compensation to each President and Vice President by the Company, and the names of such Presidents and Vice Presidents, should be disclosed in the relevant space of the table.

Note 6: Please disclose the aggregate of the compensation paid by all companies included in the consolidated financial statements (including the Company) to each President and Vice President which shall include the name of such President and Vice President disclosed in the relevant space of the table.

Note 7: The net profit after tax refers to that shown in the most recent parent company only or separate report. If IFRSs have been adopted, the net profit after tax shall refer to that shown in the most recent parent company only or individual financial report.

Note 8: a. This field represents all forms of compensation the Company's Presidents and Vice Presidents have received from the Company's invested businesses other than subsidiaries.

b. For the Company’s Presidents and Vice Presidents who receive compensation from invested businesses other than subsidiaries, amounts received from these invested businesses shall be added to column E of the Compensation Scale Table, in which case, column E will be renamed "all invested businesses.”

c. The compensation refers to any return or remuneration (including remuneration received as an employee, director and supervisor) and professional practice fees which the Company's Presidents and Vice Presidents received for serving as directors, supervisors or managers in invested businesses other than subsidiaries.

* The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purpose.

(III) Compensation to Top 5 senior managers (individual disclosure by name and amount): (Note 1)

Unit NTD Thousand

Job title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonus and special allowance, et al. (C) (Note 3)		Remuneration to employees (D) (Note 4)				The total amount of four items A, B, C and D as a percentage of net profit after tax (%) (Note 6)		Compensation from investees other than subsidiaries or from the parent company (Note 7)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chief Strategy Officer (CSO)	Yang Wei-Han	2,630	2,630	108	108	1,000	2,200	-	-	-	-	3,738/ (0.121)	4,938/ (0.160)	-
President	Lin Tsung-Yi	1,767	1,767	91	91	1,000	2,200	-	-	-	-	2,858/ (0.093)	4,058/ (0.131)	-
Director and Vice CEO	Yao Wan-Kuei	1,940	1,940	152	152	1,000	1,550	-	-	-	-	3,092/ (0.100)	3,642/ (0.118)	-
Chairman and CEO	Ray Lin	1,400	1,400	-	-	1,000	2,200	-	-	-	-	2,400/ (0.078)	3,600/ (0.117)	-
Director and Vice CEO	Lin Sen-Yao	1,620	1,620	-	-	1,000	1,000	-	-	-	-	2,620 (0.085)	2,620/ (0.085)	-

Note 1: The “Top 5 Senior Managers” refer to the Company's management. The standards governing identification the management shall be subject to the requirements applicable to the “management” referred to in the letter of Securities and Futures Commission, Ministry of Finance under Tai-Cai-Zhen-3-Zi No. 0920001301 dated March 27, 2003. The principles for calculating the remuneration to the “top 5 senior managers” are based on the total of the Salaries, Retirement Pension, Bonuses and Special Allowances received by the managers from the companies included into the consolidated financial companies and the employment remuneration received by them (namely, the sum of A+B+C+D). Then, the top 5 senior managers are identified as the top 5 managers receiving the highest compensation in order. Any directors who serve as said managers concurrently shall be disclosed in this table and said Table (1-1).

Note 2: The salary, duty allowance and severance paid to the top 5 senior managers in the most recent year.

Note 3: The bonuses, rewards, travel allowances, special allowances, various allowances, accommodation, corporate vehicles and other in-kind benefits, and other returns to the top 5 senior managers in the most recent year. Where housing, cars, vehicles, or personal allowances were granted, please also disclose the nature and cost of assets, the rental rates (calculated based on actual or fair value), costs of petrol and other subsidies. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the compensation paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS 2 - "Share-based Payment," including employee stock warrants, restricted stock awards (RSAs) and subscription for new shares upon cash capital increase are treated as compensation.

Note 4: Please disclose the employee remuneration to the top 5 senior managers who acted as employees concurrently (including stocks and cash) approved by the Board of Directors in the most recent year. If it is impossible to impute the same, the amount to be distributed this year shall be based on that distributed actually last year, and please also complete Table 1-3.

Note 5: Please disclose the total compensation paid by all companies included in the consolidated financial statements (including the Company) to the Company's top 5 senior managers.

Note 6: The net profit after tax refers to that shown in the most recent parent company only or separate report.

Note 7: a. This field represents all forms of compensation the Company's top 5 senior managers have received from the Company's invested businesses other than subsidiaries, or from the parent company. (If none, please specify "None".)

(IV) Names of managers receiving employee bonus, and state of distribution

December 31, 2021

	Job title (Note 1)	Name (Note 1)	Amount in stock	Amount in cash	Total	The sum as percentage of net profit after tax (%)
Manager (Note)	Chairman and CEO	Ray Lin	0	0	0	0
	Vice CEO	Lin Sen-Yao				
	Vice Chairman and Vice CEO	Yao Wan-Kuei				
	President	Yang Wei-Han				
	Chief Operating Officer (COO)	Lin Tsung-Yi				
	Vice President	Yeh Feng-Ying				
	Vice President	Chang Chin-Huei				
	Vice President	Lin Tsung-Han				

Note: The senior management personnel waive the right to participate in distribution of employee bonus.

(V) The compensation paid by the Company and all companies included in the consolidated financial statements to the directors, supervisors, Presidents and Vice Presidents in the last two fiscal years, the analysis of the percentage of total compensation to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of compensation payment, the procedure for determination of compensation and the connection with the operation performance and future risk.

Job title	2020		2021	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	4.29	4.18	(28.55)	(34.22)
President and Vice President	12.70	13.89	(66.44)	(79.88)

The information about the Company's salary and remuneration policy (including directors, managers and employees):

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.

The Company's managers are responsible for executing and managing the Group's operations concurrently. The managers' salary structure shall consist of the base pay and duty allowance. The bonus is paid reasonably in consideration of the overall business performance and in reference to each manager's personal performance achievement level, profitability ratio, operating efficiency and contribution, as well as the pay level among the peers.

The Company has also adopted the "Regulations Governing Allocation of Remuneration to Employees." If the Company records a profit in a year, the Company shall set aside 1%~2%

thereof as the employee remuneration to be paid in stock or cash per resolution of the Board of Directors. The employees' salary and remuneration consist of the salary paid on a monthly basis, and bonus paid by the Company subject to the annual earnings. The amount to be paid to each employee varies depending on the duty, contribution and performance.

In conclusion, the salary structure of said directors and business unit managers consists of base pay, meal allowances, duty allowances and bonus. The salary varies depending on their experience, performance, service seniority and liability of guarantee. The variance in percentage across two years resulted from the expansion of the managers' duties, while the variance in amount was minor.

IV. Corporate Governance Operations

(I) Functionality of Board of Directors:

A total of 6(A) Board meetings were held in the most recent year. Below are the directors' attendance records:

Job title	Name	Actual presence (attendance) (times) B	Presence by proxy (times)	Actual presence (attendance) rate (%)【B/A】	Remark
Chairman	Ray Lin	6	0	100	
Director	Lin Sen-Yao	3	0	100	Discharged upon reelection at the shareholders' meeting in July 2021.
Vice Chairman	Yao Wan-Kuei	6	0	100	
Director	Wang Lian-Chun	3	0	100	Representative of YUEDA Textile Financial Holding Limited (BVI)
Director	Chang Nei-Wen	2	1	66.67	
Director	Tai Chun	5	1	83.33	
Director	Kuo Wen-Yen	3	0	100	Elected at the shareholders' meeting in July 2021
Director	He Yu	6	0	100	
Director	Yang Chia-Yin	6	0	100	Representative of Suzhou Weide Co., Ltd.
Director	Wu Ching-Feng	6	0	100	
Independent Director	Tsai Chao-Lun	6	0	100	
Independent Director	Li Mu-Jung	6	0	100	
Independent Director	Chu Hsing-Hua	3	0	100	Elected at the shareholders' meeting in July 2021
Independent Director	Chang Chao-Yuan	3	0	100	Discharged upon reelection at the shareholders' meeting in July 2021.

Note: YUEDA Textile Financial Holding Limited (BVI) re-appointed Chang Nei-Wen to serve as the director in place of Wang Lian-Chun on November 3, 2021.

Other disclosures to be noted:

1. For Board of Directors meetings that meet any of the following descriptions, state the date, session, contents of the motions, independent directors' opinions and how the Company has responded to such opinions:
   (1) Conditions described in Article 14-3 of the Securities and Exchange Act: The independent directors didn't voice opposing or present qualified opinions against any motions.

Date	Session	Contents of Motion	All independent directors' opinion	How the Company has responded to the independent directors' opinions
March 26, 2021	15th Term 16th Meeting	Approved the proposal for bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved the proposal for evaluation on external auditors' independence submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 Declaration for Statement of Internal Control Statement submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 payment of remuneration to employees and directors submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 Business Report and Financial Statements submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 earnings appropriation submitted for discussion.	Approved unanimously.	None
		Approved the proposal for amendment to the Procedure for Making of Endorsements/Guarantees submitted for discussion.	Approved unanimously.	None
		Approved the proposal for reelection of shareholders at the shareholders' meeting submitted for discussion.	Approved unanimously.	None
		Approved the proposal and nomination of candidates for director at the annual general meeting submitted for discussion.	Approved unanimously.	None
		Approved the name list of candidates for directors nominated by the Board of Directors submitted for discussion.	Approved unanimously.	None
		Approved the proposal for termination of non-competition restrictions imposed on directors of 16th Board of Directors submitted for discussion.	Approved unanimously.	None
		Approved the date and motions of the 2021 annual general meeting submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 remuneration to directors and managers and limit of annual bonus payment submitted for discussion.	Approved unanimously.	None
		Approved the proposal for employment of the Chief Corporate Governance Officer submitted for discussion.	Approved unanimously.	None
May 11, 2021	15th Term 17th Meeting	Approved the proposal for bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for transfer of the internal audit officer submitted for discussion.	Approved unanimously.	None

Date	Session	Contents of Motion	All independent directors' opinion	How the Company has responded to the independent directors' opinions
		Approved the proposal for 2020 earnings appropriation submitted for discussion.	Approved unanimously.	None
		Approved the proposal for investment overseas submitted for discussion.	Approved unanimously.	None
June 24, 2021	15th Term 18th Meeting	Approved the proposal for bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None
		The proposal for determining date and venue of 2021 annual general meeting is submitted for discussion.	Approved unanimously.	None
July 12, 2021	1st meeting of 16th term	Approved the proposal for election of Chairman and Vice Chairman.	Approved unanimously.	None
August 12, 2021	2nd meeting of 16th term	Approved the consolidated financial statements for 1H of 2021.	Approved unanimously.	None
		Approved the proposal for bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for employment of Remuneration Committee members submitted for discussion.	Approved unanimously.	None
		Approved the proposal for transfer of the internal audit officer submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2021 cash dividend ex-dividend date submitted for discussion.	Approved unanimously.	None
November 11, 2021	3rd meeting of 16th term	Approved the consolidated financial statements for Q3 2021.	Approved unanimously.	None
		Approved the proposal for bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved 2022 audit plan submitted for discussion.	Approved unanimously.	None
		Approved the proposal for the Group's information security management regulations submitted for discussion.	Approved unanimously.	None
		Approved the proposal for the regulations governing intellectual property management and code of conduct submitted for discussion	Approved unanimously.	None
		Approved the proposal for risk management policy and procedure, and articles of association for risk management submitted for discussion.	Approved unanimously.	None
		Approved the proposal for employment of Risk Management Committee members submitted for discussion.	Approved unanimously.	None
		Approved the proposal for the regulations governing payment of compensation to directors and regulations governing allocation of employee remuneration submitted for discussion.	Approved unanimously.	None
		Approved the proposal for distribution of remuneration to directors submitted for discussion.	Approved unanimously.	None
		Approved the proposal for authorization of execution of contracts with affiliated companies submitted for	Approved unanimously.	None

Date	Session	Contents of Motion	All independent directors' opinion	How the Company has responded to the independent directors' opinions
		discussion.		
		Approved the proposal for activation of assets at overseas production sites submitted for discussion.	Approved unanimously.	None
March 28, 2022	4th meeting of 16th term	Approved the proposal for bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for syndicated loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for secured loans of Tainan Factory submitted for discussion.	Approved unanimously.	None
		Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for evaluation on external auditors' independence submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2021 Declaration for Statement of Internal Control Statement submitted for discussion.	Approved unanimously.	None
		Approved the proposal for amendments to the corporate social responsibility best practice principles and corporate governance best practice principles submitted for discussion.	Approved unanimously.	None
		Approved the proposal for adoption of articles of association for Sustainable Development Commission submitted for discussion.	Approved unanimously.	None
		Approved the proposal for amendments to the Procedure for Acquisition or Disposal of Assets submitted for discussion.	Approved unanimously.	None
		Approved the proposal for amendments to the Articles of Incorporation submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2021 Business Report and Financial Statements submitted for discussion.	Approved unanimously.	None
		Approved the 2021 proposal for profit/loss appropriation submitted for discussion.	Approved unanimously.	None
		Approved the matters about shareholders' proposals submitted for discussion.	Approved unanimously.	None
		Approved the date and motions of the 2022 annual general meeting submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2021 remuneration to directors and managers and limit of annual bonus payment submitted for discussion.	Approved unanimously.	None
		Approved the proposal for transfer of key managers submitted for discussion.	Approved unanimously.	None

(2) Any other resolution(s) by the Board of Directors meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

2. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed: Each director attended various meetings per the regulations for the Board of Directors meeting, in order to discussion motions related to the Company or its affiliated companies, without involving any personal conflict of interest. Therefore, none of them needed to recuse himself/herself from the discussion.

3. The TWSE/TPEx-listed company shall disclose the evaluation cycle and period, scope of evaluation, method and contents of evaluation about the Board of Directors' self (or peer)

performance evaluation, and specify the status of evaluation conducted by the Board of Directors. The Company has adopted the “Regulations Governing Appraisal on Performance of the Board of Directors” on August 12, 2020. At the end of each year, the Company would distribute the “Board of Directors Performance Self-Assessment Questionnaire,” “Board Members Performance Self-Assessment Questionnaire” and “Functional Committees Performance Self-Assessment Questionnaire” to be completed by Q1 of the next year. The Company’s 2021 Board performance evaluation results have been reported to the Board of Directors on March 28, 2022. The overall Board (functional committee) performance evaluation results are considered effective. Please refer to Page 49-50 for details.

4. Enhancement of the functionality of the Board of Directors in the current and the most recent year (e.g. the establishment of an Audit Committee, the improvement of information transparency, etc.) and the respective progress reports. Descriptions:
   (1) The Company adopted the “Regulations Governing Procedure for Board of Directors Meetings” in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and already enforced the same precisely.
   (2) The Company adopted the “Regulations Governing Appraisal on Performance of the Board of Directors” in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies, and conducted the evaluation on performance of the Board of Directors and functional committees periodically.

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Contents of evaluation	Evaluation results
Once per year	2021	Board of Director	Internal self-assessment	The contents of evaluation cover 45 indicators including engagement in the Company’s operation, Board decision-making quality, composition and structure of the Board, election and continuing education of directors and internal controls, etc.	Fair
		Individual director	Board members’ self-assessment	The contents of evaluation cover 23 indicators including alignment with the goals and mission of the Company, knowledge of directors’ duties, engagement in the Company’s operations, management of internal relationship and communication, professionalism and continuing education of directors, and internal controls, etc..	Fair
		Functional committees	Internal self-assessment	The contents of evaluation cover 26 indicators including engagement in the Company’s operation, knowledge of the function committee’s duties, the functional committee’s decision-making quality, composition and election of members of the functional committee, and internal controls, etc.	Fair

   (3) In order to help directors perform their job duties and improve the Board of Directors’ performance, the Company’s “Standard Operating Procedure for Handling Directors’ Requirements” was adopted in accordance with the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, and enforced precisely.
   (4) The current directors kept attending the corporate governance theme-based continuing education courses organized by the institutions designated in accordance with the Directions for the Implementation of Continuing Education for Directors of TWSE Listed Companies during their term of office.
   (5) The Company has established the Remuneration Committee and Audit Committee on October 29, 2011 and June 26, 2015, and also adopted related articles of association thereof, in order to help the Board of Directors perform its job duties.
   (6) In order to improve the ethical corporate management and corporate governance performance, the Company also adopted its own “Ethical Management Best Practice Principles” and “Corporate Governance Best Practice Principles”, and enforced the same precisely.

Supervisors’ involvement in the Board of Directors’ operations: Not applicable, as the Company has established the Audit Committee.

(II). Functionality of Audit Committee:

Information about functionality of the Audit Committee

A total of 5(A) Audit Committee meetings were held in the most recent year. Below are the independent directors' attendance records:

Job title	Name	Actual presence (times) (B)	Presence by proxy (times)	Actual presence ratio (%) (B/A) (Note)	Remark
Independent Director	Tsai Chao-Lun	4	-	100.00%	
Independent Director	Li Mu-Jung	4	-	100.00%	
Independent Director	Chu Hsing-Hua	2	-	100.00%	Elected upon reelection at the shareholders' meeting in July 2021.
Independent Director	Chang Chao-Yuan	2		100.00%	Discharged upon reelection at the shareholders' meeting in July 2021.

Other disclosures to be noted:

(1) For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of the motions, resolution made by Audit Committee and results thereof, and how the Company has responded to Audit Committee's opinions:

1. Conditions described in Article 14-5 of the Securities and Exchange Act: None.

Date	Session	Contents of Motion	Resolution made by Audit Committee and results thereof	How the Company has responded to Audit Committee's opinions
March 26, 2021	2nd Term 14th Meeting	Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for evaluation on external auditors' independence submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 Declaration for Statement of Internal Control Statement submitted for discussion.	Approved unanimously.	None
		Approved the proposal for payment of 2020 remuneration to employees and directors submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 Business Report and Financial Statements submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 earnings appropriation submitted for discussion.	Approved unanimously.	None
		Approved the proposal for amendment to the "Procedure for Making of Endorsements/Guarantees" submitted for discussion.	Approved unanimously.	None
May 11, 2021	2nd Term 15th Meeting	Approved the consolidated financial statements for Q1 2021.	Approved unanimously.	None
		Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None

		Approved the proposal for transfer of the internal audit officer submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2020 earnings appropriation submitted for discussion.	Approved unanimously.	None
		Approved the proposal for investment overseas submitted for discussion.	Approved unanimously.	None
		Approved the proposal for issuance of domestic secured convertible corporate bonds submitted for discussion.	Approved unanimously.	None
August 12, 2021	3rd Term 1st Meeting	Approved the consolidated financial statements for Q2 2021.	Approved unanimously.	None
		Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for transfer of the Company's internal audit officer submitted for discussion.	Approved unanimously.	None
		Approved the proposal for the Company's 2021 cash dividend ex-dividend date submitted for discussion.	Approved unanimously.	None
November 11, 2021	3rd Term 2nd Meeting	Approved the consolidated financial statements for Q3 2021.	Approved unanimously.	None
		Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved 2022 audit plan submitted for discussion.	Approved unanimously.	None
		Approved the proposal for activation of assets at overseas production sites submitted for discussion.	Approved unanimously.	None
March 28, 2022	3rd Term 3rd Meeting	Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	Approved unanimously.	None
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for evaluation on external auditors' independence submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2021 Declaration for Statement of Internal Control Statement submitted for discussion.	Approved unanimously.	None
		Approved the proposal for 2021 Business Report and Financial Statements submitted for discussion.	Approved unanimously.	None
		Approved the proposal for amendments to the "Procedure for Acquisition or Disposal of Assets" submitted for discussion.	Approved unanimously.	None

2. Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.
3. For independent directors' recusal from motions which involves conflict of interest, the names of independent directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed: No motions submitted at the Audit Committee meetings involving any conflict of interest with directors existed in the most recent year.

(2) Communication between independent directors and chief internal audit officer/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome):

1. The Company's chief internal audit officer would communicate with the Audit Committee about the audit report results periodically on a quarterly basis, and report the internal audit at the quarterly Audit Committee meeting, and submit the important discussion cases and resolutions thereof to the President and senior management at the same time. The chief internal audit officer would attend the meeting to report the audit business and major

internal control/internal audit matters, and carry out the implementation, report and followup instructed by various independent directors. Any special case would also be reported to the Audit Committee members immediately.

Memo about communications between independent directors and chief internal audit officer:

Date	Method of communication	Contents of communication	Outcome
March 26, 2021	14th meeting of 2nd Audit Committee	1. Audit implementation status in Q4 2020. 2. Judgment on validity of 2020 internal control system. 3. 2020 Declaration for Statement of Internal Control	Agreed and acknowledged by all present independent directors.
May 11, 2021	15th meeting of 2nd Audit Committee	Audit implementation status in Q1 2021.	Agreed and acknowledged by all present independent directors.
August 12, 2021	1st meeting of 3rd Audit Committee	Audit implementation status in Q2 2021.	Agreed and acknowledged by all present independent directors.
November 11, 2021	2nd meeting of 3rd Audit Committee	Audit implementation status in Q3 2021.	Agreed and acknowledged by all present independent directors.
March 28, 2022	3rd meeting of 3rd Audit Committee	1. Audit implementation status in Q4 2021. 2. Judgment on validity of 2021 internal control system. 3. 2021 Declaration for Statement of Internal Control	Agreed and acknowledged by all present independent directors.

2. The Company's external auditors report the audit or review results about the quarterly financial statements and other matters to be communicated under related laws at the quarterly Audit Committee meeting, and any special case would be reported to the Audit Committee immediately. No special case occurred in 2021. The communication between the Company's Audit Committee members and external auditors is considered fair.

Date	Method of communication	Contents of communication	Outcome
March 28, 2022	3rd meeting of 3rd Audit Committee	1. Explain and discuss the audit results on the Company's 2021 financial statements and consolidated financial statements. 2. Evaluation on 2021 key audit matters - recognition of revenue and accounts receivable. 3. Group's inventory management 5. Update on important laws and regulations - Corporate Governance 3.0 Sustainable Development Roadmap	All present independent directors understood the communication matters thoroughly.

(III) Status of corporate governance, and deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof:

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best practice principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies"?	✓		The Company has established its own corporate governance best practice principles, which were disclosed on the MOPS and the Company's website, in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies."	No deviation, as explained above.
II. The Company's equity structure and shareholders' equity				
(I) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly?	✓		(I) The Company's Corporate Governance Best Practice Principles provide that the spokesman or deputy spokesman shall be in charge of responses to any shareholders' doubts.	No deviation, as explained above.
(II) Does the Company possess the list of the Company's major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	✓		(II) The periodic report by the shareholder service agency and insiders on the changes in the equity of directors/supervisors and managers may help the Company understand and verify the structure of major shareholders, and report the changes in accordance with the rules governing information filing by TWSE-listed companies.	No deviation, as explained above.
(III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	✓		(III) In order to define the authorities and powers between the Company and its affiliated companies specifically, the Company adopted the "Regulations Governing Transactions with Related Parties" and "Regulations Governing Supervision and management of Subsidiaries." Meanwhile, the affiliated companies all operate independently in finance, business and accounting, and have their own risk control	No deviation, as explained above.

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
(IV) Does the Company adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	✓		mechanism and firewall in place, under the Company's control and audit. (IV) The Company has adopted the "Code of Ethical Conduct," "Ethical Management Best Practice Principles" and "Procedures for Handling Material Inside Information" applicable to the subjects including the Company's directors/supervisors, managers and employees. Meanwhile, any company insiders are prohibited from trading securities using information not disclosed to the market, and the Company would also update and promote related messages from time to time.	No deviation, as explained above.
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?	✓		(I) The Company appoints 11 directors (including 3 independent directors), out of whom a director is female. The Board consists of the directors with the professional knowledge, skills and experience in finance, business and legal affairs as required by the Company's operations, as elected in accordance with the Company's Regulations for Election of Directors. Please refer to Page 16,38 for details. Board member and key management successor cultivation planning: The successor cultivation planning takes into account the management team and development, and recognizes the Company's management philosophy and management talents and managers. The	No deviation, as explained above.

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
			nominees for successor shall consist of the managers in various professional fields, and be decided through discussion by the Business Decision-Making Committee. The nominees' development status will be discussed periodically and their ability would be improved in the following manners: A. Senior coach: The senior coach is authorized to interview with the nominees periodically to guide them to train their comprehensive thinking model through guiding cases and deep structure. B. Management courses: Focus on the planning of flexibility and accountability development courses.	
(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?	✓		(II) In addition to the Remuneration Committee and Audit Committee, the Company has also established the Risk Management Committee, and appointed two independent directors and Chairman to serve as the members thereof. The Risk Management Committee would review the risk management levels during the Company's business activities and report the review results to the Board of Directors.	No deviation, as explained above.
(III) Does the Company establish a set of policies and assessment methods to evaluate the Board's performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their	✓		(III) The Company has adopted the Regulations Governing Appraisal on Performance of the Board of Directors and established the assessment method by which the Board members and parliamentary unit of the Board of Directors conduct the internal self-assessment on the Board of Directors performance in terms of five major aspects (including engagement in the Company's	No deviation, as explained above.

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
nomination for additional office term?			operation, improvement of the Board decision-making quality, composition and structure of the Board, election and continuing education of directors and internal controls) on an annual basis, in order to improve the corporate governance step by step. The self-assessment results generated by the Board of Directors, functional committees and Board members in 2020 have been completed and uploaded in January 2021, and also reported to the Board of Directors meeting on May 11, 2021. The results will be used as reference in determining remuneration for individual directors, and their nomination for additional office term. For details, please refer to Page 49-50.	
(IV) Does the Company have the independence of the external auditors evaluated regularly?	✓		(IV) The Board of Directors would review the external auditors' independence periodically in accordance with the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China. The independence and competency of the external auditors in 2021 have been evaluated by the Board of Directors on March 28, 2022. As a result, the external auditors were found having no conflict of interest or relationship with the Company. Meanwhile, the external auditors acted fair and impartial when providing the professional services, and the CPA firm which the external auditors are affiliated to also issued a statement of independence accordingly. Therefore, the external auditors are held	No deviation, as explained above.

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
			satisfying the requirements about independence and competency. Please refer to Page 47 for details.	
IV. Does the TWSE/TPEx-listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.)?	✓		The Company has employed Wu Chien-Chung to serve as the chief corporate governance officer on March 26, 2021, who shall be responsible for the corporate governance operations, including provision to directors/supervisors the information needed by them to perform their duties, organization of the Board of Directors meetings, Audit Committee meetings and shareholders' meetings pursuant to laws, completion of the company registration and changes, preparation of board meeting and shareholders' meeting minutes, regular and irregular announcement and report of financial and business information, and enactment of or amendments to internal control/internal audit system in response to changes in laws and regulations. In order to achieve the CSR targets effectively, the Committee establishes three taskforces, namely the "Corporate Governance Taskforce," "Social Participation Taskforce" and "Environmental Sustainability Taskforce". Each taskforce has the Committee members lead related responsible units and is responsible for reporting and executing various CSR motions.	No deviation, as explained above.
V. Does the Company provide proper communication channels and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company has set up the stakeholder section on its website where the contact information about the spokesman and various business contractors is made available, as the communication channel between shareholders and stakeholders and the Company's related units.	No deviation, as explained above.

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
VI. Does the Company engage a Shareholders Service Agency to handle Shareholders' Meeting affairs?	✓		The Company appoints Jih Sun Securities Co., Ltd. to help handle the shareholders' meeting affairs as a professional shareholder service agency.	No deviation, as explained above.
VII. Information disclosure (I) Does the Company set up a website to disclose the Company's business, finance and corporate governance information? (II) Does the Company have adopted other information disclosure methods (e.g., establishing an English website, designating responsible person for collecting and disclosing information of the Company, practicing the spokesman system, posting the investor conference on the Company's website, etc.)? (III) Does the Company 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?	✓ ✓ ✓		(I) The Company has set up the website at http://www.texray.com.tw to disclose the business, finance and corporate governance information. Meanwhile, the Company appoints dedicated personnel to maintain and update the relevant information. (II) Each of the Company's departments has designated dedicated personnel to collect the Company's information and deliver the information to the IT unit for the timely disclosure of the same on the Company's official website. Meanwhile, the Company has practiced the spokesman system for timely disclosure to the public and also posted the investor conference on the Company's website accessible by all investors for reference. (III) The Group's affiliated companies and subsidiaries are located across four continents (Europe, Asia, America and Africa). In consideration of local laws and regulations, it is impossible for all of them to disclose the related information by the specified deadline. Notwithstanding, it might be possible to do so, once the Group completes the system unification successfully.	No deviation, as explained above. No deviation, as explained above. No deviation, as explained above.
VIII. Does the Company have other information that	✓		Employee rights and employee care: The Company protects	

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of Directors/Supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and the Company's purchase of liability insurance for directors and supervisors)?			employees’ interests and rights in accordance with the Labor Standards Act. HR Dept. is dedicated to maintaining the relationship with employees. Meanwhile, diversified communication channels are in place to listen to employees’ opinions. The Company also establishes the Worker Welfare Committee to protect employees’ welfare and uses its best effort to become a sustainable and innovative happy enterprise. Investor relations: The spokesman and deputy spokesman system is established to respond to all questions raised by shareholders as a communication channel. Meanwhile, the investor relations section established on the Company’s website is also updated periodically and accessible by all investors. The Company also set up the investor communication platform as the two-way communication channel between investors and the Company. Supplier relations: The Company insists on maintaining long-term cooperative relationship with suppliers, and values the communication, mutual trust and fair trade in the process of transactions, in order to ensure both parties’ interest and right. Stakeholders' interests: The Company respects and maintains the interests and rights deserved by stakeholders, establishes various fair and non-interrupted communication channels, and disclose information and provide the Company’s information per the competent authority’s requirement in a timely manner. Continuing education of Directors/Supervisors: Each	

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
			director/supervisor holds the practical experience and expertise; therefore, the Company doesn’t set forth any continuing education system specifically. Implementation of risk management policies and risk measurements: The important motions about the Company’s major business policies, investment projects, endorsements/guarantees, loaning of fund and bank financing are evaluated and analyzed by the relevant responsible departments and executed only upon resolution by the Board of Directors. Audit Office also sets forth its annual audit plan based on the risk assessment results and implements the plan precisely, in order to practice the supervision mechanism and control various risks. Implementation of customer policy: The Company has set up the department dedicated to customer service which is responsible for implementing the customer policy. The implementation status is considered successful. The Company's purchase of liability insurance for directors and supervisors, and social responsibility: The Company has purchased the liability insurance for its directors and managers, and also renewed the insurance this year. The matter was reported to the Board on 28 March 2022 The relevant information was already disclosed on the MOPS and the Company’s website. Please refer to Page 48 for the related information.	

IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.

(1)The Company has formed the cross-departmental project team to re-check the corporate governance evaluation criteria. The Company also employed Wu Chien-Chung to serve as the chief corporate governance officer on March 26, 2021, who shall be responsible for the corporate governance operations and provide investors with the real-time and transparent information. The Company plans to promote the corporate governance operations more strongly as of Q2 of this year. The corporate governance evaluation score of 110 years has made great progress, ranking 36% to 50% of listed companies.

(2) On 2021.11.11, the Board of Directors of the Company has held its first risk management meeting on 27 December 2021 to discuss the risk environment and risk management priorities faced by the Company, and to carry out risk assessment and discuss countermeasures by appointing the Chairman and two independent directors to form the Risk Management Committee. The Board also reported on the priorities of the discussion on 28 March 2022.

(3) The Company has appointed a professional independent organization, the Taiwan Investor Relations Association, to evaluate the performance of the Board of Directors, and through on-site interviews between professional investment institutions and board personnel, the Company has issued a board performance evaluation recommendation for the reference of the Board of Directors.

X. Environment, Society and Governance (ESG) risk assessment and management strategy

The Company has adopted the "Sustainable Development Best Practice Principles" and disclosed the same on the Company's website. Meanwhile, the Company conducted risk assessment based on principles of materiality and set forth related risk management strategies for various aspects.

Risk assessment criteria		Risk management strategy
Environment	Environmental pollution management Energy and resource consumption and management Occupational safety and health	● Sustainable Development Committee establishes the "environmental sustainability taskforce" to practice the environmental risk assessment, update on laws & regulations, environmental management goals and project execution to help domestic and overseas factories execute the environmental management. ● The factory sets up its unit dedicated to EHS operations to inspect the execution results periodically, and practice the promise for sustainable environment by virtue of the cycle management.
Society	Talent training and development Compensation and benefits	● The "Education and Training Management Regulations" are adopted based on the Company's overall development strategy. Through integration of the resources inside and outside the enterprise, the abilities needed by employees for future development and promotion are constructed. ● Establish the sound and multi-dimensional labor-management communication channels and management policies. ● Provide well-founded employees' benefits.
Corporate governance	Compliance Supply chain management	● Practice the internal control and audit system to ensure that all of the Company's staff and operations comply with related laws and regulations strictly. ● Follow the "Supplier Management Policy" and execute contracts with suppliers to ensure the suppliers' compliance with various laws and requirements; implement the management mechanism requiring pre-interview with suppliers before cooperation, evaluation prior to execution of contract and routine evaluation.

XI. Evaluation on professional knowledge, skill and experience of the Board members

		1	2	3	4	5	6	7	8
	Gender	Business judgment	Business management	Financial accounting	Business economics	Crisis management.	Knowledge of the industry	International market perspective	Leadership and decision making
Ray Lin	Male	V	V	V	V	V	V	V	V
Yao Wan-Kuei	Male	V	V	V	V	V	V	V	V
Kuo Wen-Yen	Male	V	V	V	V	V	V	V	V
Chang Nei-Wen	Male	V	V	V	V	V	V	V	V
Tai Chun	Male	V	V	V	V	V	V	V	V
Wu Ching-Feng	Male	V	V	V	V	V	V	V	V
He Yu	Male	V	V	V	V	V	V	V	V
Yang Chia-Yin	Female	V	V	V	V	V	V	V	V
Tsai Chao-Lun	Male	V	V	V	V	V	V	V	V
Li Mu-Jung	Male	V	V	V	V	V	V	V	V
Chu Hsing-Hua	Male	V	V	V	V	V	V	V	V

XII. Standard for the assessment of the independence of CPAs

Evaluation criteria	Evaluation results	Compliance with independence
1. Are the CPAs and the Company in direct or major indirect relation in financial interest?	No	Yes
2. Does the CPA engage in loan or guarantee transactions with the Company or the Company's directors?	No	Yes
3. Are the CPA and the Company in close business relationship or does the CPA enter into a potential employment negotiations with the Company?	No	Yes
4. Does the CPA or a member of his engagement team serve as a director or manager of the Company, or an employee of the Company who is in a position to exert significant influence over the subject matter of the engagement now, or has the CPA or member ever done so within the most recent two years?	No	Yes
5. Does the CPA provide the Company with any non-auditing services that affect the audit engagement directly?	No	Yes
6. Does the CPA broker shares or other securities issued by the Company?	No	Yes
7. Does the CPA serves as the Company's advocate, or negotiates the conflict between the Company and any other third party on behalf of the Company?	No	Yes
8. Is the CPA a relative of a director or manager of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the engagement?	No	Yes

XIII. Stakeholders' engagement performance

Stakeholders	Importance[1]	Significance to TEX-RAY	Unit responsible for routine communication	Other communication channels/frequency[2]	Concerned issues
Customers	Key factor	The down-stream partners act as the key factor driving the growth of TEX-RAY.	Sales Unit	Periodic meeting/2~3 times per year Visit to or by customers/from time to time per year On-site evaluation by customers/from time to time per year	Product quality and service, business performance, occupational safety and health
Employees	Key factor	The core staff engaged in stabilizing the routine operations play the leading role to drive the sustainability.	Administrative Unit	EIP anonymous grievance platform/from time to time Performance interview/twice per year Year-end employee forum/once per year Work meetings/from time to time Education and training/from time to time per year	Talent training and development, compensation and benefits, occupational safety and health, and economic performance
Supplier/contractor	Key factor	The key partner engaged in supplying what is needed by operations and for integrity of products.	Procurement Unit QA Unit	Visit to or by suppliers/from time to time per year Official communication with suppliers/from time to time per year Evaluation on suppliers/once per year	Business performance, business strategies and sustainable development, and supply chain management
Shareholder/investor	Important	Operating performance, the key core subject creating maximum profit jointly	Finance Unit	Shareholders' meeting/once per year Board of Directors meeting/at least once per quarter Business website & spokesman/from time to time	Business performance, business strategies and sustainable development, and compliance
Government/competent authority	Important	The decisions made by regulatory units of the public sector would pose impact to the industry and TEX-RAY's future development.	Administrative Unit Finance Unit	Presentation conference or hearing organized by the government/from time to time	Compliance
Industry association	Important	The textile-related industry associations or organizations as the technology and resource sharing platforms.	Research Unit	Annual exhibition/from time to time per year Conferences for industry, economy and trade, technology and trend/more than 1~2 sessions per quarter Visits to domestic and overseas industries/more than twice per year	R&D and innovation
Market consumers	Required	The end consumers' need would pose impact to the enterprise's growth orientation.	Sales Unit Research Unit	Customer or market analysis/per month	Product safety, product quality and service
Charity organization	Required	External non-profit-seeking/non-government organizations concerning the social performance as the key role to evaluate the enterprise's goodwill.	Administrative Unit QA Unit	Seminar and exchange meeting/from time to time Conference/from time to time	Environmental pollution management, toxic substance management, occupational safety and health

[1] The importance is analyzed based on the five indicators, namely Dependency, Responsibility, Influence, Diverse Perspectives and Tension, referred to in the AA1000 Stakeholder Engagement Standard, and decided upon the senior management's discussion and approval of the Chairman.
[2] To deal with the COVID-19 epidemic in 2021, meetings with, visits to and evaluation on customers and suppliers were carried out online primarily.

TEX-RAY INDUSTRIAL CO., LTD.
2021
Appraisal on Performance of the Board of Directors and Functional Committees

I. Basis: The "Regulations Governing Appraisal on Performance of the Board of Directors" adopted in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies, upon approval of the Board of Directors.

II. Evaluation cycle: Once per year.

III. Evaluation period: January 1, 2021~December 31, 2021

IV. Scope of evaluation: Evaluation on performance of the entire Board of Directors, individual members and functional committees.

V. Method of evaluation: Self-assessment

(I) The "Board of Directors Performance Self-Assessment Questionnaire" shows the evaluation on the major five aspects consisting of 45 indicators including engagement in the Company's operation, improvement of the Board decision-making quality, composition and structure of the Board, election and continuing education of directors and internal controls, etc.

(II) The "Board Members Performance Self-Assessment Questionnaire" shows the evaluation on the six major aspects consisting of 23 indicators including alignment with the goals and mission of the Company, knowledge of directors' duties, engagement in the Company's operations, management of internal relationship and communication, professionalism and continuing education of directors, and internal controls, etc..

(III) The "Functional Committees Performance Self-Assessment Questionnaire" shows the evaluation on the five major aspects consisting of 26 indicators including engagement in the Company's operation, knowledge of the functional committee's duties, improvement of the functional committee's decision-making quality, composition and election of members of the functional committee, and internal controls, etc.

VI. Evaluation results:

(I) Board of Director:

The scores won by the Board of Directors in various aspects are shown as following. The evaluation results show "Agree," representing that the Board of Directors has performed its obligation to direct and supervise the Company's strategies precisely and established the adequate internal control system, which is found functioning well and satisfying the corporate governance requirements of the competent authority and under related laws and regulations.

Five major aspects for self-assessment	Number of questions	Average scores
(A) The degree of engagement in the Company's operations	12	4.44
(B) Improvement of the Board of Directors' decision-making quality	12	4.45
(C) Composition and structure of the Board of Directors	7	4.68
(D) Election and continuing education of directors	7	4.39
(E) Internal control	7	4.57
Total/average scores	45	4.50

(II) Board members:

The Company has a total of 11 directors (including independent directors). The average scores for various aspects based on the result of the self-assessment on individual directors are 4.47 scores (5 for full mark). The self-assessment result shows "Agreed."

Six major aspects for self-assessment	Number of questions	Average scores
(A) Alignment with the goals and mission of the Company	3	4.48
(B) Knowledge of directors' duties	3	4.58
(C) The degree of engagement in the Company's operations	8	4.42
(D) Management of internal relationship and communication	3	4.36
(E) Professionalism and continuing education of directors	3	4.45
(F) Internal control	3	4.55
Total/average scores	23	4.47

(III) Functional committees:

The Company establishes the two functional committees, namely Audit Committee and Remuneration Committee. The scores won by each committee member in various aspects upon the self-assessment are shown as following. The evaluation results show "Agree," representing that the functional committees function well, satisfy the corporate governance requirements and improve the functions of the Board of Directors effectively.

Five major aspects for self-assessment	Functional committees	
	Number of questions	Average scores
(A) The degree of engagement in the Company's operations	4	4.75
(B) Knowledge of the functional committee's duties	8	4.67
(C) Improvement of the functional committee's decision-making quality	7	4.71
(D) Composition and election of members of the functional committee	4	4.67
(E) Internal control	3	4.67
Total/average scores	26	4.69

VII. Conclusion:

Generally, the Board of Directors and functional committees are all considered functioning well. The Company will continue to improve the functions of the Board of Directors based on the performance evaluation results to improve the corporate governance operations.

Said Board of Directors performance evaluation results were reported to the Board of Directors meeting on March 28, 2022, as the basis for review and improvement. The contents, implementation status and results of evaluation are also disclosed on the Company's website and in the Company's annual report.

(IV) Information about Remuneration Committee:

(1) Information about Remuneration Committee members

MM/DD/YY

Identity (Note 1)	Qualifications / Name	Professional qualification and experience (Note 2)	Independence (Note 3)	Number of other public companies in which the member concurrently serves as an remuneration committee member
Chairman	Tsai Chao-Lun	MBA, University of Wisconsin; Chairman, FORMOSTAR GARMENT CO., LTD.; Director, BES Engineering Inc., who is held satisfying Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	Considered satisfying Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, as neither he/she or his/her spouse or relative within the second degree of kinship holds a position in the Company.	None
Member	Li Mu-Jung	EMBA, National Taiwan University; CPA registered in China; Vice Chairman, Putian Shiquan Real Estate Development Co., Ltd.; Chairman, Putian Taiwanese Businessman Association	Same as above	None
Member	Chu Hsing-Hua	Master of Textile Engineering, Feng Chia University; Vice Director-General, Intellectual Property Office, MOEA; Director, Taiwan Textile Research Institute; Adjunct Associate Professor, Oriental Institute of Technology	Same as above	None

Note 1: Please specify the related seniority, professional qualification & experience, and independence of each Remuneration Committee member in the Table. For members who are also independent directors, references have been made to Attachment 1 - Information about Directors and Supervisors (I) on page 18. Please describe the party's identity as director, or others (with additional remark for the role of convener, if any).

Note 2: **Professional qualification and experience**: Please specify the professional qualification and experience of the Remuneration Committee members individually.

Note 3: **Compliance of independence**: Please specify the Remuneration Committee members' compliance of independence, including but not limited to, whether they or their spouses or relatives within 2nd degree of kinship serve as directors, supervisors or employees in the Company or any of its affiliates; the number and percentage of the Company's shares held in their own names or names of the spouses or relatives within 2nd degree of kinship (or proxy shareholder); whether they serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (please refer to the subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.

Identity (Note 1)	Qualifications / Name	Having more than 5 years of work experience and the following qualifications			Independence (Note 2)										Number of other public companies in which the member concurrently serves as an remuneration committee member	Remark
		An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college, or university;	A judge, public prosecutor, attorney-at-law, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company.	Have work experience in the field of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.	1	2	3	4	5	6	7	8	9	10		
Independent Director	Tsai Chao-Lun			V	V		V	V	V	V	V	V	V	V	-	
Independent Director	Li Mu-Jung		V	V	V		V	V	V	V	V	V	V	V	-	
Independent Director	Chu Hsing-Hua	V		V	V		V	V	V	V	V	V	V	V	-	

Note 1: Please describe the party's identity as director, independent director or others.

Note 2: For the members who match the following descriptions within the two years before they assume the positions and during their term of office, please enter “ ” under the corresponding code.

(1) Not an employee of the Company or its affiliated companies.

(2) Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.

(4) Not a manager of (1), or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of (2) or (3).

(5) Not a director, supervisor, or employee of any juristic-person shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 juristic-person shareholders of the Company, or of the juristic-person shareholders who appoint their representatives to serve as the director or supervisor the Company in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the directors or voting shares of the Company (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(7) Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company). .

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company (this restriction does not apply where the specific companies or institutions hold more than 20% but less than 50% of the total shares issued by the Company and the member is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations. .

(10) Not meet the circumstances referred to in Article 30 of the Company Act.

(2) Information about functionality of the Remuneration Committee

I. The Company's Remuneration Committee consists of 3 members.

II. The current members' term of office: The term of office commences from August 12, 2021 until July 11, 2024. A total of 2 (A) Remuneration Committee meetings were convened in the most recent year. Below are the members' qualifications and attendance records:

Job title	Name	Actual presence (times) (B)	Presence by proxy (times)	Actual presence ratio (%) (B/A) (Note)	Remark
Convener	Tsai Chao-Lun	2	-	100	
Member	Li Mu-Jung	2	-	100	
Member	Chu Hsing-Hua	2	-	100	New elected on July 12, 2021 (independent director)
Other disclosures to be noted: I. Should the Board rejects or modifies the suggestions from the Remuneration Committee, state the date, session, contents of the motions, resolution made by Board meeting and results thereof, and how the Company has responded to Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None. II. Should any resolution(s) by the Remuneration Committee be passed but with member voicing opposing or qualified opinions on the record or in writing, please describe the date and session of the meeting, contents of the motion, the entire members' opinions, and how their opinions are addressed: None.					

Note: (1) Before the end of the year, if a member resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence rate (%) should be calculated based on how often the Remuneration Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

(2) If a re-election of members had taken place prior to the close of the financial year, old and new members are listed, in which case, the remarks column would specify whether they are former, newly elected or re-elected members, and the date of the reelection. The actual presence rate (%) will be calculated based on how often the Board meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

III. Contents of motions and resolution of the Remuneration Committee meetings in 2021

Date/Time	Contents of Motion
1st meeting of 5th term September 28, 2021(Tuesday)	1. Election of the Chairman of Remuneration Committee 2. Pass the "Regulations Governing Payment of Compensation to Directors" 3. Passed 2020 distribution of remuneration to directors 4. Pass the "Regulations Governing Allocation of Remuneration to Employees" 5. Passed 2020 allocation of employee remuneration to managers
	Approved unanimously upon the chair's inquiry with all present members.
2nd meeting of 5th term December 27, 2021 (Monday)	1. 2021 Criteria for Payment of Year-End Bonus to Managers
	Approved unanimously upon the chair's inquiry with all present members.

(V) Fulfillment of social responsibility:

Implementation of sustainable development practice, and deviation from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof

Item	Status (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
I. Has the Company implemented a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the Board of Directors and run by senior management, and how does the Board supervise progress?	✓		The Company has established the CSR Committee since 2016, which is dedicated to planning, executing and reviewing the corporate social responsibility-related operations. In order to improve the sustainable development of ESG, the Company has established the Sustainable Development Committee in March 2022. The Board of Directors authorized the President of the Group to serve as the Chairman of the Committee responsible for preparing the sustainable development roadmap and various ESG indicators. The Committee members consisted of the supreme management from various business divisions/departments. The Committee governed five taskforces responsible for promoting and practicing ESG-related operations. Scheduled to report to the Board of Directors the performance of sustainable development executed in the current year and set the goals for next year in Q4 2022. For details about the Sustainable Development Committee and sustainable development implementation status, please refer to the CSR section on the official website of TEX-RAY.	No deviation, as explained above.
II. Does the Company, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company	✓		The Company has, in accordance with the materiality principle, conducted risk assessments of environmental, social and corporate governance issues pertaining to company operations and established the relevant risk	No deviation, as explained above.

operations and establish the relevant risk management policy or strategy? (Note 2)			management strategy based on various aspects. For the risk assessment and management strategy, please refer to Page 46 of the Company's 2021 annual report (supplementary attachments and forms) and CSR section on the official website of TEX-RAY.	
III. Environmental issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		The Company adopts the environmental management policy, and has the Sustainable Development Committee establish the "environmental sustainability taskforce" responsible for establishing the environmental management system and energy-conservation and carbon-reduction indicator and action program, and working with the factories to execute the same domestically and overseas, in order to ensure compliance with customers' requirements and environment-related laws and regulations applicable in the countries where the factories are located.	No deviation, as explained above.
(II) Is the Company committed to making efficient use of energy, and using renewable materials that produce less impact on the environment?	✓		The Company uses the best effort to promote the environmental sustainability: 1. The Company uses the best effort to create high-value new products and services based on its innovative thoughts. So far, it has researched and developed multiple high value-added performance textiles (8 major series), ECO-PRINT and smart textiles, hoping to practice the core value of sustainable development effectively. 2. When working with brand customers to design and develop products, the Company recommends customers to adopt the renewable raw materials created based on the concept about sustainability as the first priority. For the details about the procurement, please refer to the sustainability report. 3. The Company implements Higg Index, in order to continue improving and upgrading the	No deviation, as explained above.

			energy/resource utilization efficiency by planning, executing, auditing and improving the cycle management system precisely. 4. The Company practices the recycling and reuse in the process of production precisely. The related units are responsible for recycling and classification to reduce the consumption of energy and resource and also generation of waste. 5. The Company promotes the energy-conservation programs throughout the Company, procures energy-conservation and carbon-reduction equipment as the first priority, and replaces energy-consuming equipment step by step or installs additional power-saving devices, in order to improve the energy utilization efficiency. 6. By the production type and customer need, the production sites all over the world have obtained multiple international environmental protection certifications, such as GSR (Global Recycled Standard), OKEO-TEX and ISO14001. Meanwhile, they also encourage and guide suppliers to achieve related certifications step by step.	
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt related responsive measures?	✓		No related evaluation or responsive measures are adopted for the time being, but scheduled to be executed in 2H of 2022.	No deviation, as explained above.
(IV) Does the Company maintain statistics on GHG emission, water consumption, and total waste volume in the last two years, and implement policies aimed at reducing GHG, water, or other wastes?	✓		1. The Company promises that starting from 2022, as the record year, the unit product energy consumption and water consumption will decline by 5% and the total waste volume by 5% before 2027, in order to keep the Company's commitment to the sustainable environment. 2. The data and intensity about GHG emission, water consumption and total weight of waste in the past	No deviation, as explained above.

			two years are disclosed in the sustainability report issued on an annual basis.	
IV. Social issues (I) Does the Company develop its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		1. The Company strictly complies with the Labor Standards Act and related laws and regulations, develops the human right policies for gender equality, prohibition of child labors, prohibition of forced labor and employment discrimination in accordance with the “International Labour Convention,” and also provides employees with transparent grievance channels. 2. Various business locations also comply with local laws and regulations and the headquarters’ management system. Meanwhile, they inspect and update related labor policies periodically and provide employees with related education and training courses. For details about the education and training courses, please refer to the sustainability report.	No deviation, as explained above.
(II) Does the Company adopt and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?	✓		1. The Company has adopted related personnel management regulations covering the requirements about working hours and leave which are considered satisfying the Labor Standards Act. Meanwhile, the Company establishes the Worker Welfare Committee dedicated to handling various welfare policies (company trip, subsidy for marriage, funeral and celebration ceremony, and gift for birthday party, et al.) 2. The other welfare policies include commendation to senior employees, commendation to staff winning credits, books for birthday boys/girls and employee group insurance, et al.. 3. The Company’s remuneration policy reflects the specific employee’s contribution, personal competency and performance, and constitutes	No deviation, as explained above.

			positive correlation with the Company's business performance. According to the Company's Articles of Incorporation, if the Company records a profit in a year, the Company shall set aside 2% thereof as the employee remuneration to be paid in stock or cash per resolution of the Board of Directors.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		In order to maintain the health and safety of the employees' working environment, the Company establishes the Occupational Safety and Health Management Committee dedicated to ensuring successful functioning of the EHS self-management mechanism functions successfully and efficiency of the decision made for safety and health issues. Meanwhile, the Company implements the following measures: 1. Headquarters in Taipei: (1) Discuss and review the issues about maintenance of employees' working environment from time to time. (2) Inspect the building periodically according to the Fire Services Act. (3) Maintain escalators and elevators of the building on a monthly basis. (4) Send dedicated personnel to clean the building on a daily basis. (5) Disinfect and perform pest controls in the building periodically. (6) Control the entry/exit, and disinfect floors, elevators and door handles each hour, in response to the implementation of notifiable infectious diseases. 2. The factories at various production sites have established their own management units dedicated to EHS: (1) Inspect the implementation status of various	No deviation, as explained above.

			health and safety prevention programs on the production lines, notify the responsible unit to correct the defect, if any, immediately, and have the EHS unit follow up on the improvement status to ensure the safety of employees' working environment. (2) Organize the education and training on EHS or health issues periodically, or immediately upon request, e.g. fire drill/training, safety and health training, and labor safety meeting, etc., and check the fire protection equipment periodically. 3. The Headquarters in Taipei organizes the employees' health checkup periodically each year to enable the employees to know about their personal physical health condition. 4. Health checkup and seminars: Employees' health is the Company's largest asset. TEX-RAY works with the regional hospital to provide employees with health checkup once per year, as well as the physician consulting service. Meanwhile, the Company keeps organizing the health promotion activities and seminars, and retains professional registered nurses or trainers to give a speech in the Company. 5. Each production site in the world values the employees' safe and healthy working environment very much. The production sites have also successively passed the ISO 45001 occupational safety and health management system certification, and the international certifications, such as WRAP, BetterWork and WCA. 6. The Headquarters in Taipei and factories at various production sites all have the personnel who have obtained the first-aid licenses and EHS certificates in	

			place.	
(IV) Does the Company have an effective career capacity development training program established for employees?	✓		1. In order to improve the knowledge, attitude and skill needed by the employees to deal with the transformation of enterprise and industry, the Company adopts the “Education and Training Management Regulations” based on the Company’s overall development strategy. Meanwhile, in reference to the employees’ career development and special missionary needs identified in the work statement, the Company plan the learning roadmap class schedule for employees. Through integration of the resources inside and outside the enterprise, the Company trains the abilities needed by employees for future development and promotion. 2. The on-the-job employee training courses are categorized into three major types, namely management, general education and profession. Various courses are offered online or physically through on-the-job training, internal training and outsourcing external training organizations (e.g. Taiwan Textile Research Institute, and other cooperative entities). 3. In 2021, the Company launched the TEX-RAY ProjectT to evaluate and develop employees with potential through the systematic and standardized procedures. Meanwhile, the Company helped the talents with potential within the Company with their career planning under the tutorship system, personal development program and department internship plan, in order to keep the organization’s talents endlessly.	No deviation, as explained above.
(V) Does the Company comply with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and	✓		1. The Company establishes its code of conduct in accordance with related laws and international guidelines, in order to protect customers’ health and safety, customers’ privacy, consumers’ interest and	No deviation, as explained above.

services offered, and implement consumer or customer interest protection policies and grievance procedures?			right of grievance. The production environment and products satisfy local laws, and the specifications and requirements adopted by customers. Meanwhile, the Company has also passed the GRS (Global Recycled Standard) certification and OKEO-TEX Standard 100 toxic-free certification (European eco-textile standards) successively, in order to protect consumers' health, and various social responsibility certifications required by customers, such as WRAP, BetterWork and WCA. 2. The Company values customers' opinion, communicates with customers periodically for the customer satisfaction survey, and also adopts the "Ethical Management Best Practice Principles" and "Code of Ethical Conduct." Meanwhile, it sets up the whistleblower section on its website to protect customers' and consumers' interest and right of grievance.	
(VI) Does the Company adopt any specific supplier management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?	✓		1. The Company adopts the supplier management policy and regulations in order to ensure the basic evaluation standards on the quality, price, delivery period and goodwill of suppliers, and to demand that suppliers should comply with the laws and TEX-RAY supplier management regulations with respect to the corporate governance, environmental protection, occupational safety and health and labors' human rights. Meanwhile, the Company establishes the supplier evaluation by the nature of procurement and guide suppliers to obtain related certifications, in order to build the partnership of sustainability. 2. TEX-RAY implements the management mechanism requiring pre-interview with suppliers before cooperation, evaluation prior to execution of contract and routine evaluation. The Company will procure	No deviation, as explained above.

			goods from suppliers rated as excellent based on the evaluation result as the first priority. Where the suppliers rated less than 60 scores based on the evaluation results fail to make correction within specific time limit, and both parties fail to reach agreement through negotiation, such suppliers will be removed from the name list of qualified suppliers. For details, please refer to the sustainability report issued on an annual basis.	
V. Does the Company prepare sustainability report or any report of non-financial information based on international reporting standards or guidelines? Does said report have been assured or guaranteed by a third party certification unit?	✓		1. The Company's CSR report is prepared in accordance with the GRI Standards published by Global Reporting Initiative ("GRI") in 2016, and discloses related indicators based on the core options. 2. So far, the report has not yet assured by a third party certification unit. In order to ensure the accuracy of the report and satisfaction with the stakeholders' expectation, any contents of the report will not be disclosed to the public until the Sustainable Development Committee of TEX-RAY submits the same to the Chairman for approval.	No deviation, as explained above.
VI. If the Company has established sustainability policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies," please describe the current practices and any deviations thereof from such principles: None.				
VII. Other information useful to the understanding of sustainable practice: The related information is disclosed on the Company's official website.				

Note 1: If the execution status is specified "Yes," please explain the key policies, strategies, and measures taken and the execution progress. If the execution status is specified "No," please explain deviation and cause of deviation in the field titled "Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof," and state any policy, strategy, and measure planned for the future.

Note 2: Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VI) Implementation of ethical management and measures adopted therefor:

Implementation of ethical management

Item	Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
I. Establishing ethical management policies and plans (I) Does the Company state in its regulations or external correspondence about the ethical management polices and practices passed by the Board of Directors and the commitment of the Board of Directors and senior management to actively implement the operating policies?	V		(I) The Company has adopted its ethical management best practice principles upon approval of the Board of Directors, and also disclosed the same on the website and MOPS in order to practice the ethical policies proactively, in line with the Company's basic management philosophy. Both the Board of Directors and senior management emphasize the importance of ethical management, and also make themselves an example. The Company looks forward to becoming a sustainable and innovative happy enterprise. Ethical management lays the foundation for sustainability. The Company has the senior management and entry-level and new employees deepen and claim their visions through the education and training program, by organizing the Consensus Camp and cultural activities for the TEX-RAY folks each year. Meanwhile, the Company integrates the value of sustainability into the activities to continue practicing and claiming the sustainability.	No deviation, as explained above.
(II) Does the Company establish the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business			(II) The Company has also adopted the unethical conduct prevention program and guidelines for conduct, and expressly define the reward & punishment system in its reward & punishment	No deviation, as explained above.

Item	Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
periodically, and adopt the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"?	V		regulations to signify the punishment against any violators.	
(III) Does the Company expressly state the SOP, guidelines for conduct and reward & punishment and grievance systems in the unethical conduct prevention program, implement the same precisely, and review amendments to said program?	V		(III) The Company strictly prohibits offering and acceptance of bribe in accordance with the ethical management policies, and also expressly states that any illegal political donation is forbidden.	No deviation, as explained above.
II. Implementation of ethical management (I) Does the Company evaluate the ethical record of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?	V		(I) The Company has adopted its ethical management best practice principles upon approval of the Board of Directors, and also disclosed the same on the website and MOPS in order to practice the ethical policies proactively, in line with the Company's basic management philosophy.	No deviation, as explained above.
(II) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision of the Board of Directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevent program to the Board of Directors periodically (at least for once per year)?	V		(II) The Company designates the Management Dept. as the dedicated unit (hereinafter referred to as the "dedicated unit") subordinated to the Board of Directors, and assigns sufficient resources and competent personnel to complete the operations including amendments, execution, interpretation, consulting service, reporting, registration and documentation of the operating procedures and guidelines for conduct, and supervise the execution thereof. Meanwhile, the Company	No deviation, as explained above.

Item	Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
			includes the "ethical management and conduct" into the orientation training and Consensus Camp. The execution status thereof will be reported to the Board of Directors by the end of each year.	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflict of interest?	V		(III) The Company strictly prohibits offering and acceptance of bribe in accordance with the ethical management policies, and also expressly states that any political donation is forbidden.	No deviation, as explained above.
(IV) Does the Company fulfill the ethical management by establishing an effective accounting system and internal control system, and have an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoint a CPA to conduct the audits?	V		(IV) The Company has established fair accounting system and internal control system, and set forth the audit plan subject to the degree of risk through the internal control self-assessment procedure to execute the audit.	No deviation, as explained above.
(V) Does the Company organize internal or external training on a regular basis to maintain ethical management?	V		(V) The Company's staff continue to attend related education and training courses. In consideration of the epidemic, the courses were taught online instead, with the after-class test, in 2021. The Company utilizes 8 videos and the courses persisting for about a half hour to help the staff build the basic concept about the ethical management in terms of various aspects. Course contents: (I) Promotional video for "Ethical Corporate Governance and Anti-Corruption, and Anti-Money Laundering" (00:30)	No deviation, as explained above.

Item	Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
			(II) Promotional video for “Tips to Protection of Procurement Evaluation Committee Members” (08:23) (III) “Loss Outweighs Gain” ethical management dealer microfilm series (06:15) (IV) "ICAC Channel"-iTeen (04:20) (V) Ethical Management and Ethics Video - Philosophy (Mandarin version) (01:00) (VI) Happiness, Walking Firmly(06:00) (VII) MOJ Statistics for 3 minutes - Statistical Analysis on Violations of Money Laundering Control Act (04:16) (VIII) Memories of Green Onion Bread (05:00)	
III. Implementation of the Company's whistle-blowing system (I) Does the Company have a specific report and reward system stipulated, a convenient whistle-blowing channel established, and a responsible staff designated to deal with the accused party?	V		(I) The Company has established convenient risk control reporting mechanism. Any potential or actual violations of the code of ethical conduct may be reported via the internal whistle-blowing mechanism, and then various department managers report the same to Audit Office. Externally, the case may also be reported via the hotline for investors or stakeholders and then submitted to the Audit Office through the cross-departmental information integrated system. Any violations confirmed upon investigation will be resolved in accordance with laws or the Company’s internal regulations. Meanwhile, the information about personnel	No deviation, as explained above.

Item	Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
			violating the guidelines for ethical conduct will be disclosed on the MOPS immediately to ensure the information transparency and openness. Internal whistle-blowing channels http://trcom.texray.com/UOF/Forum/Suggestions & feedback to the Group External whistle-blowing channel E-mail：informer@texray.com Whistle-blowing hotline: +8862-25215155 ext.6590 The Company's work rules provide the reward and punishment system. Meanwhile, the Company has adopted the reward and punishment regulations separately, in order to practice punishment, prevent and deal with any violations of laws, infringement upon the Company's interest or corruption.	
(II) Does the Company define the standard operating procedure, followup measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of reported cases as accepted?	V		(II) As far as the prevention mechanism is concerned, Audit Office refers to an unit subordinated to the Board of Directors, which may function independently and aim to practice the internal control system via the audit operations, in order to promote the internal audit-related operations in an objective and fair manner. The Audit Office will set forth the audit plan for next year by the end of each year and propose it to the Board of Directors for approval. In addition to routine audits, it will conduct an audit on specific items from time to time. In the meantime, each	No deviation, as explained above.

Item	Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
			department also requires the execution of internal control self-assessment, and tries to verify the compliance with various management regulations, managers' self-assessment on ethical conduct and human errors through questionnaire. Since an audit aims to measure the validity and compliance of the existing policies and procedures, the audit and self-assessment results will be reported to the Board of Directors and president as the bases for evaluation on validity of the internal control system, and operating results and efficiency. For the major deficiencies to be improved, if any, the related staff will be gathered to establish a cross-department project team.	
(III) Does the Company have taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		(III) No violations of the ethical management, such as abuse or corruption, occurred to the Company in 2022. In order to stop any incidents impairing the corporate sustainability, TEX-RAY educates and trains all new employees and the management about the guidelines for ethical conduct and anti-corruption operating procedure. In the future, the Company will also evaluate appointment of additional paralegals to strengthen the existing whistle-blowing channels and also provide legal advice, promote laws and prevent corruption and malfunction, as the effective resources to prevent any illegal activities.	No deviation, as explained above.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status (Note)</th><th rowspan="2">Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>IV. Enhanced information disclosure
Does the Company disclose the contents of its ethical management best practice principles and the result of implementation at its official website and MOPS?</td><td>V</td><td></td><td>The Company’s Ethical Management Best Practice Principles have been disclosed on its website and the MOPS.</td><td>No deviation, as explained above.</td></tr>
<tr><td colspan="5">V. If the Company has established its own ethical management best practice principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies," please describe the current practices and any deviations thereof from such principles: None.
The Company has adopted its own ethical management best practice principles, and its routine operations are considered complying with such principles</td></tr>
<tr><td colspan="5">VI. Other important information that is helpful in understanding the ethical corporate management operation of the Company: The Company has amended its ethical management best practice principles at the Board of Directors meeting on August 12, 2019 and amended the Operating Procedure for Ethical Management and guidelines for ethical conduct at the Board of Directors meeting on March 26, 2020. The Company also implements the related operating procedures precisely.</td></tr>
</table>

(VII) If the Company has established corporate governance principles or other relevant guidelines, the access to such principles must be disclosed:

In the spirit of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies, the Company has successively established (amended) the Company’s Rules of the Procedure for Board of Directors Meetings, Rules of the Procedure for Shareholders’ Meetings, Articles of Association for Remuneration Committee, Regulations Governing Prevention of Insider Trading, Operating Procedures for Online Information Disclosure, Corporate Governance Best Practice Principles, Ethical Management Best Practice Principles, Code of Ethical Conduct and Social Responsibility Best Practice Principles, which may be accessed at the Company’s website at http://www.texray.com/.

(VIII) Other information material to the understanding of corporate governance within the Company

1. On March 26, 2021, the Board of Directors appointed Wu Jianzhong, the head of accounting, as the head of corporate governance, to supervise corporate governance-related matters and provide investors with information on immediacy and transparency, and in the second quarter of 2021, it began to strongly promote corporate governance-related operations, and the score of the corporate governance evaluation in 2021 has made great progress, ranking 36% to 50% of listed companies.
2. The Board of Directors of the Company has held its first Risk Management Meeting on December 27, 2021 to discuss the risk environment and risk management priorities faced by the Company, and to implement risk assessment and discuss countermeasures by appointing the Chairman of the Board of Directors and two independent directors to form the Risk Management Committee. The Board also reported on the priorities of the discussion on 28 March 2022.

(IX) Implementation of internal control system

1. Declaration for Statement of Internal Control

TEX-RAY INDUSTRIAL CO., LTD.

Declaration for Statement of Internal Control

Date: March 28, 2022

The following declaration was made based on the 2021 self-inspection of the Company's internal control policies:

I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.

II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.

III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria introduced by the Regulations consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Control operation; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.

IV. The Company has adopted said criteria to validate the effectiveness of its internal control system design and execution thereof.

V. Based on the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including monitoring and management on subsidiaries) as of December 31, 2021, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of aforementioned goals.

VI. The Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liability.

VII. The Declaration was passed unanimously without objection by all 11 directors present at the Board meeting dated March 28, 2022.

TEX-RAY INDUSTRIAL CO., LTD.

Chairman: Ray Lin (seal/signature)

President: Yang Wei-Han (seal/signature)

2. The external auditor's report issued by the CPA commissioned to conduct an internal control audit, if any: None.

(X) Punishments received by the Company and its internal personnel pursuant to laws and punitive actions issued by the Company against its internal employees in violation of the internal control system provisions for the latest year until the date of publication of the Annual Report, major deficiency and correction status: None

(XI) Important Resolution of the shareholders' meeting and Board of Directors for the latest year until the date of publication of the Annual Report

1. Important resolution of the shareholders' meeting, and execution status thereof:

Date	Important resolution	Status
July 12, 2021 Annual General Meeting	1. Ratification of 2020 financial statements.	Pass the motion per the resolution adopted based on voting results.
	2. Ratification of 2020 earnings appropriation.	Pass the motion per the resolution adopted based on voting results; set September 4, 2021 as the ex-dividend record date and September 28, 2021 as the date of payment of cash dividends; and also complete the distribution of cash dividends, NT$163,537,267, from earnings (cash dividend at NT$0.7 per share).
	3. Approved the proposal for amendment to the Procedure for Making of Endorsements/Guarantees submitted for discussion.	Pass the motion per the resolution adopted based on voting results; already update it on the Company's official website and MOPS.
	4. Approved the reelection of directors of 16th Board of Directors (11 directors to be elected (including 3 independent directors)).	The name list of directors elected: Ray Lin, Representative of YUEDA Textile Financial Holding Limited (BVI): Lian-Chun Wang, Representatives of YUEDA Textile Financial Holding Limited: Tai Chun/Kuo Wen-Yen, Representatives of Suzhou Weide Co., Ltd.: Yang Chia-Yin, Yao Wan-Kuei, He Yu, Wu Ching-Feng; the name list of independent directors elected: Li Mu-Jung, Tsai Chao-Lun, Chu Hsing-Hua.
	5. Approved the proposal for termination of non-competition restrictions imposed on directors submitted for discussion.	Pass the motion per the resolution adopted based on voting results; already disclose it on the Company's official website and MOPS.

2. Important resolutions of the Board of Directors:

Date	Important resolution and execution status thereof
March 26, 2021	3. Approved the proposal for bank loans submitted for discussion. 4. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion. 5. Approved the proposal for loaning of funds to affiliated companies submitted for discussion. 6. Approved the proposal for evaluation on external auditors' independence submitted for discussion. 7. Approved the proposal for 2020 Declaration for Statement of Internal Control Statement submitted for discussion. 8. Approved the proposal for 2020 payment of remuneration to employees and directors submitted for discussion. 9. Approved the proposal for 2020 Business Report and Financial Statements submitted for discussion. 10. Approved the proposal for 2020 earnings appropriation submitted for discussion. 11. Approved the proposal for amendment to the Procedure for Making of Endorsements/Guarantees submitted for discussion. 12. Approved the proposal for reelection of shareholders at the shareholders' meeting submitted for discussion. 13. Approved the proposal and nomination of candidates for director at the annual general meeting submitted for discussion. 14. Approved the name list of candidates for directors nominated by the Board of Directors submitted for discussion. 15. Approved the proposal for termination of non-competition restrictions imposed on directors of 16th Board of Directors submitted for discussion. 16. Approved the date and motions of the 2021 annual general meeting submitted for discussion. 17. Approved the proposal for 2020 remuneration to directors and managers and limit of annual bonus payment submitted for discussion. 18. Approved the proposal for employment of the Chief Corporate Governance Officer submitted for discussion.
	Status: Completed per the resolution of the Board of Directors, and 6th, 7th, 9th, 10th and 13th proposals already submitted to the shareholders' meeting for ratification, reelection or resolution.
May 11, 2021	1. Approved the proposal for bank loans submitted for discussion. 2. Approved the proposal for loaning of funds to affiliated companies submitted for discussion. 3. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion. 4. Approved the proposal for transfer of the internal audit officer submitted for discussion. 5. Approved the proposal for 2020 earnings appropriation submitted for discussion. 6. Approved the proposal for investment overseas submitted for discussion.
	Status: Completed per the resolution of the Board of Directors, and 5th proposal already submitted to the shareholders' meeting for resolution.

Date	Important resolution and execution status thereof
June 24, 2021	1. Approved the proposal for bank loans submitted for discussion. 2. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion. 3. The proposal for determining date and venue of 2021 annual general meeting is submitted for discussion.
	Status: Completed per the resolution of the Board of Directors.
July 12, 2021	1. Approved the proposal for election of Chairman and Vice Chairman.
	Status: Completed per the resolution of the Board of Directors.
August 12, 2021	1. Approved the consolidated financial statements for 1H of 2021. 2. Approved the proposal for bank loans submitted for discussion. 3. Approved the proposal for loaning of funds to affiliated companies submitted for discussion. 4. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion. 5. Approved the proposal for employment of Remuneration Committee members submitted for discussion. 6. Approved the proposal for transfer of the internal audit officer submitted for discussion. 7. Approved the proposal for 2021 cash dividend ex-dividend date submitted for discussion.
	Status: Completed per the resolution of the Board of Directors.
November 11, 2021	1. Approved the consolidated financial statements for Q3 2021. 2. Approved the proposal for bank loans submitted for discussion. 3. Approved the proposal for loaning of funds to affiliated companies submitted for discussion. 4. Approved 2022 audit plan submitted for discussion. 5. Approved the proposal for the Group's information security management regulations submitted for discussion. 6. Approved the proposal for the regulations governing intellectual property management and code of conduct submitted for discussion 7. Approved the proposal for risk management policy and procedure, and articles of association for risk management submitted for discussion. 8. Approved the proposal for employment of Risk Management Committee members submitted for discussion. 9. Approved the proposal for the regulations governing payment of compensation to directors and regulations governing allocation of employee remuneration submitted for discussion. 10. Approved the proposal for distribution of remuneration to directors submitted for discussion. 11. Approved the proposal for authorization of execution of contracts with affiliated companies submitted for discussion. 12. Approved the proposal for activation of assets at overseas production sites submitted for discussion.
	Completed per the resolution of the Board of Directors; related regulations already disclosed on the Company's official website.

Date	Important resolution and execution status thereof
March 28, 2022	1. Approved the proposal for bank loans submitted for discussion. 2. Approved the proposal for syndicated loans submitted for discussion. 3. Approved the proposal for secured loans of Tainan Factory submitted for discussion. 4. Approved the proposal for loaning of funds to affiliated companies submitted for discussion. 5. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion. 6. Approved the proposal for evaluation on external auditors' independence submitted for discussion. 7. Approved the proposal for 2021 Declaration for Statement of Internal Control Statement submitted for discussion. 8. Approved the proposal for amendments to the corporate social responsibility best practice principles and corporate governance best practice principles submitted for discussion. 9. Approved the proposal for adoption of articles of association for Sustainable Development Commission submitted for discussion. 10. Approved the proposal for amendments to the Procedure for Acquisition or Disposal of Assets submitted for discussion. 11. Approved the proposal for amendments to the Articles of Incorporation submitted for discussion. 12. Approved the proposal for 2021 Business Report and Financial Statements submitted for discussion. 13. Approved the proposal for 2021 profit/loss appropriation submitted for discussion. 14. Approved the matters about shareholders' proposals submitted for discussion. 15. Approved the date and motions of the 2022 annual general meeting submitted for discussion. 16. Approved the proposal for 2021 remuneration to directors and managers and limit of annual bonus payment submitted for discussion. 17. Approved the proposal for transfer of key managers submitted for discussion.
	Status: Completed per the resolution of the Board of Directors.

(XII) The main contents of important resolutions of the Board passed but with directors or supervisors voicing opposing opinions on the record or in writing during the most recent year and up to the date of publication of the annual report: None.

(XIII) Summary of resignation/dismissal of the Company's related personnel (including Chairman, President, accounting manager, financial manager, chief internal auditor, chief corporate governance officer or chief R&D officer) in the most recent year and as of the date of publication of the annual report: None.

Job title	Name	Date of onboard	Date of discharge	Cause of resignation or discharge
Chief internal auditor	Chang Chia-Huan	February 16, 2011	May 11, 2021	Transfer to the subsidiary's vice president
Chief internal auditor	Wang Yi-Kai	August 12, 2021	-	Appointed by the Board of Directors
President	Yang Wei-Han		May 1, 2022	Succeed to Chief Strategy Officer (CSO)
President	Lin Tsung-Yi	May 1, 2022		Promote to Vice President of Operations

Note: The related personnel refer to Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor and Chief R&D Officer, etc..

V. Information about CPA's Audit Fees:

Information about external auditors' audit fees

Amount: NTD Thousand

Name of CPA Firm	**Name of CPA**	**Audit Period**	**Audit Fees**	**Non-Audit Fees**	**Total**	**Remark**
KPMG in Taiwan	Tseng Kuo-Yang, CPA Chien Ti-Nuan, CPA	January 1, 2021~December 31, 2021	4,156	0	4,156	

Please specify the contents of non-audit fees (e.g. tax certification, assurance or other financial consulting and advising services).

Note: If there is any change of CPA or CPA firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks column. Any audit and non-audit fee paid to CPAs should also be disclosed separately. Details of services rendered based on the non-audit fees must be specified in the remarks column.

(I) Information about CPA

Name of CPA Firm	Name of CPA		Audit Period	Remark
KPMG in Taiwan	Tseng Kuo-Yang, CPA	Chien Ti-Nuan, CPA	January 1, 2021~December 31, 2021	

(II) CPA's Audit Fee Scale Table

Amount: NTD Thousand

Item / Amount Scale		Audit Fees	Non-Audit Fees	Total
1	Less than NT$2,000 thousand		ˇ	0
2	NT$2,000 thousand (inclusive)~NT$4,000 thousand	ˇ		4,156
3	NT$4,000 thousand (inclusive)~NT$6,000 thousand			
4	NT$6,000 thousand (inclusive)~NT$8,000 thousand			
5	NT$8,000 thousand (inclusive)~NT$10,000 thousand			
6	NT$10,000 thousand or above			

(III) Disclosure of audit fees, non-audit fees and details of non-audit services, if the sum of non-audit fees paid to the CPA, CPA's firm and affiliated companies amount to more than one-quarter of total audit fees: None.

Amount: NTD Thousand

Name of CPA Firm	Name of CPA	Audit Fees	Non-Audit Fees					Audit Period	Remark
			System design	Commercial and industrial registration	HR	Others	Subtotal		
KPMG in Taiwan	Tseng Kuo-Yang, CPA Chien Ti-Nuan, CPA	4,156	0	30	0	0	0	January 1, 2021~ December 31, 2021	

(IV) If a change of CPA firm results in a lower audit fee for that year compared to the previous year: None.

(V) If the audit fee was reduced by more than 15% from the previous year: None.

VI. Replacement of CPA: None.

VII. Disclosure of any of the Company's Chairman, President, financial or accounting managers being employed by the auditor's firm or any of its affiliated company in the most recent year: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent during the most recent fiscal year and up to the date of publication of the annual report.

1. Changes of the equity of directors, supervisor, managers and major shareholders:

Job title	Name	2021		Until April 17, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Ray Lin	-	-	-	-
Vice Chairman	Yao Wan-Kuei	-	-	-	-
Director	YUEDA Textile Financial Holding Limited	-	-	-	-
Representative	Wang Lian-Chun (Note 1)	-	-	-	-
Representative	Chang Nei-Wen (Note 2)				
Representative	Tai Chun (Note 1)	-	-	-	-
Director	Kuo Wen-Yen	-	-	-	-
Director	Wu Ching-Feng	-	-	-	-
Director	Suzhou Weide Co., Ltd.	-	-	-	-
Representative	Yang Chia-Yin (Note 1)	-	-	-	-
Director	He Yu	-	-	-	-
Independent Director	Li Mu-Jung	-	-	-	-
Independent Director	Tsai Chao-Lun	-	-	-	-
Independent Director	Chu Hsing-Hua	-	-	-	-
Manager	Yang Wei-Han	-	-	-	-
Manager	Yeh Feng-Ying	-	-	-	-
Manager	Chang Chin-Huei	-	-	-	-
Manager	Lin Tsung-Yi	8,000	-	-	-
Manager	Lin Tsung-Han	-	-	-	-
Manager	Wu Chien-Chung	-	-	-	-
Shareholder with a stake of more than 10 percent	YUEDA Textile Financial Holding Limited	-	-	-	-
Shareholder with a stake of more than 10 percent	Kuo Hsien-Yu	-	1,100,000	-	-

Note 1: Serve as the director in the capacity of a juristic-person representative.

Note 2: Mr. Chang Nai-Wen served the director in replace of Mr. Wang Lian-Chun on

November 3, 2021.

Note 3: Director Lin Sen-Yao and Independent Director Chang Chao-Yuan were relieved from the positions upon reelection at the shareholders' meeting in July 2021.

2. Information about the counterpart of transfer of shares that is a related party: None.
3. Information about the counterpart of pledge of shares that is a related party: None.

IX. Disclosure of relationships, such as related party defined under the Statement of Financial Accounting Standards No. 6, or spouse, or relative within the second degree of kinship , among the top ten shareholders

Disclosure of relationship among the top ten shareholders

Name (Note 1)	Shares held under own name		Shares held by spouse and underage children		Shares held in the names of others		If there is relationship, such as related party defined under the Statement of Financial Accounting Standards No. 6, or spouse, or relative within the second degree of kinship , among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or Name)	Relationship	
YUEDA Textile Financial Holding Limited (BVI)	42,052,440	18.00	-	-	-	-	-	-	Juristic-person director
Kuo Hsien-Yu	23,680,000	10.14	-	-	-	-	-	-	
Suzhou Weide Co., Ltd.	23,362,466	9.99	-	-	-	-	-	-	Juristic-person director
Yeh Feng-Ying	14,280,000	6.11	6,120,000	2.62	-	-	Ray Lin	Spouse	-
Ray Lin	6,120,000	2.62	14,280,000	6.11	-	-	Yeh Feng-Ying	Spouse	Chairman
Lin Tsung-Yi	4,459,000	1.91	-	-	-	-	Ray Lin	Child	-
Lin Tsung-Han	4,459,000	1.91	-	-	-	-	Ray Lin	Child	-
Yao Wan-Kuei	3,830,239	1.64	93,945	0.04	-	-	-	-	Director
Tung Hsiang-Jung	3,777,000	1.62	-	-	-	-	-	-	
Liao Teng-Chi	2,292,000	0.98	-	-	-	-	-	-	

Note: Representative of YUEDA Textile Financial Holding Limited (BVI): Li Piao
Representative of Suzhou Weide Co., Ltd.: Yang Chia-Yin

X. The total number of shares and total equity stake held in any single investee by the Company, its directors and supervisors, managers, and any enterprises controlled either directly or indirectly by the Company

March 31, 2022 Unit: Shares; %

Investee	Investment by the Company		Investment by directors, supervisors, managers and enterprises controlled either directly or indirectly by the Company		Comprehensive investment	
	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)
TEX-RAY INDUSTRIAL CO., LTD. (BELIZE)	32,348,213	100.00	—	—	32,348,213	100.00
TEX-RAY INDUSTRIAL CO., LTD. (CAYMAN)	42,042,722	100.00	—	—	42,042,722	100.00
FLYNN INTERNATIONAL LTD.	9,100,000	100.00	—	—	9,100,000	100.00
TEX-RAY (BN) INDUSTRIAL CO., LTD.	60,579,330	100.00	—	—	60,579,330	100.00
TEXRAY (SA) PTY LTD.	39,651,722	100.00	—	—	39,651,722	100.00
GREAT CPT INTERNATIONAL CO., LTD.	4,500,000	100.00	—	—	4,500,000	100.00
ZHENG-RAY INDUSTRIAL CO., LTD.	500,000	100.00	—	—	500,000	100.00
King's Metal Fiber Technologies Co., Ltd.	12,924,963	59.22	3,085,332	14.13	16,010,295	73.35
Wiley Eco Print Industrial Co., Ltd.	2,744,000	68.60	—	—	2,100,000	70.00
AIQ SMART CLOTHING INC.	11,503,200	70.44	3,453,228	21.15	14,956,428	91.59

Four. Funding Status

I. Capital and Outstanding Shares

(I) Source of capital share:

Capital share formation process for the most recent year until the date of publication of the annual report

Unit: Shares; NT$

Year / Month	Issue price	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital	Offset share capital via properties other than cash	Others
95/03	10.62	194,900,000	1,949,000,000	138,723,092	1,387,230,920	Conversion of 7,532,940 convertible bonds	None	
95/06	10.62	194,900,000	1,949,000,000	140,229,679	1,402,296,790	Conversion of 15,065,870 convertible bonds	None	
95/09	10.06	194,900,000	1,949,000,000	142,416,554	1,424,165,540	Conversion of 21,868,750 convertible bonds	None	
95/12	10.06	194,900,000	1,949,000,000	156,024,860	1,560,248,600	Conversion of 136,083,060 convertible bonds	None	
96/03	10.06	194,900,000	1,949,000,000	164,911,530	1,649,115,300	Conversion of 88,866,700 convertible bonds	None	
101/8	10	194,900,000	1,949,000,000	168,209,761	1,682,097,610	Allotment of 32,981,310 shares from earnings	None	
103/4	12.8	300,000,000	3,000,000,000	210,262,201	2,102,622,010	Subscription for 42,052,440 in private placement	None	
107/12	10.16	300,000,000	3,000,000,000	233,624,667	2,336,246,670	Subscription for 23,362,466 in private placement	None	

Note: Received the approval letter of Ministry of Economic Affairs under Jing-Shou-Shang-Zi No. 10701160130 dated January 3, 2019.

Unit: Shares

Share categories	Authorized capital			Remark
	Outstanding shares (already listed)	Unissued shares	Total	
Common shares	233,624,667 including 65,414,906 in private placement	66,375,333	300,000,000	-

(II) Shareholder Structure:

April 17, 2022 Unit: shares

Shareholder structure / Quantity	Government agencies	Financial institutions	Other juristic persons	Natural persons	Foreign institutions and foreigners	Total
Number of person	0	0	20	16,825	40	16,885
Shares held	0	0	24,936,861	162,262,603	46,425,203	233,624,667
Shareholding %	0.00	0.00	10.68	69.45	19.87	

Note: YUEDA Textile Financial Holding Limited (BVI) is a shareholder of the Company, which is a company by Mainland China investment and holds 18% of the Company’s shares.

(III) Diversification of equity:

April 17, 2022

Shareholding range			Number of shareholders	Shares held	Shareholding %
1	to	999	7,874	552,234	0.23
1,000	to	5,000	6,552	14,240,986	6.10
5,001	to	10,000	1,156	9,315,676	3.99
10,001	to	15,000	353	4,438,838	1.90
15,001	to	20,000	270	5,089,682	2.18
20,001	to	30,000	230	5,891,314	2.52
30,001	to	40,000	111	4,061,484	1.74
40,001	to	50,000	66	3,086,266	1.32
50,001	to	100,000	136	9,755,469	4.17
100,001	to	200,000	68	9,738,513	4.17
200,001	to	400,000	34	9,464,466	4.05
400,001	to	600,000	6	3,025,201	1.29
600,001	to	800,000	2	1,255,000	0.54
800,001	to	1,000,000	4	3,779,574	1.62
More than 1,000,001			23	149,929,964	64.18
Total			16,885	233,624,667	100.00

(IV) List of major shareholders:

April 17, 2022

Shares / Name of major shareholder	Shares held	Shareholding
YUEDA Textile Financial Holding Limited	42,052,440	18.00
Kuo Hsien-Yu	23,680,000	10.14
Suzhou Weide Co., Ltd.	23,362,466	9.99
Yeh Feng-Ying	14,280,000	6.11
Ray Lin	6,120,000	2.62
Lin Tsung-Yi	4,459,000	1.91
Lin Tsung-Han	4,459,000	1.91
Yao Wan-Kuei	3,830,239	1.64
Tung Hsiang-Jung	3,777,000	1.62
Liao Teng-Chi	2,292,000	0.98

(V) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years:

Item		Year	2020	2021	Year-to-date March 31, 2022 (Note 8)
Market price per share (Note 1)	Highest		37.45	23.95	15.20
	Lowest		6.03	13.30	13.30
	Average		16.17	16.54	14.30
Net worth per share (Note 2)	Before distribution		13.65	12.55	13.43
	After distribution		12.95	12.55	13.43
EPS	Weighted average outstanding shares (in thousand shares)		233,625	233,625	233,625
	EPS (Note 3)		0.72	(0.13)	-
Dividend per share	Cash dividend		0.70	—	—
	Bonus shares	Allotment of shares from earnings	—	—	—
		Allotment of shares from capital surplus	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Analysis on investment returns	P/E ratio (Note 5)		22	—	
	P/D ratio (Note 6)		23	—	—
	Cash dividend yield (Note 7)		0.04	—	—

Note 1: Please identify the highest and lowest market price per share of common stock for each fiscal year and calculate each fiscal year's average market price based on the trading value and trading volume of each year.

Note 2: Please apply the number of the outstanding issued shares at the end of year as the basis and specify it based on the distribution resolved by the shareholders' meeting of next year.

Note 3: If retroactive adjustment is needed due to allocation of stock bonus, please identify the earnings per share before and after the adjustment.

Note 4: If the equity securities issue terms and conditions require that the stock dividends undistributed in the year may be accumulated and distributed until the year in which earnings are generated, please disclose the stock dividends accumulated and undistributed until the end of the year separately.

Note 5: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 6: P/D ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the year.

Note 8: The information about net worth per share and earnings per share shall refer to the information available during the most recent quarter until the date of publication of the annual report, which has been audited (reviewed) by the CPA, while the other sections shall specify the information available in the current year until the date of publication of the annual report.

(VI) Dividend policy and implementation thereof:

1. The Company's dividend policy'

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 is at the stage of growth, and adopts the residual dividend policy. The Company shall work out the capital demands in the next few years based on the future budget plan, and shall retain profits for working capital so as to avoid excessive dilution. Dividends on the shares shall not exceed 50% of the dividend bonus of the year. The remaining balance shall be allocated in the form of cash dividends.

2. The dividend proposed to be distributed at the shareholders' meeting:

The Company's undistributed earnings at the beginning of the 2021 is NT$132,923,143, the net loss of the period is NT$33,205,559, other comprehensive income is NT$2,426,791, and the undistributed earnings at the end of period is NT$102,144,375. Therefore, no dividends shall be distributable this year.

(VII) The effects of bonus shares proposed at this shareholders' meeting on the Company's business performance and earnings per share: N/A.

(VIII) Employee bonus and remuneration to directors and supervisors:

1. The percentages or ranges with respect to employee bonus and remuneration to directors and supervisors, as set forth in the Company's Articles of Incorporation:
   According to the Company's Articles of Incorporation: Subject to the profit sought for the current year, the Company shall allocate 2% of the profit as the remuneration to employees. The Board of Directors may resolve to distribute the remuneration in the form of stock or in cash, and the receivers of such stock dividend or cash dividend shall include employees of affiliated companies that meet certain conditions. The Board of Directors may also resolve to no more than 2% of said profit as the remuneration to directors. The proposals for distribution of the remuneration to employees and directors shall be reported to a shareholders' meeting, provided that the profit must first be taken to offset against the Company's cumulative losses, if any, and then the remuneration to employees and directors may be allocated subject to the proportions referred to in the preceding paragraph.
2. The basis for estimating the amount of employee bonus and remuneration to directors/supervisors, for calculating the number of shares to be distributed as the stock dividends, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
   (A) The amount proposed by the Board of Directors to distribute and that estimated in the year the expense was recognized are specified as following:
   There is no loss after tax arising this year. Therefore, it is not necessary to estimate and distribute such amount.
   (B) Cause of difference: N/A.
   (C) Resolution of the difference in amount: Any differences between the distributed amount passed by the annual general meeting and that proposed by the Board of Directors will be stated as a change in accounting estimate upon approval by the annual general meeting.
3. Distribution of remuneration approved by the Board of Directors:
   According to Article 31 of the Articles of Incorporation, when the Company has a profit (i.e. income before tax less remuneration distributed to employees and directors) for any fiscal year, the Company shall allocate at least 2% of the balance remaining after accumulated losses are paid up, if any, as the remuneration to employees and no more than 2% thereof as the remuneration to directors.
   (A) The amount proposed by the Board of Directors to distribute and that estimated in the year the expense was recognized are specified as following: As loss after tax is generated this year, no employee bonus and remuneration to directors will be distributed.
   (B) Cause of difference: N/A.
   (C) Resolution of the difference in amount: Any differences between the distributed amount passed by the annual general meeting and that proposed by the Board of Directors will be stated as a change in accounting estimate upon approval by the annual general meeting.
4. Actual payment of employees'/directors'/supervisors' remuneration in the previous year:

Status: (Unit: NTD Thousand)	Actual payment resolved by the shareholders' meeting	Proposed payment approved by the Board of Directors	Difference
Employee bonus in cash	3,235,188	3,235,188	None
Remuneration to directors	3,235,188	3,235,188	None

(IX) Repurchase of the Company's shares: None.

II. Information about corporate bonds (including overseas corporate bonds)

(I) Unredeemed corporate bonds and corporate bonds undergoing private placement: None.
(II) Corporate bonds maturing within 1 year: None.
(III) Issued convertible corporate bonds which are convertible to shares, overseas depositary receipts or any other securities: None.
(IV) Issued exchangeable corporate bonds: None.
(V) Raising and issue of common corporate bonds under the shelf registration method adopted by the Company: None.
(VI) Issued corporate bonds with warrants: None.
(VII) Private placement of corporate bonds during the 3 most recent fiscal years: None.

III. Information about preferred shares: None.

IV. Issuance of overseas depository receipts: None.

V. Information about employee stock warrants and restricted stock awards (RSAs): None.

VI. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VII. Implementation of Capital Utilization Plan: None.

Five. Overview of Operation

I. Business Activities

(I) Business scope

1. The Company primarily engages in the following business activities:
   (1) Weaving, finishing, printing and dyeing, and trading of cottons, fabrics and various fibers
   (2) Processing, trading and export of garments.
   (3) Consignment sale, trading and export of cotton yarn and man-made fibers.
   (4) Manufacturing, processing and trading of ramie and flax.
   (5) Manufacturing, processing, dyeing & finishing and trading of various textiles and natural fibers.
2. Main business ratio of products in 2021

Unit: NTD Thousand

Product Name	business Ratio	Percentage (%)
Fabric & dyeing	527,103	7.94%
Metal fiber	401,246	6.04%
Garment	5,571,189	83.93%
Others	138,398	2.09%
Total	6,637,936	100%

3. Main products
   (1) Fabric & dyeing: A. Knitted fabrics: PK fabrics, double-sided fabrics, single-sided fabrics, double-brushed fabrics, fancy yarn, elastic fabrics, Tencel cotton fabrics, laminated fabrics, performance fabrics, and eco-friendly performance fabric series.
   B. Woven fabrics: long and short fiber interwoven fabrics, elastic fabrics, Tencel cotton fabrics, and performance fabrics.
   (2) Metal fibers: Metal fibers, Metal fiber blended yarn, and high-tech anti-radiation fabrics
   (3) Garments: T-shirts, Polo shirts, dress, skirts, pants, nightgowns, coats, sports wear and casual wear.
   (4) Home textiles: Bed sheets, pillow covers and quilt covers.
4. New products planned to be developed
   (1) Performance sports wear and fabrics.
   (2) Smart clothing.
   (3) Sustainable performance garment and fabrics.
   (4) Leisure & sports performance garment and fabrics.
   (5) High-temperature-resistant and conductive fabrics.
   (6) High-visualization performance garment and fabrics.
   (7) Anti-bacteria and protective performance fabrics.
   (8) Eco-friendly, sustainable, low-pollution and low-energy consumption textiles.

(II) Overview of industry:

1. Status and development of the industry

In order to deal with the fierce competition with China, Korea and emerging Southeast Asia countries, the textile industry of Taiwan tends to have its development oriented toward high-value products in the context of increasing costs, financial conditions, environment and restrictions imposed by trading laws, etc.. The problems, such as port congestion and shortage of containers arising at the beginning of 2021 and impact posed by variant virus in Southeast Asia countries in the middle of 2021, cause it impossible for the supply chain to resume operations completely. Considering that the epidemic becomes sluggish as a result of the increasing vaccination globally, multiple countries have chosen to co-exist with the virus in order to get normal life back. In such context, the global consumption momentum and peoples' livelihood needs are recovering. The economic growth outlook appears to be promising.

The global political and economic environment are still dealing with multiple unstable factors. Per customers' needs, TEX-RAY engages in resilient overall planning of the global production & marketing supply chain and reflects its risk controls rapidly. Meanwhile, it evaluates the feasibility to develop potential production sites carefully and diversify production bases and markets to mitigate various risk types and thereby upgrade its entire competitiveness in the industry.

The export value of textiles of Taiwan was US$9.024 billion, i.e. 2% of the national total export value (US$446.448 billion), in 2021, growing by 20% from the same period in the previous year. The export volume was 16.069 tons, growing by 6%, with the export unit price growing by 13%.

Overview of Taiwan's export sales in 2021:

By industry	Textiles	Mechanical and Electrical Equipment	Base Metal and Products thereof	Precision Instruments, Timepieces and Musical Instruments	Plastic Rubber and Products thereof	Mineral Products	Chemical Products
Export Value (US$ in Hundred Million)	90.24	2,762.60	368.19	200.99	298.70	121.42	234.06
As percentage of total export value	2%	61.9%	8.2%	4.5%	6.7%	2.7%	5.2%
Compared with the same period	20%	27%	45%	18%	41%	66%	41%

Source of data: Taiwan Textile Federation Market Development Department; Customs Import and Export Trade Statistics

Fabrics accounted for the largest part of the exported textiles. The export value of textiles of Taiwan was US$6.260 billion, i.e. 69% of the national total export value, growing by 24% from the same period in the previous year. The export volume was 6.970 tons, growing by 12%, with the export unit price growing by 11%.

The main exported textiles of Taiwan in 2021:

Item	Export Value	Percentage	Compared with the same period	Export volume	Compared with the same period	Unit price	Compared with the same period
	(US$ in Hundred Million)	(%)	(%)	(Tons in Hundred Thousand)	(%)	(US$/KG)	(%)
1. Fibers	5.07	6	5	38.80	-3	1.31	9
2. Yarn	12.77	14	25	42.89	8	2.98	16
3. Fabrics	62.60	69	24	69.70	12	8.98	11
4. Apparel and Clothing Accessories	4.71	5	14	2.19	6	21.47	8
5. Miscellaneous Textiles	5.09	6	-8	7.11	0.4	7.17	-9
Total	90.24	100	20	160.69	6	5.62	13

Source of data: Taiwan Textile Federation Market Development Department; Customs Import and Export Trade Statistics

According to the statistics on export orders gathered by the Department of Statistics, Ministry of Economic Affairs, the accumulated orders accepted in 2021 amounted to US$12.372 in 2021, growing by 20% from the same period in the previous year.

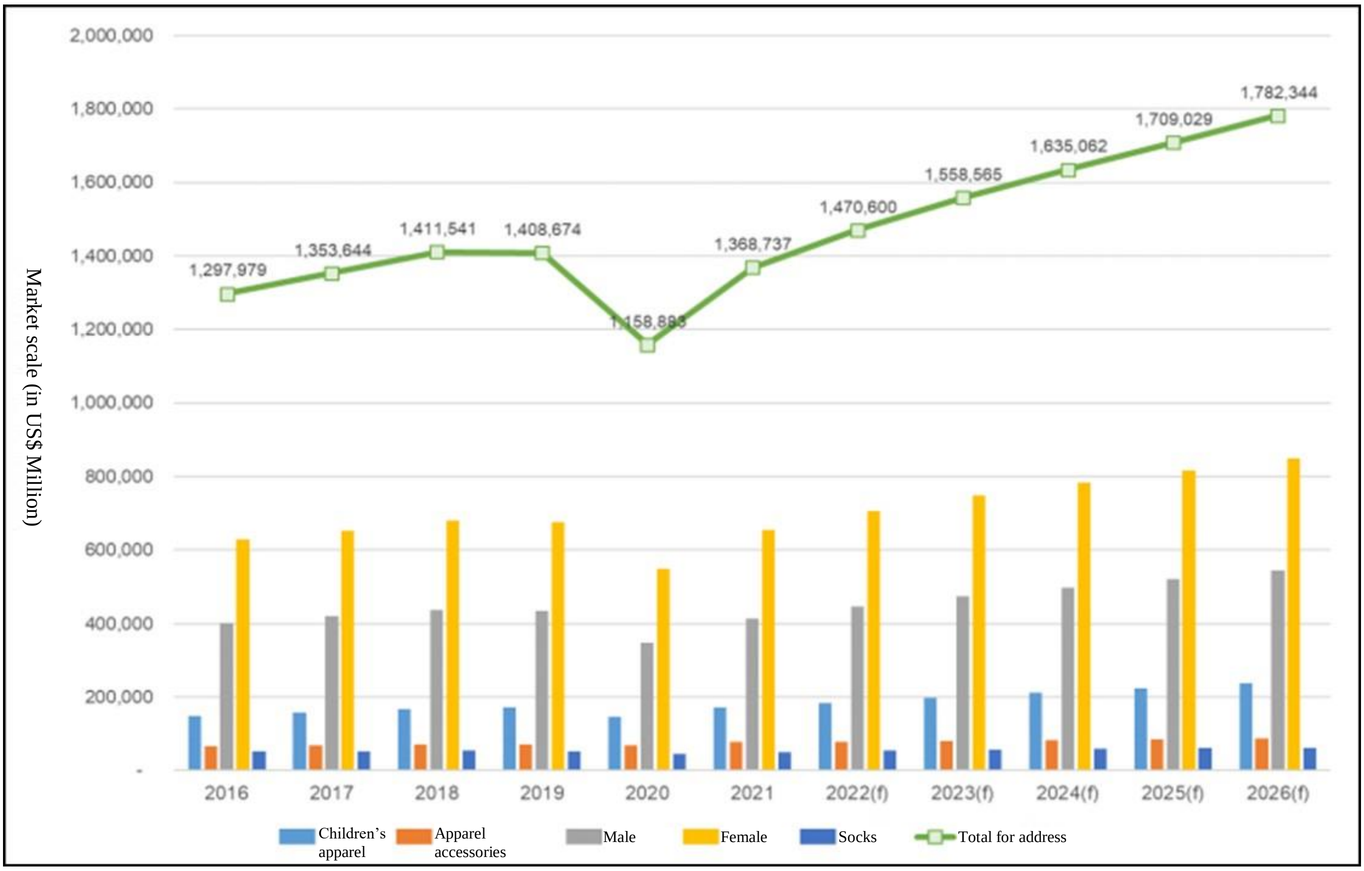
Taiwan's textile export orders by territory in 2021:

Territory	Statistics on textile export orders by territory						
	Total	USA	ASEAN	China Hong Kong	Europe	Japan	Others
Export orders (US$ in Hundred Million)	123.72	45.80	22.65	17.00	13.40	4.75	20.13
As percentage of textile export orders	100%	37%	18%	14%	11%	4%	16%
YoY (%)	20	20	26	17	17	3	23

Source of data: Taiwan Textile Federation Market Development Department; Customs Import and Export Trade Statistics

The epidemic spreading to the USA and Europe has posed considerable adverse impact to the international apparel brands. Many manufacturers had to deal with the problems caused by customers' cancellation of orders or windup. For the time being, multiple countries choose to co-exist with the virus, and work from home (WFH) becomes a normal working model. The consumption recovery is sluggish in local markets, and consumers' behavior tend to be more conservative and cautious than ever. As people stay at home longer than ever, their lifestyle has been changed accordingly and they choose the consumption channel online in replace of offline. Under the situation, products with the characteristics including "cost-effective, multi-functional and in line with the need for health protection" become the priority choice with multiple advantages. Therefore, the dealers in the industry have successively transformed and engaged in production of epidemic-prevention products. Meanwhile, sleep wear, sports wear and casual wear products are growing against the trend and arousing the home wear rage.

The global apparel market scale amounted to US$1.3687 trillion in 2021, with the Compound Annual Growth Rate (CAGR) was 4.5% from 2021 to 2026. The performance sports wear market growth rate was 24%, and the outdoor apparel market 19% in 2021. The CAGR for the entire sports wear business was 7.5% from 2021 to 2026, better than that for the entire apparel business.



Source of data: Euromonitor and compilation by Taiwan Textile Federation (2022/01)

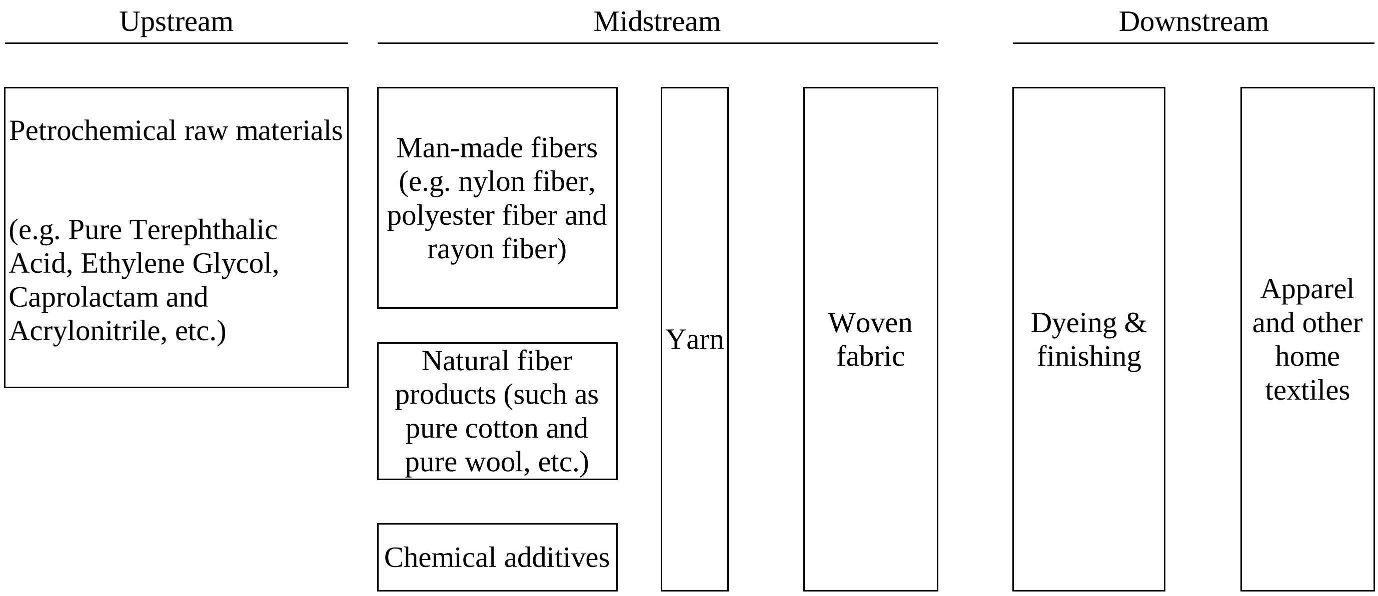
The epidemic forced the manufacturers to re-think the fashion industry and expedite new phenomena. Notwithstanding, it still needs to take one or two years to observe whether the trend tends to be matured, and whether the trend tends to be matured subject to consumers' permanent acceptance. Amid the epidemic, the textile industry and customers have adjusted the supply chain. With the strengths in the ability to reflect rapidly and larger scale, Taiwan's textile industry continues to secure more market shares.

Looking forward to 2022, despite the increasing global vaccination ratio, the new variant virus spreading to multiple countries rapidly might affect the global future economic recovery momentum. The factors, such as geopolitical development, Sino-US Trade War, persisting technological competition, and tense between Russia and Ukraine, increase the uncertainty to the global economy and trading, thus likely to affect the global energy price and increase the costs of raw materials, which still need to be observed closely in the future. Meanwhile, the increasing climate change risks, such as the drought, flood and storm, hitting the world in 2021 forced the development of renewal energy and transformation of energy, in order to cope with the climate change. The governments and enterprises have also successively planned the zero-carbon emission schedule to practice their promise about carbon reduction. The global issues will test the competitiveness of Taiwan's textile manufacturers.

2. Correlation of the upstream, midstream and downstream segments of the industry:

Correlation of the upstream, midstream and downstream segments of the textile and garment industry: The upstream segment of such industry refers to petrochemical raw materials, which are processed into the man-made fibers including nylon fiber, polyester fiber, rayon fiber and carbon fiber, then spun into yarn, woven into fabrics, bleached, dyed, printed, coated and finished, and finally tailored and sew into garment or other related textiles. The Company and its subsidiaries are primarily engaged in dyeing and finishing products and garment, i.e. the midstream and downstream segments of the industrial value chain.

Following the competition in the global textile industry and intelligent technology society, TEX-RAY uses the best effort to integrate its internal and external resources, continues to improve its competitiveness, strengthens the production & marketing supply chain, and develops the eco-friendly and also functional performance textiles.



Source of data: Industry Value Chain Information Platform

3. Product development trends

Following the global population structure tending to be urbanized and aging; climate changes causing the ESG issues to be concerned more than ever; epidemic effects caused the global economic recession, and the windup crisis to multiple channel brand suppliers. In line with the global trends, TEX-RAY orients its product development toward technology and innovation, safety and protection, comfort and performance and sustainability & environmental protection.

(1) Rising new health awareness to optimize functional life: In order to deal with Covid-19, TEX-RAY joined the national pandemic-prevention team to develop the PPE products for medical application service and also launched fashionable textiles for non-medical application service and new lifestyle for epidemic prevention in 2020. In the global health crisis, additional needs for safety were raised by consumers in order to help them build their sense of safety in the period full of health uncertainty factors. TEX-RAY took the new health business opportunities to develop the new T-FRESH® C&C (Cooling & Cleaning) photo-catalyst and metal fiber antibacterial product series as the solution for optimization of lifestyle.

(2) Sustainability & environmental protection and circular economy strategy: As the environment and green energy issues are obtaining more attentions around the world, the international brands have issued green declarations and paid more attention to whether the textile industry is equipped with a new generation of eco-friendly and non-toxic production processes and has the potential for research and development and production of textiles. TEX-RAY has created a patented eco-friendly wet print technique for the process as a modern eco-friendly solution in the printing and dyeing industry that consumes the most energy. On the front of products, it has brought together the RAYS functional textile product map to develop eco-friendly, energy saving, carbon reduction, and functional products, including the ECO-LOR® series through the dope dyeing process as well as the temperature-regulating textiles, such as T-Cool and T-Hot series. In the future, TEX-RAY will continue to invest resources and focus its research and development efforts on sustainable and eco-friendly products.

(3) High-end smart clothing digital development: 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. TEX-RAY 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.

4. Competition status

The Company is primarily engaged in the garment export business. For the time being, in addition to the competitors of the same nature as the Company in the territories of Taiwan, the Company has to deal with the competition with the manufacturers from the territories including China, Korea, Hong Kong and India.

Layout in the global competition

(1) Taiwan: As affected by political marginalization, it is impossible for the textile industry of Taiwan to enjoy the competitive strength of multi-national cooperation. Therefore, the

Company identifies Taiwan as its operating center, strengths the innovation and R&D of "performance textiles" and "smart apparel," and reflects its competitive strengths rapidly through the Group's global layout. The Company develops from an OEM to ODM. In the recent years, it has launched its own branded products, kept concerning the market demand, and improved its understanding about the market , in order to feed back the business opportunities all over the world and better serve the brand customers' needs.

(2) China: In addition to the demographic dividend market delivering strong domestic demand, the future development of RCEP and the Belt and Road Initiative helps expand the external development schedule, continues integrate internal resources and focuses on developing local brands more thoroughly, thus bringing the unlimited imagination for growth.

(3) Southeast Asia: With the advantages, such as low labor costs and fostering by various governments' policies, in addition to the rapid demographic dividends and economic development, trade protocols and expansion of external cooperation, TEX-RAY targets at the development niche in Southeast Asia, and invests in construction of flagship factories to make it become the main garment export area.

(4) Eswatini: The successful transformation to the domestic demand market contributes substantial profit to the parent company. Meanwhile, upon return of AGOA in 2018, it may develop another source of profit for the parent company.

(5) North America: Strengthen the connection between the marketing company in the USA and production center in Mexico; emphasize the duty-free fast supply in the US market, work with the brand manufacturers to strive for business opportunities more rapidly, and grow and seek profit through balanced production and marketing; meanwhile, strengthen the development of domestic demand market and expand its business in Mexico.

(III) Overview of technology and R&D

1. R&D expenses invested during the most recent year

Unit: NTD Thousand

Item/Year	2020	2021	Until March 31, 2022
R&D expenses	57,702	56,694	14,227
Operating revenue	8,598,587	6,637,936	1,679,635
Percentage (%)	0.67	0.85	0.85

2. R&D results

In order to deal with the rising sustainability and environmental protection trend in the world and the textile industry and the need for anti-bacteria protection in the post-epidemic era, TEX-RAY, based on its experience in developing business in the fields of functional fabric and smart textiles for so many years, has focused its innovation and R&D on the eco-friendly, sustainable and anti-bacteria products and services. So far, it has researched and developed multiple eco-friendly and protective, and also high-value-added performance textile brands. It also extends its focus of the R&D on performance products to the upstream segment, namely spinning and raw material-related applications, hoping to exert omnibearing and multi-site core value more effectively.

(1) Metal fiber, stainless steel metal fiber blended yarn, anti-electromagnetic wave products, conductive and high temperature resistant products.

(2) The stainless steel metal fiber technology and products won the Business Startup Awards - Open Competition Quality Award.

(3) Rated by Department of Industrial Technology, Ministry of Economic Affairs as the national

outstanding supplier under the Enterprise Research Alliance Incubation.

(4) Premium mercerized cotton yarn products won the 11th Taiwan Excellence Award.

(5) Tainan Dyeing and Finishing Factory of Dyeing Business Division received the ISO 14001 environment protection certification.

(6) Execute the IT application promotion project, “Textile Production & Marketing Digital IT System Development Project,” as approved by Ministry of Economic Affairs, and rated as the distinguished supplier.

(7) Successfully develop the LCO2 supercritical liquid CO2 cleaning machine for commercial use.

(8) The subsidy for the Company’s technological program, “Supercritical CO2 sterilization cleaning equipment development plan,” was authorized by the Ministry of Economic Affairs.

(9) Honored the ITDP (Industrial Technology Development Program) Best Industry-Academic Development Award from Ministry of Economic Affairs.

(10) The subsidy for the Company’s technological program encouraging domestic enterprises’ establishment of R&D center in Taiwan approved by the Institute for Information Industry.

(11) The subsidy for the Company’s technological program for development of hollow and lightweight heating textiles is approved by Industrial Development Bureau, MOEA.

(12) Research and develop dope dyeing eco-friendly colorful fiber, and create the own yarn brand, Eco-lor.

(13) Research and develop energy-conservation and carbon-reduction cool raw materials, and create the own yarn brand, Tcool.

(14) Research and develop energy-conservation and carbon-reduction heating raw materials, and create the own yarn brand, Thot.

(15) Research and develop energy-conservation and carbon-reduction noctilucent fabrics, and create the own brand RayS 21.

(16) Research and develop smart wool blend fabrics, and create the own brand Wool miracle.

(17) Research and develop humidity management moisture wicking fabrics, and create the own brand Dry Switch.

(18) Research and develop energy-conservation and carbon-reduction cool processing fabrics, and create the own brand, Coolitol.

(19) Research and develop skin-tight garment, and create the own yarn brand, Tmapping.

(20) Integrated performance textiles map, and create the own RAYS performance fabric series, including the eight major series, Cooling, Dry, Mapping, Heating, Shield, Green, Plus and Neo.

(21) Research and develop breathable, waterproof and foam coating lamination technology, created the own brand, Breath Light, and include it into the RAYS Shield series.

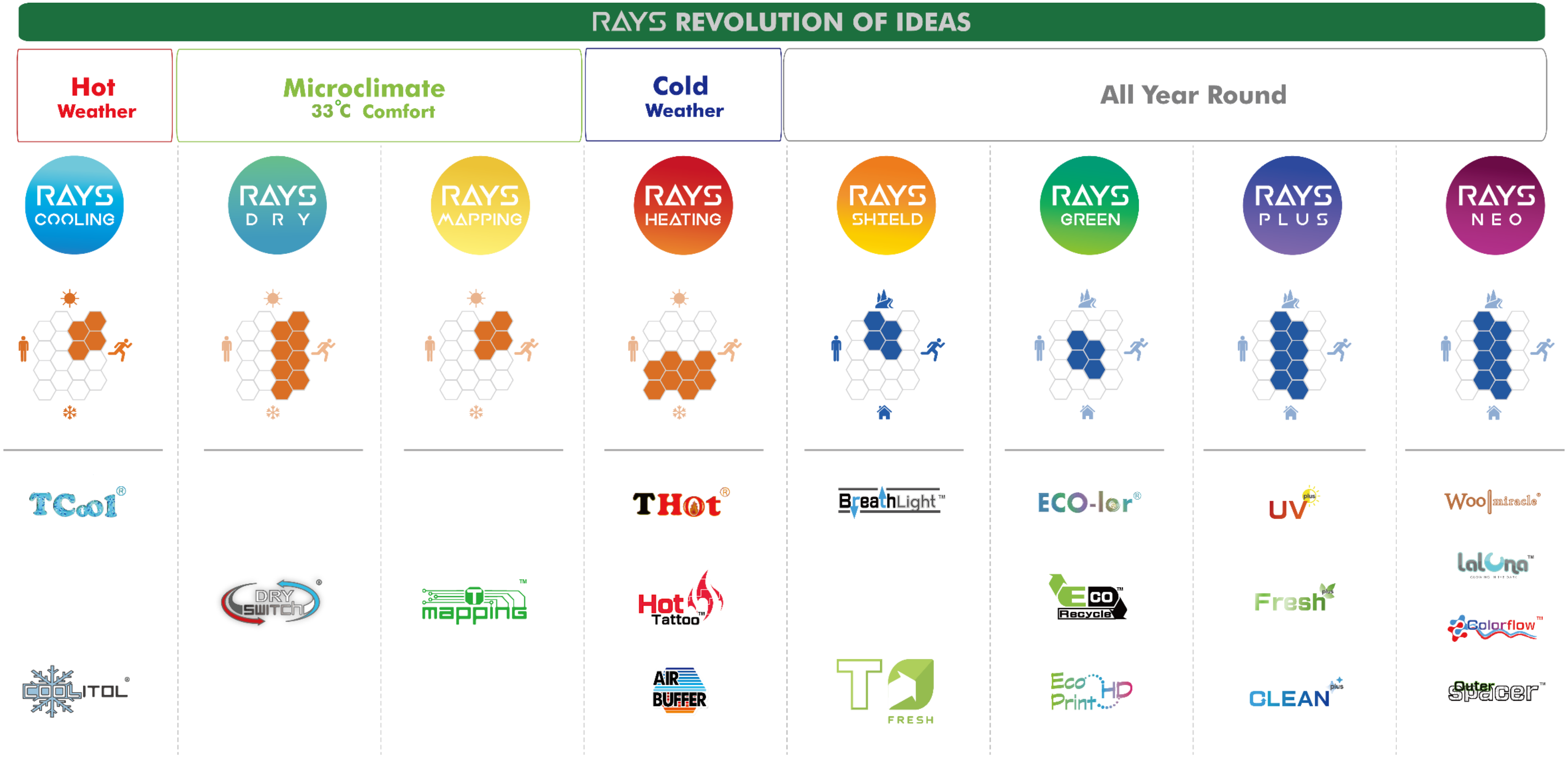
(22) Research and develop high breathable, windproof and warm-effect spacer fabrics, create the own brand, Air Buffer, and include it into the Rays Heating series.

(23) Research and develop eco-friendly, high-resolution and digital printing technology, create the own brand HE Eco Print, and include it into the RAYS Green series.

(24) Research and develop photo-catalyst and metal ion anti0-bacteria and deodorization fiber series, create the own brand TFresh, and include it into the RAYS Shield series.

(25) TCool+TFresh products won TOG Awards - Excellence and Gold awards.

Subject the product attributes and know-how, TEX-RAY integrated products into the RAYS performance textiles map, including the eight major series, HEATING, SHIELD, MAPPING, GREEN, DRY, COOLING, PLUS and NEO. The map demonstrates the results generated by TEX-RAY in eco-friendly, energy-conservation, carbon-reduction and performance products.



(IV) Long-term/short-term business development plan

1. Short-term development:
   (1) Production strategy
   - Expand the proportion of ODM orders placed by customers to improve the gross profit margin.
   - Optimize the product development service procedure to shorten the time spent in customers in placing orders.
   - Continue to provide brand customers with innovative products to upgrade and grow with them.
   - Build the sustainable supply chain partnership to create a win-win situation therefor.

   (2) Marketing strategy:
   - Continue to develop the markets of the USA and South Africa thoroughly, develop the markets of Europe and Japan proactively, and also layout the Southbound market promoted by Taiwan government.
   - Apply multiple marketing channels, including layout in cross-border e-commerce and mobile commerce platforms, to improve TEX-RAY's corporate identity and product visibility.
   - Value the application of information technology, and improve the business unit's effective combat capability.

2. Long-term development:
   (1) Develop innovative & eco-friendly, performance, technological and high-value-added products, and engage in vertical and horizontal alliances to drive the upgrading and development of Taiwan's textile industry.
   (2) Improve the corporate customization service, deepen the ability to maintain relations with customers, and upgrade the Company's products, services and integrated marketing abilities.
   (3) Adjust the market orientation of enterprise and product in line with the trend; propose the targets and programs for update and remodeling, structural adjustment and product upgrading, as the tool helping upgrade the marketing value.
   (4) Continue to train internal talents, and recruit excellent project personnel to provide assistance, in order to secure the corporate sustainability.

II. Overview of Market and Production & Marketing

(I) Market analysis:

1. The regions and ratios of distribution of the main products in the most recent two years

Unit: NTD Thousand

Year		2020		2021	
Region		Sales value	%	Sales value	%
Export	Africa	1,359,986	15.82%	1,561,853	23.53%
	America	2,183,491	25.39%	3,026,475	45.59%
	Asia	4,198,587	48.83%	1,597,656	24.07%
	Others	222,025	2.58%	215,466	3.25%
Subtotal		7,964,089	92.62%	6,404,061	96.44%
Domestic marketing		634,498	7.38%	236,486	3.56%
Total		8,598,587	100.00%	6,640,547	100.00%

Note: The sales value referred to herein means the net operating revenue.

2. Market share

The Company and multiple brand customers as strategic partners with the Company provide the one-stop value chain services consisting of design, fabrics and production of garment, in order to join the international brand customers' supplier teams and expand the global market step by step.

3. Future market demand and supply, and market's growth potential

(1) Future market demand and supply

In terms of the global demand for apparel, what we see is the increasing per capita in various countries and increasing population all over the world. As apparel is identified as the people's livelihood necessity, the demand thereof will grow stably. Besides, the demand for basic clothing will be upgraded to that for more delicate apparel step by step.

As far as the global apparel supply is concerned, since the global quota restrictions were terminated, the textile industry of Taiwan has kept facing the fierce competition with China, Korea and emerging Southeast Asia countries. As a result, in consideration of said territories' competitive strength in low-production costs, the textile industry of Taiwan was forced to exit from the low-price market. Besides, due to political factors, Taiwan is often excluded from various tariff reciprocity organizations. Especially, upon USA's exit from TPP, the negative factors in trade competition caused more critical challenge to the business environment of Taiwan's textile industry. Meanwhile, international brand suppliers have successively promoted the electronic and digital supply chain, and reduced the number of their suppliers. Therefore, as far as domestic textile traders and SMEs are concerned, the room for business development is severely suppressed.

In order to deal with the unfair supply competition with the global textile industries, Taiwan's textile industry must orient its business development toward middle-end and high-end performance textiles, and aim to become the main country which international brand suppliers would procure performance textiles from, in response to its R&D, ability to innovate and high-end manufacturing technology. Meanwhile, in order to deal with the globalization and regional economic development trends, the Company will strengthen the "product differentiation" to define the market segment effectively and avoid market full of low-price competition. Taiwan's textile industry promotes the "e-industry" and "industrial globalization" and joins the e-industry global supply chain system, hoping to build the "channel brand" and strive for the opportunity to work with international major manufacturers.

TEX-RAY utilizes the "TexRay Seamless Value Added Chain" to integrate the Group's strategic strengths, manage the business stably and honestly, and create the innovative value management model reflecting the characteristics of TEX-RAY. Meanwhile, it layouts the global production to disperse the risk over competition in the market demand and supply adequately. In the meantime, the Company will continue to deepen the marketable design, R&D and market development to promote more valuable new products and services.

(2) Market's growth potential

As stated in the previous section, the global GDP keeps growing, so does the population, the global demand for textiles will grow stably for a long term. Notwithstanding, as far as Taiwan is concerned, given the fierce competition with China, Korea and emerging Southeast Asia countries, Taiwan was forced to exit from the low-price market and turned to seek another profit-seeking model instead. In the most recent 7 years, Taiwan's textile industry has transformed successfully and became the international brand and distributor. Meanwhile, Taiwan, as the first priority country which performance textiles would be procured from, secures the global market share of such textiles more than 50%, particularly, its global market share of lamination is more than 70% and still growing.

TEX-RAY specializes in sports wear, particularly performance textiles and laminated products, as one of the leading manufacturers in the textile industry. It will continue to develop ①performance sport wear and fabrics. ②Smart clothing. ③ Sustainable performance garment and fabrics. ④ Leisure & sports performance garment and fabrics. ⑤ High-temperature-resistant and conductive fabrics. ⑥ High-visualization performance garment and fabrics. ⑦Pressure suit and related performance fabrics ⑧Lightweight and abrasion-resistant textiles under the greenhouse effect.

4. Competitive niche

Taiwan's textile industry has a complete development history. The upstream, midstream and downstream dealers may be integrated through strategic alliance or regional cluster, and may combine the cross-disciplinary technology to reflect the market development trends rapidly. The focus of industry value chain extends to the R&D and innovation in the upstream and midstream segments in order to upgrade the applications of high-value-added textiles for industry. Meanwhile, with the strengths in quality and price of performance textiles, in addition to the international certification and promotion, Taiwan's textiles secure the market share more than 50% in the global textile industry. Taiwan's textile industry's technology is still outperforming the other countries, and Taiwan is expected to become the "global best performance textiles procurement center." This is the competition and growth niche shared by Taiwan's textile industry. As indicated above, the main products of TEX-RAY are sitting on the train of niche and competition. Therefore, TEX-RAY will be glad to share and hold this opportunity with the others in Taiwan's textile industry.

Looking forward to the future, the global textile industry, following the development of technology and sustainability, is developing toward the era of "smart clothing" and "environmental sustainability." Such development is commonly recognized by the global textile industry and also represents the future of Taiwan's textile industry. TEX-RAY launches into the smart clothing area as the world-renown leading manufacturer. With the R&D, design and production & marketing leading globally, TEX-RAY can definitely show its power once the era of smart clothing arrives. It also invested in eco-friendly products recently. The R&D, raw materials and production process thereof all satisfy the international norms and trends. TEX-RAY will continue to promote sustainable textiles to customers and does its job for the global environment.

5. Analysis on positive and negative factors for future development and responsive measures:

(1) Positive factors

A. R&D and innovation, and one-stop services:

The Company has been experienced in the industry for several decades. it learns from the market development trends and performs in-depth research and development of products that satisfy the market demand. Meanwhile, it set up the inspection center to proceed with related performance tests to meet the international certification standards, connect with the world, and also shorten the time spent in development to well know the competition in the market. Meanwhile, it assigns the design and development team dedicated to providing brand customers from various countries with complete products and services. The one-stop services consisting of market trends, development of fabrics, apparel design and production as provided by it may satisfy customers' demand.

B. The global layout maximizes the production efficiency:

In line with the international production job-division trend, the Company layout production sites all over the world to get close to customers' markets and provide them with the most convenient services, and reflect the market demand rapidly to improve the production efficiency. The production strategy for specialization of the production site is proposed subject to each production site's characteristics and specialty, in order to achieve higher management quality, and maximize the Group's resilient production efficiency subject to the flexible arrangement by each production site.

C. Professional system and institutionalization of management:

In response to the coming era of automation, the Company has introduced various tools, including digital fabrics, digital pattern making and fitting and ERP systems, multiple auxiliary systems, and automated machine and equipment. In the multiple systems, the Company controls the generation of big data and manages the database, and also reduce human errors. Meanwhile, utilization of data and information may help improve quality and efficiency.

(2) Negative factors and responsive measures

A. Significant fluctuation in the international raw material price:

The impact posed by the epidemic, climate changes and global condition caused the imbalanced demand and supply of raw materials and supplies on the market. The unstable pricing will affect the Company's competitive strength.

Responsive measures:

In order to deal with the fluctuation in pricing on the international market, the Company's dedicated unit monitors the changes, and the Company strengthens the partnership with suppliers, agrees on the purchasing price earlier, and also develop the new supply chain to disperse risks.

B. Raise in production sites and increase in labor costs:

Following the development of industrial policies, the labor awareness has been rising in the developing countries. Labors in these countries also initiated multiple labor groups' sabotage activities in the recent years. Therefore, the production sites needed to recheck their labor policies and the costs were increasing year by year.

Responsive measures:

Introduce automated equipment and systems to optimize the overall production efficiency, retain skilled employees to maintain quality and efficiency, and review the salary management policies to keep the competitiveness.

C. Low-cost competition in emerging industrial countries:

Taiwan's textiles and garment export sale suffer from the pressure produced by low-production cost competition from emerging textile industrial countries. As a result, the low-price competition is getting more intensive on the market and poses threats on the trading performance of Taiwan's textile industry.

Responsive measures:
In terms of marketing strategies, avoid the international brands and distributors engaged in procurement at low price. In terms of product development strategies, focus on the "performance textiles" and the future big win, "smart clothing." Internally, cut costs, improve efficiency and strengthen competitiveness; externally, continue to develop competitive products, develop diversified business opportunities, expand emerging markets, provide more diversified products, and increase the added value of products.
Meanwhile, the Company uses the best effort to construct the global overall planning layout globally, choose the production sites with competitiveness to engage in production, take charge of distribution of orders and customers service, include the emerging markets, such as China and Southeast Asia, into the supply chain resources, integrate the Group's resources thoroughly, and combine the abundant human resources in China and Southeast Asia countries, with Taiwan's excellent technology and experience in foreign trade, to develop the global textile market and create favorable business conditions definitely.

(II) Important purposes and production processes of main products

By department	Main products	Descriptions		Main purpose
Woven Fabric Business Division	Fabrics	Woven fabric Knitted fabric	1. Trading 2. Purchase of grey fabric for processing and sale 3. Purchase of grey yarn for knitting, dyeing and finishing, and sale.	Various garment materials.
Garment Business Division	Garment	Knitted and woven apparel	Purchase of finished fabric for processing, sewing and sale	T-shirts, Polo shirts, casual pants and dresses.

(III) Supply of main raw materials

By department	Product name	Main raw material	Main source	Status
Woven Fabric Business Division	Woven fabric	Grey fabric/grey yarn	TUNG DA SHEN CO., LTD; Nanguang; Guan Jie	Fair
Garment Business Division	Garment	Knitted fabric and woven fabric	Woven Fabric Business Division	Fair

(IV) A list of any suppliers (customers) accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the most recent two years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each

1. The information about main suppliers for the most recent two years

	2020				2021				Ending until Q1 of 2022			
Item	Designation	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Designation	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Designation	Amount	To the net procurement amount ending until the previous quarter in the current year (%)	Relationship with the issuer
1	Supplier A	1,099,743	25.34	-	Supplier B	299,455	8.06	-	Supplier C	130,231	15.65	-
	Others	3,240,757	74.66	-	Others	3,418,154	91.94	-	Others	701,713	84.35	-
	Net procurement	4,340,500	10000.00%		Net procurement	3,717,609	100.00		Net procurement	831,944	100.00	

2. The information about main customers for the most recent two years

	2020				2021				Ending until Q1 of 2022			
Item	Designation	Amount	To the annual net sales amount (%)	Relationship with the issuer	Designation	Amount	To the annual net sales amount (%)	Relationship with the issuer	Designation	Amount	To the net sales amount ending until the previous quarter in the current year (%)	Relationship with the issuer
1	Supplier D	3,130,492	36.41	-	Supplier E	647,228	10.21	-	Supplier F	159,818	19.48	-
	Others	5,468,095	63.59	-	Others	5,990,708	89.79	-	Others	1,543,992	80.52	-
	Net sales	8,598,587	100		Net sales	6,637,936	100.00		Net sales	1,703,810	100.00	

The orders accepted by the Company in 2020 were primarily related to epidemic prevention products. The clients and suppliers were engaged in epidemic prevention products.

Note: The variance in amount and percentage of procurement/sale resulted from the change in the market environment.

(V) Production volume and value for the most recent two years

Unit: KG; Dozen in Thousand; NTD Thousand

Year / Production volume / value / Main product	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Fabrics (KG)	Note 2	10,176,918	1,184,726	Note 2	4,491,471	801,351,136
Garment (dozen in thousand)	Note 2	3,930	6,107,696	Note 2	1,845	1,104,981,286
Total	-		7,292,423	-	4,493,316	1,906,332,422

Note: 1. The Company engages in production and marketing of fancy spinning, weaving and apparel as on the Build To Order (BTO) model. Among the other things, woven and knitted products are outsourced upon acceptance of orders. Notwithstanding, in consideration of the multiple units as adopted, such as yards, KG and PCs, it is impossible for the Company to gather statistics about the production volume under such circumstance. Besides, as the adopted units vary depending on products, it is also impossible to gather the statistics about total production volume.

2. The production volume and value have excluded the finished goods transferred for those for own use or outsourcing contractors. As the Company engages in the production of woven fabric and garment under the Build To Order (BTO) model only, it is impossible to disclose the information about production capacity.

(VI) Sales volume and value for the most recent two years

Unit: NTD Thousand

Year / Volume / value / Products	2020				2021			
	Domestic	Marketing	Export	Marketing	Domestic	Marketing	Export	Marketing
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Fabrics (KG)	3,934,559	449,334	13,693,596	1,584,095	344,581	66,654	10,591,898	1,609,337
Garment (dozen in thousand)	6.18	20,522	4,169	6,073,560	15	56,775	2,884	4,405,615
Others (Note 2)		164,642		306,434		86,112		416,054
Total		634,498	Note 1	7,964,089	344,596	209,541	10,594,782	6,431,006

Note: 1. Due to the multiple product types, it is impossible to gather the statistics about total sales volume. The woven and knitted products are outsourced upon acceptance of orders. Notwithstanding, in consideration of the multiple units as adopted, such as yards, KG and PCs, it is impossible to gather statistics about the sales volume thereof.

2. The others refer to the revenue from sale of grey yarn, dyeing auxiliaries and grey fabric.

III. Information about the Number of Employees for the Most Recent Two Years

Year		2020	2021	Until March 31, 2022
Number of employees	Manager	51	63	63
	Production line employee	0	0	0
	General employee	194	187	188
	Total	245	245	251
Average age		44	45	45
Average service seniority		10.9	11	11
Academic background distribution ratio	Doctor	1	0	0
	Master	21	23	22
	College/University	173	176	179
	Senior high school	39	36	39
	Below senior high school	11	10	10

IV. Information about Environment Protection Expenditure

1. In the most recent year and as of the date of publication of the annual report, losses due to environmental pollution: None.
2. Responsive measures: The Company's existing pollution prevention equipment operations all satisfy the testing standards required by the environmental protection authority. The headquarters building adopts the energy-conservation and carbon-reduction policy. The lighting has been replaced by LED lights in whole since 2019. Meanwhile, the Company requires that the light should be turned off at noon, procures the products with green mark as the first priority internally, and also implements the water-saving practices. In addition to the utilization rate, the Company values the electricity of the equipment and the balance between process water consumption and routine water consumption, in order to achieve the effective energy conservation and application of water resources.
3. Optimization of corporate environmental protection and green energy: Replace the Company's light steel frame ceilings with calcium silicate boards, the eco-friendly green construction materials, in order to protect the employees' health.

V. Labor-Management Relations (Management Dept.)

1. The Company's employee benefit policy, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:
   (1) Personnel system
   Recruit the talents who recognize the Company's core values, provide colleagues with the referral bonus; improve the newcomer care system; have HR Dept. personnel guide and explain the Company's core values, overview of the Company, the Company's systems, departments, products and customers, and internal operating procedures, etc..; have the dedicated counselor sent by each department lead each newcomer of TEX-RAY to integrate into the Company's environment; reasonable performance and reward & punishment system provide colleagues with the development outlook combining the organizational targets and personal targets.
   (2) Employee benefit policy
      A. Organize the Worker Welfare Committee, contribute 1% of the capital, 0.1% of the turnover and 40% of revenue from scraps, plus 0.5% contributed by employees, as the worker welfare fund, in order to operate the employee benefits effectively.

B. Gifts and cash gifts for Labor Day, Dragon Boat Festival and Moon Festival, etc.; year-end party lottery, monthly birthday celebrations, and books for birthday boys/girls;
C. Allocation of year-end bonus to employees each year.
D. Labor Insurance, National Health Insurance, overseas business travel insurance, employee group insurance.
E. Organize the two-day company trip each year, and encourage employees to bring their family members to take the trip with them at preferential costs.
F. Adopt the long-term bonus system specifying that any employee who satisfies the seniority for 10 years may receive additional bonus per five years.
G. Select employees winning credits each year to grant them the bonus and medal, hoping to inspire the other colleagues through the public commendation and incentive mechanism, and create the positive growth environment of common goods within the enterprise.
H. Organize the health checkup superior than that provided by laws and regulations for employees each year, in order to care the employees' health periodically.
I. Organize the sample auction, and allow employees to purchase the Company's products at discount from time to time.
J. Provide female employees who need to collect their breast milk with the breast milk collection room/breastfeeding room where the female employees may collect their breast milk without worry.

(3) Continuing education and training

The Company provides sound and effective education and training courses in response to the corporate management system, and also communicates that the management philosophy keeps improving and strengthening the employees' work skills and employees' literacy to upgrade the work performance and organizational core competitiveness.

In order to improve the knowledge, attitude and skill needed by the employees to deal with the transformation of enterprise and industry, we adopt the "Education and Training Management Regulations" based on the Company's overall development strategy. Meanwhile, in reference to the employees' career development and special missionary needs identified in the work statement, the Company plan the learning roadmap class schedule for employees. Through integration of the resources inside and outside the enterprise, the Company trains the abilities needed by employees for future development and promotion.

(4) Retirement system implementation status

The Company has adopted the retirement regulations applicable to the formal employees within its organization. For each of the employees who may apply the pension system under the "Labor Standards Act," the Company contributes the retirement pension fund equivalent to 2% of the employee's monthly salary and have the same deposited by Labor Retirement Pension Steering Committee into the exclusive account maintained at the Bank of Taiwan. Said Committee members may convene a meeting to discuss related matters from time to time. Two bases will be given to each employee whose service seniority is less than 15 years (inclusive) for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The employee retirement fund is paid based on the employee's service seniority and the average salary (base) within 6 months prior to the date of approval for the retirement. For each of the employees who choose to apply the "Labor Pension Act," the Company contributes 6% of the employees' monthly salary to the personal pension account maintained at the Bureau of Labor Insurance on a monthly basis.

(5) Labor-management agreements and measures for preserving employees' rights and interests

A. Organize the labor-management meeting on a quarterly basis to have the management and labors' representative to discuss various labor motions jointly.

B. Set up a anonymous forum at the Company's portal site where all of employees may express their opinion freely.
C. Worker Welfare Committee is responsible for processing employees' benefits.
D. The HR unit is responsible for accepting the opinion or complaint submitted by employees.
E. Employees may reflect their opinion to their immediate unit supervisors in any form from time to time.
F. Organize the year-end seminar at the end of each year to shorten the gap of interaction between the senior management and employees, where the Company may communicate its business strategies and solicit for employees' suggestions about the Company's business administration, in order to set up the fair two-way communication mechanism and build a friendly workplace culture.

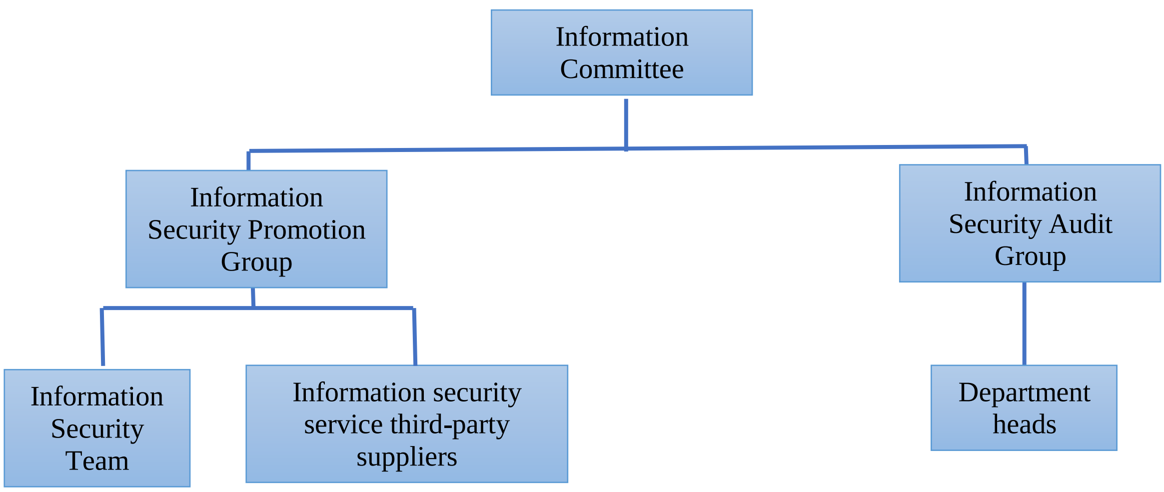
(6) Workplace diversity and equality
The Company implements the creation of a friendly working environment that is equal and diverse and inclusive, regardless of gender, race, age, marriage, political affiliation, religious beliefs, nationality... Equal and differential treatment, eliminate workplace bullying, provide workplace safety protection measures, and create a respectful and belonging work environment.

2. In the most recent year and up to the date of publication of the annual report, any losses suffered due to labor disputes and disclosure of current and future estimated amounts and possible responsive measures: None in the most recent year and up to the date of publication of the annual report.

VI. Information Security Management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

In order to improve the Group's information security management and facilitate the execution and promotion of information security-related policies, the Information Committee is responsible for reviewing each subsidiary's information security governance policies and supervising the status of information security management operations. The information security risk management framework and operations:



(1) Information Committee's organizational framework, and descriptions thereof
The Committee elects one convener, and is formed on an ad hoc basis. The convener is served by the Company's Management Dept. head, responsible for coordinating and promoting the information management operations. The Committee members consist of the supervisors from various

divisions. If any of them is transferred, a successor shall be delegated immediately to take over the position.

A. Information Security Promotion Group

Formed on an ad hoc basis, and the executive secretary of the Committee serving as the Group Leader and responsible for appointing the Group members, planning and coordinating various information security operations and contractors.

Information Security Team: Consisting of the information security professionals engaged in managing the system's potential risks subject to the tasks assigned to them, and also proposing suggestions about improvement and practicing the information security operations.

Information security service third-party suppliers: The information unit shall keep working with the information security service suppliers. Upon occurrence of any information security incident, it will complete the analysis, troubleshooting and reporting in accordance with the relevant SOP to keep various systems operate normally.

B. Information Security Audit Group

Formed on an ad hoc basis, and the Group members are appointed by the Committee, responsible for evaluating and reviewing the information security management system, and execution thereof.

(2) Information security policy and concrete management programs

Adopting the information security-related regulations to prevent any information security incident from causing shutdown of various systems and govern information security incidents, which cover the following:

- Assets under management (AUM)
- HR safety
- Tangible and environmental safety
- Communications and operations management
- Access control
- Access to, and development and maintenance of information systems
- Information security incidents management
- Business continuity management

Concrete management policies are stated as following:

- Take an inventory of the internal information assets and report it to various department heads periodically.
- Establish the SOP for new employees' reporting on for duty and transfer in response to the HR unit to practice the control over HR precisely.
- Promote various information security courses periodically to improve the caution to the Company's employees about information security behaviors.
- Install and implement various information security software and hardware tools to improve the Company's ability to defend it against external force.
- The related network and system access authority shall be requested and approved online, and rechecked each year.
- Audit network traffic periodically to lock the extraordinary sources voluntarily in response to the alarm tools.
- Before implementation of various information tools, it is necessary to practice POC and related test reports; then, they may be introduced into the Company.
- Establish a dedicated maintenance window to control various information security incidents immediately, and complete the analysis, troubleshooting and feedback precisely.
- Arrange the exercise and verification about recovery of important systems each year, and set up the cloud storage and WFH environment.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the date of publication of the annual report due to significant cyber security incidents, the possible impacts therefrom, and countermeasures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Major Contracts

Major Contracts

Nature of Contract	Principal	Duration of Contract	Main Contents	Restrictive Clauses
Syndicated loans contract	Four banks including Chang Hwa Bank (CHB)	For five years from April 14, 2022	Facility: NT$1 billion	None
Mid-term loans contract	Sunny Bank	For seven years from May 5, 2022	Facility: NT$1.25 billion	None

Six. Overview of Finance

I. Condensed Balance Sheet and Statement of Comprehensive Income

(I) Consolidated Condensed Balance Sheet - IFRSs Unit: NTD Thousand

Item \ Year		Financial information for the most recent five years (Note 1)					Financial information until March 31, 2022
		2017 (after restatement)	2018	2019	2020	2021	
Current assets		3,824,938	4,223,367	3,766,623	4,274,305	4,553,513	4,502,203
Property, plant and equipment		2,364,498	2,248,269	2,268,622	2,074,710	1,984,873	2,002,678
Intangible assets		253,957	262,892	254,665	262,983	248,238	252,527
Other assets		629,518	372,106	695,209	1,500,922	1,831,641	1,873,778
Total assets		7,072,911	7,106,634	6,985,119	8,112,920	8,618,265	8,631,186
Current liabilities	Before distribution	2,798,664	3,047,731	2,726,369	3,020,975	3,413,041	3,292,364
	After distribution	2,798,664	3,047,731	2,726,369	3,020,975	Note 3	Note 4
Non-current liabilities		1,797,948	1,523,799	1,689,587	1,759,945	2,098,455	2,031,642
Total liabilities	Before distribution	4,596,612	4,571,530	4,415,956	4,780,920	5,511,496	5,324,006
	After distribution	4,596,612	4,571,530	4,415,956	4,780,920	Note 3	Note 4
Equity attributable to owners of the parent		2,365,281	2,412,607	2,445,524	3,188,038	2,934,682	3,138,441
Capital shares		2,102,622	2,336,247	2,336,247	2,336,247	2,336,247	2,336,247
Capital surplus		231,746	235,155	235,155	234,052	239,714	239,714
Retained earnings	Before distribution	288,860	228,457	307,142	473,640	281,648	282,306
	After distribution	288,860	228,457	307,142	473,640	Note 3	Note 4
Other equity		(257,947)	(387,252)	(433,020)	144,099	77,073	280,174
Treasury stock		-	-	-	-	-	-
Non-controlling equity		111,018	122,497	123,639	143,962	172,087	168,739
Total equity	Before distribution	2,476,299	2,535,104	2,569,163	3,332,000	3,106,769	3,307,180
	After distribution	2,476,299	2,535,104	2,569,163	3,332,000	Note 3	Note 4

Note 1: Said financial information was already audited, reviewed and certified by CPAs.
Note 2: Said amount after distribution shall be specified based on the resolution by the shareholders' meeting of next year.
Note 3: The 2021 earnings allocation is pending resolution by the shareholders' meeting.
Note 4: Not applicable in Q1 of 2022.

(II) Condensed Balance Sheet - IFRSs

Unit: NTD Thousand

Item \ Year		Financial information for the most recent five years (Note 1)					Financial information until March 31, 2022
		2017 (after restatement)	2018	2019	2020	2021	
Current assets		897,797	1,591,971	1,149,187	1,870,397	1,483,775	N/A
Property, plant and equipment (Note 2)		643,551	547,726	536,906	436,000	429,264	N/A
Intangible assets		3,817	9,846	5,387	17,732	11,843	N/A
Other assets (Note 2)		3,783,176	2,946,760	3,089,191	3,656,406	3,882,295	N/A
Total assets		5,328,341	5,096,303	4,780,671	5,980,535	5,807,177	N/A
Current liabilities	Before distribution	1,480,059	1,383,941	1,018,455	1,138,028	1,396,385	N/A
	After distribution	1,480,059	1,383,941	1,018,455	1,138,028	Note 3	N/A
Non-current liabilities		1,483,001	1,299,755	1,316,692	1,654,469	1,476,110	N/A
Total liabilities	Before distribution	2,963,060	2,683,696	2,335,147	2,792,497	2,872,495	N/A
	After distribution	2,963,060	2,683,696	2,335,147	2,792,497	Note 3	N/A
Capital shares		2,102,622	2,336,247	2,336,247	2,336,247	2,336,247	N/A
Capital surplus		231,746	235,155	335,155	234,052	239,714	N/A
Retained earnings	Before distribution	288,860	228,457	307,142	473,640	281,648	N/A
	After distribution	288,860	228,457	307,142	473,640	Note 3	N/A
Other equity		(257,947)	(387,252)	(433,020)	144,099	77,073	N/A
Treasury stock		-	-	-	-	-	N/A
Total equity	Before distribution	2,365,281	2,412,607	2,545,524	3,188,038	2,934,682	N/A
	After distribution	2,365,281	2,412,607	2,545,524	3,188,038	Note 3	N/A

Note 1: Said financial information was already audited and certified by CPAs.

Note 2: Said amount after distribution shall be specified based on the resolution by the shareholders' meeting of next year.

Note 3: The 2021 earnings allocation is pending resolution by the shareholders' meeting.

(III) Condensed Statement of Comprehensive Income-IFRSs

Unit: NTD Thousand (except EPS)

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information until March 31, 2022
	2017 (after restatement)	2018	2019	2020	2021	
Operating revenue	7,259,347	7,417,890	6,949,284	8,598,587	6,637,936	1,679,635
Gross profit	1,425,576	1,314,695	1,178,487	2,216,480	1,326,073	342,340
Operating income	76,870	(63,188)	(60,858)	432,561	94,034	23,642
Non-operating revenue and expense	(53,068)	113,582	21,632	(166,059)	(20,372)	5,330
Net profit before tax	23,802	50,394	(39,226)	266,502	73,662	28,972
Continuing departments net income for current period	(70,166)	(43,749)	(172,458)	164,775	(42,755)	(2,500)
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss)	(70,166)	(43,749)	(172,458)	164,775	(42,755)	(2,500)
Current other comprehensive income (net after tax)	152,578	(132,912)	201,547	575,900	(65,023)	202,911
Current total comprehensive income	82,412	(176,661)	29,089	740,675	(107,778)	200,411
Net income attributable to owners of the parent	(76,597)	(60,527)	(171,877)	168,120	(30,882)	658
Net income attributable to the non-controlling equity	6,431	16,778	(581)	(3,345)	(11,873)	(3,158)
Total comprehensive income attributable to owners of the parent	76,060	(190,157)	32,979	743,617	(95,481)	203,759
Total comprehensive income attributable to the non-controlling equity	6,352	13,496	(3,890)	(2,942)	(12,297)	(3,348)
EPS	(0.36)	(0.29)	(0.74)	0.72	(0.13)	0.00

Note 1: Said financial information was already audited, reviewed and certified by CPAs.

(IV) Condensed Income Statement-IFRSs

Unit: NTD Thousand (except EPS)

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information until March 31, 2022
	2017 (after restatement)	2018	2019	2020	2021	
Operating revenue	3,066,133	3,550,765	2,581,433	5,626,250	3,110,103	N/A
Gross profit	412,014	445,852	445,303	1,318,976	538,053	N/A
Operating income	13,154	29,322	60,555	405,436	61,147	N/A
Non-operating revenue and expense	(67,890)	(76,715)	(196,650)	(187,262)	(76,750)	N/A
Net profit before tax	(54,736)	(47,393)	(136,095)	218,174	(15,603)	N/A
Continuing departments net income for current period	(76,597)	(60,527)	(171,877)	168,120	(30,882)	N/A
Loss from discontinued operations	-	-	-	-	-	N/A
Net income (loss)	(76,597)	(60,527)	(171,877)	168,120	(30,882)	N/A
Current other comprehensive income (net after tax)	152,657	(129,630)	204,856	575,497	(64,599)	N/A
Current total comprehensive income	76,060	(190,157)	32,979	743,617	(95,481)	N/A
Net income attributable to owners of the parent	(76,597)	(60,527)	(171,877)	168,120	(30,882)	N/A
Net income attributable to the non-controlling equity	-	-	-	-	-	N/A
Total comprehensive income attributable to owners of the parent	76,060	(190,157)	32,979	743,617	(95,481)	N/A
Total comprehensive income attributable to the non-controlling equity	-	-	-	-	-	N/A
EPS	(0.36)	(0.29)	(0.74)	0.72	(0.13)	N/A

Note 1: Said financial information was already audited and certified by CPAs.

(V) Name of CPA and audit opinion given thereby

Year	CPA Firm	External Auditor	Audit Opinion
2017	KPMG in Taiwan	Chien Ti-Nuan, CPA/Chih Shih-Chin	Unqualified opinions
2018	KPMG in Taiwan	Chien Ti-Nuan, CPA/Chih Shih-Chin	Unqualified opinions
2019	KPMG in Taiwan	Chien Ti-Nuan, CPA/Chih Shih-Chin	Unqualified opinions
2020	KPMG in Taiwan	Tseng Kuo-Yang, CPA/Chien Ti-Nuan, CPA	Unqualified opinions
2021	KPMG in Taiwan	Tseng Kuo-Yang, CPA/Chien Ti-Nuan, CPA	Unqualified opinions

II. Financial Analysis for the Latest Five Years

(I) Consolidated financial analysis - IFRSs

Analysis items (Note 2) / Year		Financial analysis for the most recent five years 析					Until March 31, 2022
		2017 (after restatement)	2018	2019	2020	2021	
Financial structure(%)	Liability to asset ratio	64.99	64.33	63.22	58.93	63.95	61.68
	Ratio of long-term fund to property, plant and equipment	181.26	175.99	188.57	234.47	262.24	266.58
Solvency (%)	Current ratio	136.67	138.57	138.16	141.49	133.42	136.75
	Quick ratio	88.78	85.66	85.13	92.03	85.81	86.19
	Interest coverage ratio	1.29	1.56	0.61	3.76	1.78	2.26
Operational ability	Receivables turnover (times)	6.27	6.63	6.42	7.85	5.53	5.38
	Average cash collection days	58.21	55.05	56.85	46.49	66.00	67.84
	Inventory turnover (times)	4.70	4.62	4.22	4.83	3.76	3.52
	Payables turnover (times)	8.92	8.15	7.73	8.97	6.42	6.36
	Average inventory turnover days	77.66	79.00	86.49	75.57	97.07	103.69
	Property, plant and equipment turnover (times)	3.08	3.22	3.08	3.96	3.27	3.37
	Total assets turnover (times)	1.03	1.04	0.99	1.06	0.79	0.78
Profitability	ROA (%)	(0.14)	0.40	(1.30)	3.21	0.40	0.19
	ROE (%)	(2.88)	(1.75)	(6.76)	5.58	(1.33)	(0.08)
	Income before tax to paid-in capital (%) (Note 6)	1.13	2.16	(1.68)	11.41	3.15	1.24
	Profit margin (%)	(0.97)	(0.59)	(2.48)	1.92	(0.64)	(0.15)
	EPS (NT$)	(0.36)	(0.29)	(0.74)	0.72	(0.13)	0.00
Cash flow	Cash flow ratio (%)	5.24	(3.42)	4.84	23.48	(9.67)	0.17
	Cash flow adequacy ratio (%)	36.12	27.74	38.52	86.52	51.75	54.02
	Cash reinvestment ratio (%)	2.66	(1.84)	2.40	2.49	(2.71)	0.09
Leverage	Operating leverage	3.84	(2.40)	(3.32)	1.59	3.38	3.33
	Financial leverage	18.83	0.41	0.38	1.29	(106.25)	42.45

Please explain the reasons for changes in each financial ratio by 20% during the most recent two years:
1. By comparing the current operational ability, profitability, cash flow ratio and leverage with those in 2020, the net income generated in 2020 is higher as a result of the orders for protective clothing and isolation gowns accepted in 2020; therefore, the financial ratios in 2021 decline from 2020.

Note 1: Said financial information was already audited, reviewed and certified by CPAs.
Note 2: The following formulas shall be shown at the end of this table in the annual report:

1. Financial structure
   (1) Ratio of liabilities to assets=Total liabilities/Total Assets.
   (2) Ratio of long-term capital to property, plant and equipment=(Total equity+Non-current liabilities)/Property, plant and equipment, net.
2. Solvency
   (1) Current ratio=Current assets/Current liabilities.
   (2) Quick ratio=(Current assets-Inventory-Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio=Income tax and income before interest expenses/Current interest expenses.
3. Operational ability
   (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).

(2) Average cash collection days=365/Receivables turnover.
(3) Inventory turnover=Cost of goods sold/Average inventory.
(4) Payables (including accounts payables and notes payable resulting from operation) turnover = cost of goods sold/balance of average accounts payable (including accounts payable and notes payable resulting from operation).
(5) Average inventory turnover days=365/Inventory turnover.
(6) Property, plant and equipment turnover=net sales/average property, plant and equipment, net.
(7) Total assets turnover=Net sales/Average total assets.

4. Profitability
(1) ROA=[Profit or loss after tax+interest expenses × (1- tax rate)]/average total assets.
(2) ROE=Profit or loss after tax/Average total equity.
(3) Net profit margin=Profit or loss after tax/Net sales.
(4) Earnings per share= (Income attributable to owners of the parent-Preferred stock dividend)/Weighted average number of outstanding shares. (Note 4)

5. Cash flow
(1) Cash flow ratio =Net cash flow from operating activities/Current liabilities.
(2) Net cash flow adequacy ratio=Net cash flow from operating activities during the most recent five years/(Capital expenses+Increase in inventory+Cash dividends) during the most recent five years.
(3) Cash reinvestment ratio=(Net cash flow from operating activities-Cash dividends)/(Gross property, plant and equipment+Long-term investments+Other non-current assets+working capital). (Note 5)

6. Leverage:
(1) Operating leverage=(Net operating revenues-Variable operating costs and expenses)/Operating income (Note 6)
(2) Financial leverage=Operating income/(Operating income-Interest expenses).

Note 3: When calculating the earnings per share referred to in the preceding paragraph, please note that:
1. The weighted average number of common shares shall apply, instead of the number of outstanding shares at the end of the year.
2. In the case of cash capital increase or treasury stock transactions, the calculation shall take the period of circulation into account when calculating the weighted average number of outstanding shares.
3. In the case of recapitalization from earnings or recapitalization from capital surplus, the calculation of earnings per share for the previous year and for a half of year shall make adjustment retroactively subject to the proportion of capital increase, irrelevant with the issuance period for the capital increase.
4. If the preferred stock refers to non-convertible cumulative preferred stock, the stock dividend for the current year (whether allocated or not) shall be deducted from the income after tax or add the loss after tax. If the preferred stock is not cumulative one, the preferred stock dividend shall be deducted from the net profit after tax, if any. Notwithstanding, no adjustment is required, in the case of loss.

Note 4: Cash flow analyses shall take the following factors into account:
1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenses refer to the amount of annual cash outflow spent on capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The issuer is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

Note 6: If the Company’s shares have no par value or if the par value of each share is not NT$10, said percentage of the paid-in capital shall be substituted by the equity attributable to owners of the parent referred to in the balance sheet.

(II) Parent company only financial analysis - IFRSs

Analysis items (Note 3)	Year (Note 1)	Financial analysis for the most recent five years					Until March 31, 2022
		2017 (after restatement)	2018	2019	2020	2021	
Financial structure(%)	Liability to asset ratio	55.61	52.66	48.85	46.69	49.46	N/A
	Ratio of long-term fund to property, plant and equipment	565.66	623.26	693.73	995.47	1,027.52	N/A
Solvency (%)	Current ratio	60.66	115.03	112.84	164.35	106.26	N/A
	Quick ratio	40.49	85.97	70.32	111.39	60.35	N/A
	Interest coverage ratio	(0.46)	(0.14)	(3.07)	7.40	0.51	N/A
Operational ability	Receivables turnover (times)	8.67	7.86	6.64	14.38	6.25	N/A
	Average cash collection days	42.09	46.43	54.96	25.38	58.40	N/A
	Inventory turnover (times)	10.67	12.94	10.61	13.14	5.73	N/A
	Payables turnover (times)	8.83	8.12	6.65	13.38	7.64	N/A
	Average inventory turnover days	34.20	28.20	34.40	27.77	63.69	N/A
	Property, plant and equipment turnover (times)	4.51	5.96	5.26	11.57	7.19	N/A
	Total assets turnover (times)	0.58	0.68	0.60	0.94	0.53	N/A
Profitability	ROA (%)	(0.87)	(0.52)	(2.94)	3.63	(0.09)	N/A
	ROE (%)	(3.29)	(2.53)	(7.08)	5.97	(1.10)	N/A
	Income before tax to paid-in capital (%) (Note 6)	(2.60)	(2.03)	(5.83)	9.34	(0.67)	N/A
	Profit margin (%)	(2.50)	(1.70)	(6.03)	2.99	(0.99)	N/A
	EPS (NT$)	(0.36)	(0.29)	(0.74)	0.72	(0.13)	N/A
Cash flow	Cash flow ratio (%)	4.24	(15.04)	15.23	21.79	(13.39)	N/A
	Cash flow adequacy ratio (%)	139.01	106.83	178.94	174.14	87.78	N/A
	Cash reinvestment ratio (%)	1.63	1.56	3.86	3.83	(4.79)	N/A
Leverage	Operating leverage	3.51	2.06	1.58	1.07	1.52	N/A
	Financial leverage	(0.54)	(2.39)	2.23	1.09	2.10	N/A
Please explain the reasons for changes in each financial ratio by 20% during the most recent two years: 1. By comparing the current operational ability, profitability, cash flow ratio and leverage with those in 2020, the net income generated in 2020 is higher as a result of the orders for protective clothing and isolation gowns accepted in 2020; therefore, the financial ratios in 2021 decline from 2020.							

Note 1: Said financial information was already audited, reviewed and certified by CPAs.
Note 2: The following formulas shall be shown at the end of this table in the annual report:

1. Financial structure
   (1) Ratio of liabilities to assets=Total liabilities/Total Assets.
   (2) Ratio of long-term capital to property, plant and equipment=(Total equity+Non-current liabilities)/Property, plant and equipment, net.
2. Solvency
   (1) Current ratio=Current assets/Current liabilities.
   (2) Quick ratio=(Current assets-Inventory-Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio=Income tax and income before interest expenses/Current interest expenses.
3. Operational ability
   (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average cash collection days=365/Receivables turnover.
   (3) Inventory turnover=Cost of goods sold/Average inventory.
   (4) Payables (including accounts payables and notes payable resulting from operation) turnover

= cost of goods sold/balance of average accounts payable (including accounts payable and notes payable resulting from operation).

(5) Average inventory turnover days=365/Inventory turnover.

(6) Property, plant and equipment turnover=net sales/average property, plant and equipment, net.

(7) Total assets turnover=Net sales/Average total assets.

4. Profitability
   (1) ROA=[Profit or loss after tax+interest expenses × (1- tax rate)]/average total assets.
   (2) ROE=Profit or loss after tax/Average total equity.
   (3) Net profit margin=Profit or loss after tax/Net sales.
   (4) Earnings per share= (Income attributable to owners of the parent-Preferred stock dividend)/Weighted average number of outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio =Net cash flow from operating activities/Current liabilities.
   (2) Net cash flow adequacy ratio=Net cash flow from operating activities during the most recent five years/(Capital expenses+Increase in inventory+Cash dividends) during the most recent five years.
   (3) Cash reinvestment ratio=(Net cash flow from operating activities-Cash dividends)/(Gross property, plant and equipment+Long-term investments+Other non-current assets+working capital). (Note 5)
6. Leverage:
   (1) Operating leverage=(Net operating revenues-Variable operating costs and expenses)/Operating income (Note 6)
   (2) Financial leverage=Operating income/(Operating income-Interest expenses).

Note 3: When calculating the earnings per share referred to in the preceding paragraph, please note that:
1. The weighted average number of common shares shall apply, instead of the number of outstanding shares at the end of the year.
2. In the case of cash capital increase or treasury stock transactions, the calculation shall take the period of circulation into account when calculating the weighted average number of outstanding shares.
3. In the case of recapitalization from earnings or recapitalization from capital surplus, the calculation of earnings per share for the previous year and for a half of year shall make adjustment retroactively subject to the proportion of capital increase, irrelevant with the issuance period for the capital increase.
4. If the preferred stock refers to non-convertible cumulative preferred stock, the stock dividend for the current year (whether allocated or not) shall be deducted from the income after tax or add the loss after tax. If the preferred stock is not cumulative one, the preferred stock dividend shall be deducted from the net profit after tax, if any. Notwithstanding, no adjustment is required, in the case of loss.

Note 4: Cash flow analyses shall take the following factors into account:
1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenses refer to the amount of annual cash outflow spent on capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The issuer is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

Note 6: If the Company’s shares have no par value or if the par value of each share is not NT$10, said percentage of the paid-in capital shall be substituted by the equity attributable to owners of the parent referred to in the balance sheet.

III. The Audit Committee's Review Report on the financial report for the most recent year: Please refer to Page 115.

IV. The financial statements for the most recent year: Please refer to Pages 128~207.

V. Parent Company Only Financial Statements Audited and Certified by CPAs for the Most Recent Fiscal Year: Please refer to Pages 208~279.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.

Audit Committee's Review Report

The Audit Committee

has completed the review of the 2021 financial statements, the consolidated financial statements, 2021 Business Report and profit distribution statement produced by the Board of Directors and audited by Tseng Kuo-Yang, CPA and Chien Ti-Nuan, CPA from KPMG in Taiwan, and found no inconsistencies. Please review the Report which has been prepared in accordance with Article 219 of the Company Act. The report is prepared and please review.

To

2022 Annual General Meeting, TEX-RAY INDUSTRIAL CO., LTD.

Audit Committee of TEX-RAY INDUSTRIAL CO., LTD.

Convener: Tsai Chao-Lun

March 28, 2022

VII. Review and Analysis of Financial Status and Financial Performance, and Risk Management

I. Financial Position

Comparison and Analysis of Financial Position

Unit: NTD Thousand

Year / Item	2020	2021	Variance	
			Amount	%
Current assets	4,274,305	4,553,513	279,208	6.53%
Property, plant and equipment	2,074,710	1,984,873	(89,837)	(4.33%)
Intangible assets	262,983	248,238	(14,745)	(5.61%)
Other assets	1,500,922	1,831,641	330,719	22.03%
Total assets	8,112,920	8,618,265	505,345	6.23%
Current liabilities	3,020,975	3,413,041	392,066	12.98%
Non-current liabilities	1,759,945	2,098,455	338,510	19.23%
Total liabilities	4,780,920	5,511,496	730,576	15.28%
Capital shares	2,336,247	2,336,247	-	-
Capital surplus	234,052	239,714	5,662	2.42%
Retained earnings	473,640	281,648	(191,992)	(40.54%)
Other equity	144,099	77,073	(67,026)	(46.51%)
Non-controlling equity	143,962	172,087	28,125	19.54%
Total shareholders' equity	3,332,000	3,106,769	(225,231)	(6.76%)

Description:

Increase in other assets:	Primarily due to the restatement of property, plant and equipment to investment property by Yencheng fiber factory in 2021.
Increase in retained earnings:	The acceptance of orders for protective clothing and isolation gowns in 2020 resulted in the decrease in operating revenue and retained earnings in 2021 from 2020.
Decrease in other equity:	Primarily due to the appreciation in revaluation on property, NT$110,010 thousand, resulting from the fluctuation in foreign exchange rate for ZAR in 2021

II. Financial Performance:

Comparison and Analysis of Business Results

Unit: NTD Thousand

Item \ Year	2020	2021	Increase/decrease	Variance %
Operating revenue, net	8,598,587	6,637,936	(1,960,651)	(22.80%)
Operating cost	6,382,107	5,311,863	(1,070,244)	(16.77%)
Gross profit	2,216,480	1,326,073	(890,407)	(40.17%)
Operating expense	1,783,919	1,232,039	(551,880)	(30.94%)
Operating profit	432,561	94,034	(338,527)	(78.26%)
Non-operating revenue and expense	(166,059)	(20,372)	145,687	(87.73%)
Income from continuing operations	266,502	73,662	(192,840)	(72.36%)
Income tax expenses	101,727	116,417	14,690	14.44%
Net income	164,775	(42,755)	(207,530)	(125.95%)
Other comprehensive income (net after tax)	575,900	(65,023)	(640,923)	(111.29%)
Current total comprehensive income	740,675	(107,778)	(848,453)	(114.55%)
Net income attributable to owners of the parent	168,120	(30,882)	(199,002)	(118.37%)
Total comprehensive income attributable to owners of the parent	743,617	(95,481)	(839,098)	(112.84%)

Description:

1. Business and cost analysis: Considering that the additional orders for protective clothing and isolation gowns were accepted in 2020 and it restored to the same situation in 2021, the Company’s income in 2021 is less than that in 2020.
2. Operating expenses: Related operating expenses for protective clothing and isolation gowns were recognized in 2020.
3. Non-operating revenue and expense: The impairment losses on property, plant and equipment for Yencheng factory and Tainan Factory No. 1, NT$67,859 thousand and NT$4,000 thousand, respectively, were recognized in 2020, while no impairment loss was recognized in 2021.
4. Net income attributable to owners of the parent: Considering that the additional orders for protective clothing and isolation gowns were accepted in 2020, which resulted in the increase in net income from 2021, and it restored to the same situation in 2021, the Company’s income in 2021 is less than that in 2020.

Sales volume forecast and the basis thereof, and the effect upon the Company's business and finance, as well as the plans to be taken in response:

Although Tex-Ray has faced severe challenges in the textile and apparel industry in 2021, as the global COVID-19 pandemic has changed the entire consumer market, the “at home economy” has rapidly emerged, becoming a new pattern of channels and consumption model around the world. Under this situation, the company is also actively adjusting the company's business and manufacturing patterns to conform to the new trends in the market, emphasizing blockchain supply and rapid response, shortening the response and production time of the supply chain, in line with new consumption patterns and behaviors. By making every possible effort, with controllable risks, the Company has still strived to debottleneck for developing new businesses, and continued the transformation, to improve the Company's margin and added value.

Over the past two decades, Taiwan’s textile industry has become the important R&D and production location of performance fabrics in the world, with its strengths in “R&D and innovation” and “resilient production.” Notwithstanding, the innovation and application of performance textiles have stuck in a bottleneck situation in the recent years. More and more products manufactured by various suppliers are identical with each other in nature, thus becoming a major concern in the textile industry. It is necessary to accelerate the transformation of Taiwan’s performance textiles to help the relevant manufacturers maintain their competitiveness in the market.

The Company will use the best effort to:

1. Strengthen the global supply network management, and satisfy the duty-free and fast supply requirements, so that customers may place their orders anywhere in the world.
2. Deepen the regional market, provide more diversified products sellable in the domestic demand market and achieve the business target for economy blockchain;
3. Strengthen the ability to R&D and design, optimize the market value and product quality, and increase profit;
4. strengthen the development of eco-friendly and performance textiles, aiming to innovate technologies and cultivate brands with potential;
5. Continue to adjust the business models, streamline the organizational framework and operating procedures, adjust organizations and cut units with poor business performance to cut costs effectively;
6. Expand the production capacity of excellent affiliated companies to increase the economic effects.

III. Cash Flow:

Cash flow analysis

Unit: NTD Thousand

Balance of cash, beginning	Net cash flow from operating activities for the year	Cash outflow for the year	Effect of changes in foreign exchange rate	Cash balance (deficit)	Corrective measures against insufficient cash position	
					Investment plan	Wealth management plan
1,368,318	(329,954)	359,623	(54,961)	1,343,026	-	-

Description: 1. Analysis on changes of cash flow for the year:

(1) Operating activities: (329,954)
(2) Investing activities: (179,046)
(3) Financing activities: 538,669

2. Corrective measures against insufficient cash position, and analysis on liquidity: None.

3. Analysis on liquidity for the coming year:

Balance of cash, beginning	Projected net cash flow from operating activities for the year	Projected cash outflow for the year	Effect of changes in foreign exchange rate	Cash balance (deficit)	Corrective measures against insufficient cash position	
					Investment plan	Wealth management plan
1,343,026	459,038	(236,584)	(64,816)	1,500,664	-	-

IV. Impact posed by material capital expenditures to business and finance in the most recent year:

(I) Material capital expenditure utilization status and source of capital in the most recent year: This year, the subsidiary, JIANGSU TRYD TEXTILE TECHNOLOGY CO., LTD., expanded the sewage treatment equipment of its production site in Yencheng. The source of capital required by it included the own fund and bank financing.

(II) Expected effects:
The factory premises may be leased to others to earn the income from rental, upon completion of the expansion project.

V. The investment policy for the most recent year, major causes for profit or loss thereof, improvements, and investment plans for next year: The Company had no major investment project in 2021. No major investment project is expected in 2022 too.

VI. Analysis and assessment on the following risk issues:

(I) Impacts of interest rate/foreign exchange rate fluctuation and inflation to the Company's income, and future responsive measures:

1. The interest has been escalated recently. At the same time when maintaining the reasonable structure, the Company also applied for the syndicated bank loans amounting to NT$1.4 billion in order to secure the stable source of capital.
2. Foreign exchange gain and loss in the most recent two years

Unit: NTD Thousand

Year / Item	2020	2021
Net foreign exchange gain (loss)	(51,524)	(23,312)
Net foreign exchange gain (loss) as a percentage of the operating revenue, net	(0.0060)	(0.0035)

In order to evade the effect potentially posed by the fluctuation in foreign exchange rate to earnings, the Company takes the following responsive measures:

(1) In terms of allocation of foreign exchange funds, change the international procurement to the local procurement, and cover the own foreign exchange disbursements with the own foreign exchange receipts, in order to mitigate the foreign exchange risk effectively.
(2) Collect the information related to fluctuations in foreign exchange rate from time to time, and well know the foreign exchange trends to decide the timing to exchange for NTD or retain the fund in the foreign exchange account.
(3) Improve the quality and added value of products, strive to control costs, facilitate the increase in gross profit of products, and mitigate the effect posed by fluctuations in foreign exchange rate to the gross profit.

3. The Company is engaged in business under the Build To Order (BTO) model primarily. The risk arising from the inflation costs may be passed on to suppliers reasonably or reflected in the order price. Meanwhile, the Company also decentralizes the production through international procurement to evade the effect posed by regional inflation effectively.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, main causes of profit or loss incurred and future responsive measures

1. The Company never engaged in high-risk and highly leveraged investments or derivatives trading in 2021.

2. The parties to which the Company loaned fund in 2021 were all the Company's affiliates in which the Company participated in the business management directly and also in the need of short-term financing. The main reason why the Company loaned the fund resided in the short-term financing need and facilitation of the repatriation of subsequent operating income to avoid the trouble caused by excessive capital investment and repatriation of fund upon capital decrease. No material effect has been posed to the Company's income therefor.
3. The parties for which the Company made the endorsements/guarantees in 2021 were all the Company's affiliates in which the Company participated in the business management directly. The guarantees were made because the affiliates applied for issuance of L/C and guarantee for facility of working fund with banks for business needs. Financially, the Company also asked its affiliates to bear the working fund cost independently. Therefore, in a short term, the parent company would make the guarantees to establish transaction relationship with banks to help them attain the long-term financial independence. As the Company participated in their business management directly, the guarantee risk corresponded to business risk. The guaranteed facility and ratio will be reduced step by step after the guaranteed companies achieve robust business and financial conditions.

(III)Future R&D plans and expected R&D expenditure:

Major R&D plans from 2020 to 2025	**Capital expected to be invested**
R&D of new products and performance product extensions ● Sport performance series ● Eco-friendly series ● Medical treatment and protection series ● Smart textile series	Operating revenue 0.5~1.5%
Professional team ● Upgrading of ODM team ● Establishment of TD technical team	Internal training
Automated equipment evaluation and implementation ● Global pattern making and marking system integration ● Automated warehousing ● Automated label printer	35,000,000
Information system ● Global ERP and production system optimization ● Implementation of BI into the Group ● Information security system upgrading	45,000,000

(IV) Impact on the Company's business and finance due to changes in domestic or foreign policies and laws, and responsive measures:
Please refer to Pages 121-1.

(V) Impact on the Company's business and finance due to technological or industrial changes, and responsive measures: Please refer to Pages 121-2.

(VI) Impact on crisis management in the event of a change in corporate identity, and responsive measures:
Since the Company was listed on TWSE in December 1998, the Company has set up the spokesman, deputy spokesman and information disclosure dedicated personnel systems to

provide investors with real-time and transparent business information.

(VII) Expected benefits and possible risks of merger and acquisition, and responsive measures: None.

(VIII) Expected benefits and possible risks of facilities expansion, and responsive measures: None.

(IX) Risks and responsive measures associated with concentrated sales or purchases:
The Company's major customers were all international renowned brand suppliers with low receivables risk. Besides, the Company has maintained adequate insurance. Therefore, the Company never suffered major credit risk loss.

(X) Impact and risk on the Company due to major transfer or conversion of equity by directors, supervisors, or shareholders with more than 10% ownership interest, and responsive measures:

(XI) Impact and risks on the Company due to a change of the right of management:

(XII) Litigations and non-contentious cases:

1. Please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, and any major shareholder holding over 10% of the Company's shares, and the affiliated companies: None.
2. Please specify the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares involved in matters described by Article 157 of the Securities and Exchange Act in the last two years until the publication date of this Annual Report as well as the current handling status by the Company: None.
3. Please specify the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares having experienced financial difficulties or lost creditworthiness in the last two years until the publication date of this Annual Report: None.
4. Others: None.

(XIII) Other important risks: Please refer to Pages 121-2.

VII. Other Important Notes: None.

(IV) The impact of important domestic and foreign policy and legal changes in the recent year on the company's financial business and countermeasures:

The Company has a dedicated unit to collect and evaluate changes in domestic and foreign laws and regulations.

effect	1. Free trade agreements signed by the Company's operating bases, supplier exporting countries and customers' importing countries related to bilateral relations or regional economic integration, such as CPTTP, R CEP, EVFTA, USMCA, AGOA, R-CTFL, and 107 The U.S.-China trade war from the second half of the year may cause competition in the export market, domestic market opportunities, the transfer of production bases, and the increase or decrease of import and export tariffs 。 2. Amendments to the relevant laws and regulations of the countries in which the operations are located, such as human rights/occupational safety, basic wages and environmental pollution, may increase production and operating costs. 3. The improvement of textile safety standards and quality inspection specifications by international markets and customers may affect production and operating costs. 4. The Company operates in Asia, Africa and the Americas, and exchange rate fluctuations are critical to the Company's competitiveness in receiving orders and the loss of exchange due to currency fluctuations.
Response measures	1. The Company has a special unit to collect important policy/legal changes at home and abroad, the international market situation of industry, politics and economics, and the dynamics of peers , regular/irregular summary analysis, risk assessment and response to program recommendations to provide management decisions. 2. It has a multinational layout in Asia, North America, Africa and Oceania to provide customers with various market needs. Each operating base has a management unit in place to respond to the amendment of local laws and regulations in a timely manner to ensure that operations and production comply with various norms such as human rights and environmental protection. 3. Establish an evaluation system and communication mechanism with the supply chain, and communicate directly through regular evaluation, irregular meetings and interviews, so that the two sides have a stable and consistent consensus to ensure that the raw materials to the finished products are in line with the importing country and customers Inspection specifications, quality and safety requirements. 4. Try to supply the garment market in a regional economic model, and the African and Chinese regions will focus on the domestic market to avoid the impact of exchange rate fluctuations; In the part of the transnational supply chain, the main income and expenditure are denominated in US dollars, the natural hedging ratio is about 80%, and the rest of the parts are adjusted according to the company's needs, and regular hedging is carried out in the form of pre-sale to reduce exchange rate risk.

(V) The impact of technological changes and industrial changes on the company's financial business and countermeasures

In recent years, the application of fabrics emphasizes functionality and environmental protection, and the company continues to devote itself to the development and application of new textile technologies.

The garment industry is a labor-intensive industry, and the company will continue to strive toward automation and improve production efficiency.

effect	1. The development of new materials, such as heat and coolness, anti-UV, moisture absorption and perspiration, deodorization, waterproof and windproof... And other basic functional fabrics, as well as environmentally friendly materials that have increased in market demand year by year in recent years, such as natural fibers, recycled yarns and environmentally friendly printing, make textiles The product has a wider range of applications. 2. Garment manufacturing is a labor-intensive industry, the process relies on the proportion of labor is high, there is no fully automated production line to reduce labor costs, but there are some automation/intelligent equipment and assistive devices to help improve Production efficiency and quality, as well as environmental protection and energy-saving equipment to reduce production costs. 3. Through the use of information management tools, the operation time and manpower of the operation process are reduced, and various types of data are collected by the information system to strengthen the integrated analysis accuracy and efficiency.
Response measures	1. The company continues to invest in the research and development of new materials, collaborative development with suppliers, and integrates new materials into eight series of RAYS functional textiles, combined with ODM capabilities, to provide customers Vertically integrated services and products with multiple added value. 2. The company maintains good cooperative relations with suppliers, participates in textile-related seminars and exhibitions, obtains the latest market information, and continuously evaluates and invests in various automation/intelligent and environmentally friendly and energy-saving equipment. 3. The company continues to import various information systems, and has a special unit to regularly analyze and optimize the efficiency of the system.

(XIII). Other important risks and countermeasures:

Modern enterprises rely on the information system and network for transaction and management, and capital security has become an important risk for the company.

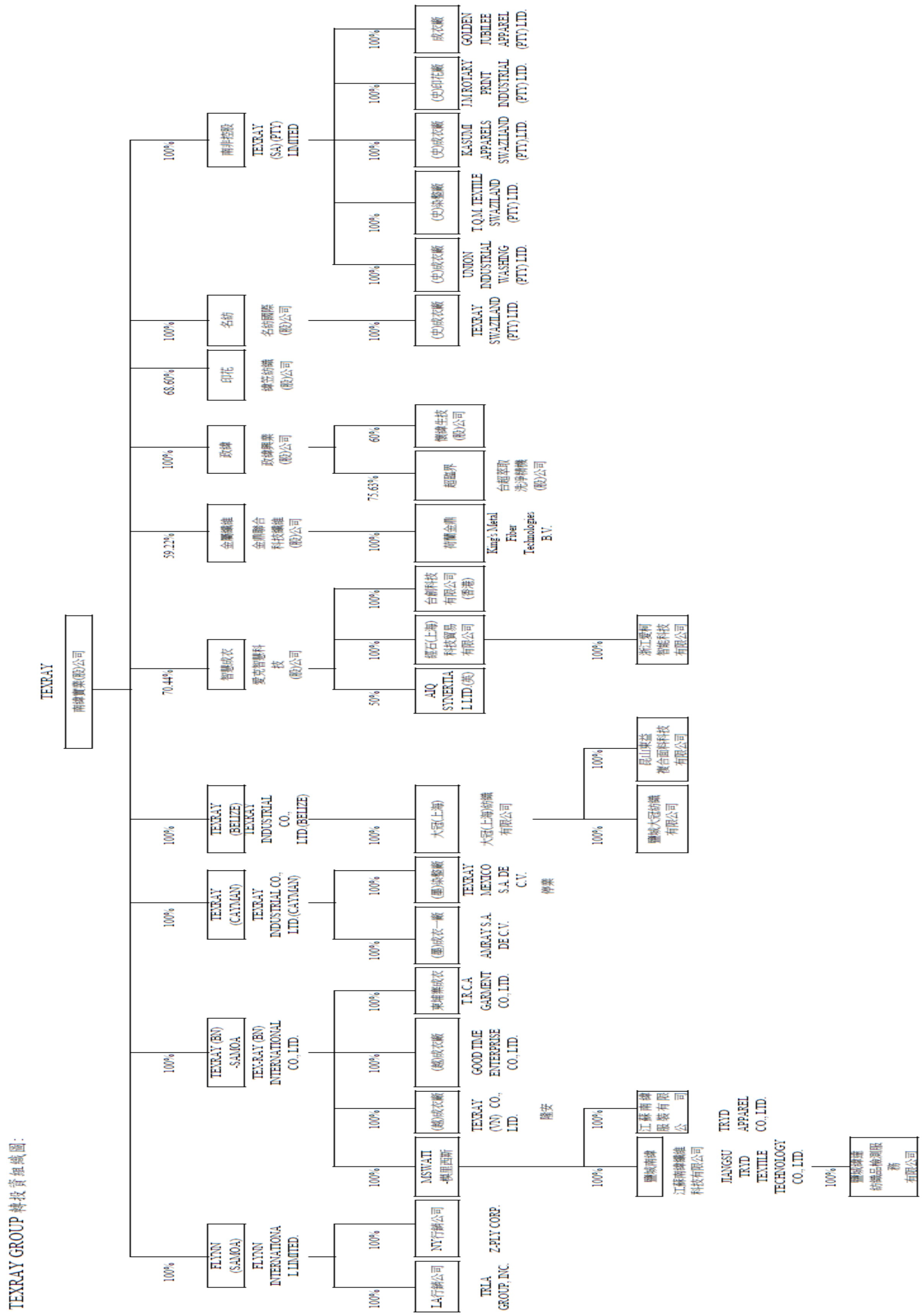
effect	1. External threats come from frequent ransomware hacks. 2. Insider threats come from the destruction, theft, and malicious destruction of information.
Response measures	1. In addition to the purchase of hardware and software, the security facilities of the capital and communications are upgraded. 2. For the introduction or commissioning of new information equipment, security assessment and testing should be carried out in advance. 3. Strengthen staff education and training to improve vigilance, and block non-security links to avoid hackers taking advantage of them. 4. Regular backups, off-site backup and disaster prevention drills. 5. Personnel authority, access regulations, and control of portable access equipment.

Eight. Special Notes

I. Affiliated Companies:

(I) The consolidated business reports of affiliates

1. Organizational Chart of Affiliates



2. Basic information of each affiliate

Name of Affiliate	Currency type	Paid-in capital (NT$)	Territory	Principle business lines
Belize	USD	32,348,213	Belize	Holding Company
Cayman Islands	USD	44,042,722	Cayman Islands	Holding Company
TRM (Mexico)	PESOS	427,321,500	Mexico	Dyeing & finishing factory
AMRAY (Mexico)	PESOS	80,847,394	Mexico	Garment processing
TRLA	USD	2,518,425	USA	Marketing and trading
Z-PLY	USD	50,000	USA	Marketing and trading
King’s Metal	TWD	218,269,870	Taichung	Metal fiber
FLYNN	USD	9,100,000	SAMOA	Holding Company
GREAT CPT INTERNATIONAL CO., LTD.	TWD	45,000,000	Taipei	Holding Company
TRS	SZL	12,417,938	Eswatini	Garment processing
Tex-ray (Shanghai) Industrial Co., Ltd.	CNY	60,749,260	Shanghai	Textiles warehousing and trading
Tex-ray (Yencheng) Industrial Co., Ltd.	CNY	9,000,000	Yencheng	Textiles warehousing and trading
TEXRAY(BN)	USD	60,579,330	SAMOA	Holding Company
TEXRAY(VN)-LA	VND	295,096,268,000	Vietnam	Garment factory
TRCA	USD	2,000,000	Cambodia	Garment factory
GOOD TIME	VND	146,223,419,336	Vietnam	Garment processing
KASUMI	SZL	1,657,400	Eswatini	Garment processing
TQM	SZL	132,525,183	Eswatini	Dyeing & finishing
UIW	SZL	12,031,000	Eswatini	Garment processing
J.M	SZL	5,618,729	Eswatini	Garment printing factory
MSWATI	USD	37,052,330	Mauritius	Holding Company
JIANGSU TRYD TEXTILE TECHNOLOGY CO., LTD.	CNY	357,560,939	Yencheng	Dyeing & finishing lamination woven fabrics
JIANGSU TRYD APPAREL CO., LTD.	CNY	33,385,000	Yencheng	Garment factory
ZHENG-RAY INDUSTRIAL CO., LTD.	TWD	115,800,000	Taipei	Investment holding
TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.	TWD	67,000,000	Changhua	Machine & equipment manufacturing
Tai Chuang	HKD	100,000	Hong Kong	Investment holding
AIQ SMART CLOTHING INC.	TWD	163,300,000	Taipei	Smart clothing
Jingshi (Shanghai)	CNY	10,557,001	Shanghai	Marketing company
TEXRAY SA	ZAR	39,651,772	South Africa	Marketing company
Yencheng inspection center	CNY	6,000,000	Yencheng	Inspection center
King’s Metal in the Netherlands	EUR	200,000	the Netherlands	Marketing company
Kunshan Dongyi	CNY	35,280,000	Jiangsu	Garment factory
GOLDEN JUBLEE	ZAR	5,000,000	Eswatini	Garment factory
AIQ (Zhejiang)	CNY	2,626,000	Zhejiang	Smart clothing
AiQ-S	GBP	100,000	UK	Smart clothing
Wiley Eco Print Industrial Co., Ltd.	TWD	40,000,000	Taipei	Woven fabric dyeing factory
HerbRay	TWD	20,000,000	Taipei	Biotech services

3. Information about directors, supervisors and presidents of affiliates

Name of Affiliate	Job title	Name or Representative
TEXRAY Belize	Director	Ray Lin (Representative of TEX-RAY)
TEXRAY Cayman Islands	Director	Ray Lin (Representative of TEX-RAY)
TRM (Mexico)	Director	Wei Yong-Lang (Representative of TEX-RAY)
AMRAY (Mexico)	Director	Wei Yong-Lang (Representative)
TRLA	Director	Ray Lin (Representative)
Z-PLY	Director	Yeh Feng-Ying (Repesentative)
King's Metal	Chairman	Ray Lin (Representative of TEX-RAY)
FLYNN	Director	Yao Wan-Kuei (Representative of TEX-RAY)
GREAT CPT INTERNATIONAL CO., LTD.	Chairman	Ray Lin (Representative of TEX-RAY)
TEXRAY SWAZILAND	Chairman	Ray Lin (Representative)
Tex-ray (Shanghai) Industrial Co., Ltd.	Chairman	Ray Lin (Representative)
Tex-ray (Yencheng) Industrial Co., Ltd.	Director	Ray Lin (Representative)
TEXRAY(BN)	Director	Hsiao Chin-Mu (Representative of TEX-RAY)
TEXRAY (VN)-LA	Director	Lin Hung-Hsu (Representative)
TRCA GARMENT	Director	Chen Li-Cheng (Representative)
GOOD TIME	Director	Yao Wan-Kuei (Representative)
KASUMI	Chairman	Ray Lin (Representative)
TQM	Chairman	Ray Lin (Representative)
UIW	Chairman	Ray Lin (Representative)
J.M	Chairman	Ray Lin (Representative)
MSWATI	Chairman	Ray Lin (Representative)
JIANGSU TRYD TEXTILE TECHNOLOGY CO., LTD.	Chairman	Yao Wan-Kuei (Representative)
JIANGSU TRYD APPAREL CO., LTD.	Chairman	Yao Wan-Kuei (Representative)
ZHENG-RAY INDUSTRIAL CO., LTD.	Chairman	Ray Lin (Representative)
TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.	Chairman	Ray Lin (Representative)
Tai Chuang	Chairman	Ray Lin (Representative)
AIQ SMART CLOTHING INC.	Chairman	Ray Lin (Representative)
Jingshi (Shanghai)	Chairman	Lin Hung-Hsu (Representative)
TEXRAY SA	Chairman	Ray Lin (Representative)
Yencheng inspection center	Chairman	Ray Lin (Representative)
King's Metal in the Netherlands	Director	Hsiao Chin-Mu (Representative)
Kunshan Dongyi	Director	Yao Wan-Kuei (Representative)
GOLDEN JUBLEE	Chairman	Ray Lin (Representative)
AIQ (Zhejiang)	Director	Huang Hung-Hsu (Representative)
AiQ-S	Chairman	Ray Lin (Representative)
Wiley Eco Print Industrial Co., Ltd.	Chairman	Ray Lin (Representative)
HerbRay	Chairman	Ray Lin (Representative)

4. Overview of operations of affiliates

Unit: NT$

Name of Affiliate	Currency type	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current income (after tax)	EPS (after tax)
Belize	USD	14,926,023	722	14,925,301	-	(3,505)	176,441	-
Cayman Islands	USD	16,163,274	-	16,163,274	-	-98,667	(3,122,533)	-
TRM (Mexico)	PESOS	290,452,654	110,637,361	179,815,293	26,109,565	(11,643,934)	(8,791,856)	-
AMRAY (Mexico)	PESOS	238,067,861	338,177,677	(100,109,816)	203,716,498	(53,163,712)	(54,814,338)	-
TRLA	USD	1,613,816	259,125	1,354,691	3,267,901	(444,188)	(441,775)	-
Z-PLY	USD	13,666,512	3,567,403	10,099,109	35,415,772	83,837	1,642,127	-
King's Metal	TWD	881,580,432	541,151,525	340,428,907	356,229,933	80,324,645	55,968,689	-
FLYNN	USD	16,708,040	-	16,708,040	-	-	1,200,354	-
GREAT CPT INTERNATIONAL CO., LTD.	TWD	21,462,483	1,901,029	19,561,454	3,447,929	(9,644,988)	(9,410,449)	-
TRS	SZL	1,912,668	-	1,912,668	-	(240,894)	208,864	-
Tex-ray (Shanghai) Industrial Co., Ltd.	CNY	141,742,797	47,039,556	94,703,241	123,066,385	(2,828,758)	1,159,337	-
Tex-ray (Yencheng) Industrial Co., Ltd.	CNY	3,059,502	14,242,972	(11,183,470)	4,917,569	(743,052)	121,021	-
TEXRAY(BN)	USD	232,291	5,935,093	(5,702,802)	-	(148,128)	(7,740,010)	-
TEXRAY(VN)	VND	238,703,437,951	113,665,731,133	125,037,706,818	254,367,094,743	(19,956,456,185)	(19,135,467,029)	-
TRCA	USD	17,025	786,938	(769,913)	-	(45)	(45)	-
GOOD TIME	VND	29,640,556,734	40,067,940,611	(10,427,383,877)	90,177,512,648	(23,508,572,076)	(24,813,947,603)	-
KASUMI	SZL	273,232,130	61,293,190	211,938,940	112,351,003	12,860,219	8,244,739	-
TQM	SZL	959,286,048	381,692,750	577,593,298	788,317,381	117,471,543	82,304,009	-
UIW	SZL	11,109,616	1,360	11,108,256	-	(30,524)	64,745	-
JM	SZL	2,539,149	3,124,116	(584,967)	3,769,031	(601,874)	(553,912)	-
MSWATI	USD	903,704	11,502,375	(10,598,671)	-	(200,464)	(5,742,656)	-
TEX-RAY Yencheng	CNY	211,328,914	230,772,627	(19,443,713)	57,571,685	(14,032,476)	(10,235,075)	-
TEX-RAY Yencheng Apparel	CNY	134,662,212	163,127,351	(28,465,139)	225,782,299	(20,372,144)	(25,335,597)	-
ZHENG-RAY INDUSTRIAL CO., LTD.	TWD	117,777,735	240,726	117,537,009	5,934,248	5,160,286	403,602	-
TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.	TWD	135,344,860	65,649,601	69,695,259	76,563,796	458,616	449,420	-
Tai Chuang	HK	2,585,185	2,763,133	(177,948)	-	(399,926)	(406,205)	-
AIQ SMART CLOTHING INC.	TWD	131,356,398	89,840,303	41,516,095	12,764,770	(30,928,887)	(59,612,134)	-
Jingshi (Shanghai)	CNY	(3,838,112)	1,101,207	(4,939,319)	3,918,474	(301,910)	(5,626,530)	-
TEXRAY SA	ZAR	1,298,231,829	610,173,169	688,058,660	828,065,252	48,420,024	135,337,602	-
Yencheng inspection center	CNY	1,672,882	53,338	1,619,544	1,240,130	47,736	22,111	-
King's Metal in the Netherlands	EUR	1,405,908	993,285	412,623	4,287,614	72,646	69,980	-
Kunshan Dongyi	CNY	55,148,008	13,299,159	41,848,849	37,097,916	2,110,692	1,729,123	-
GOLDEN JUBLEE	SZL	37,385,034	16,931,627	20,453,407	48,367,130	9,827,490	6,614,033	-
AIQ (Zhejiang)	CNY	5,172,409	10,510,646	(5,338,237)	4,051,215	(5,164,918)	(5,332,441)	-
AiQ-S	GBP	510,447	455,353	55,094	118,829	(181,188)	(105,298)	-
Wiley Eco Print Industrial Co., Ltd.	TWD	41,905,494	43,748,910	(1,843,416)	651,060	(18,210,436)	(19,217,618)	-
HerbRay	TWD	11,181,526	2,430,714	8,750,812	59,344	(10,164,623)	(10,162,255)	-

5. Business transactions and job division system between the Company and affiliates

(1) The Company and King's Metal Fiber Technologies Co., Ltd. and TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.: In consideration of the different business lines, no procurement/sale of goods exist between them. Notwithstanding, the income from rental was generated as a result of the lease of office and fatory premises.

(2) The Company investeed in TEXRAY (SA) (PTY) LTD. directly and via the companies in which it held shares, including T.Q.M. INDUSTRIAL INVESTMENT (PTY) LIMITED, UNION INDUSTRIAL WASHING (PTY) LIMITED, KASUMI APPARELS SWAZLIAND (PTY), LTD. and GOLDEN JUBILEE APPAREL (PTY) LTD.; and invests in TEXRAY SWAZILAND (PTY) LTD. via GREAT CPT INTERNATIONAL CO., LTD.: primarily responsible for sales to customers in South Africa and production of garment and fabrics in Eswatini.

(3) The Company invests in Tex-ray (Shanghai) Industrial Co., Ltd. indirectly via TEXRAY INDUSTRIAL CO., LTD.(BELIZE): primarily responsible for collecting business information and managing production bases in East China.

(4) The Company invests in TEXRAY INDUSTRIAL CO., LTD. (CAYMAN) indirectly via TEXRAY INDUSTRIAL CO., LTD. (BELIZE): primarily responsible for sales to customers and production of garment and fabrics in Mexico.

(5) The Company invests in GOOD TIME ENTERPRISE CO., LTD., TEXRAY (VN) CO., LTD. and TRCA indirectly via TEX-RAY (BN) INTERNATIONAL CO., LTD.: primarily responsible for overseas garment production bases in Vietnam and Cambodia.

(6) The Company invests in MSWATI HOLDINGS LTD. indirectly via TEX-RAY (BN) INTERNATIONAL CO., LTD., and reinvests in JIANGSU TRYD TEXTILE TECHNOLOGY CO., LTD. and JIANGSU TRYD APPAREL CO., LTD. via MSWATI: primarily responsible for overseas garment and fabric production bases in China.

(7) The Company invests in Z-PLY CORP. and TRLA GROUP, INC. indirectly via FLYNN INTERNATIONAL LIMITED.: primarily responsible for collecting business information and developing market in the territories of the USA.

(II) Consolidated Financial Statements of Affiliates and Relationship of Affiliates

Declaration of Statement

For the year 2021 (January 1 - December 31, 2021), the Company complies with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" in that the companies that should be included in the preparation of the consolidated financial statements of the affiliated companies are the same as the companies that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies in accordance with IFRS 10. In addition, the relevant information that should be disclosed in the consolidated financial statements of the associated companies has been disclosed in the consolidated financial statements of the parent and subsidiary companies of the former disclosure. Therefore, there is no need to prepare the consolidated financial statements of associated companies separately.

Hereby declared as above.

Company Name: TEX-RAY INDUSTRIAL CO., LTD.

Responsible Person: Ray Lin

Date: March 28, 2022

II. Private placement of securities during the most recent year and up to the date of publication of the annual report: None.

IIII. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent and up to the date of publication of the annual report: None.

IV. Other Supplementary Notes: None.

V. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year up till the date of publication of the annual report that significantly impacted shareholders' equity or security price: None.

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, 2021 and 2020, 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, 2021 and 2020, 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 audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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(p) 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, 2021, the accounts receivable of the Group was $1,293,485 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, 2021 and 2020, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2022

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents(Note 6(a))	$ 1,343,026	16	1,368,318	17
1110	Current financial assets at fair value through profit or loss(Note 6(b))	-	-	612	-
1150	Notes receivable, net(Note 6(c) and 7)	1,232	-	1,877	-
1170	Accounts receivable, net(Note 6(c), 7 and 8)	1,293,485	15	1,104,272	14
1200	Other receivables, net(Note 6(d) and 7)	110,610	1	91,709	1
1220	Current tax assets	4,827	-	7,586	-
1310	Inventories, manufacturing business, net(Note 6(e))	1,495,212	17	1,328,599	16
1410	Prepayments	129,439	2	165,395	2
1470	Other current assets(Note 7)	3,149	-	4,173	-
1476	Other current financial assets(Note 8)	172,533	2	201,764	2
		4,553,513	53	4,274,305	52
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income(Note 6(b))	10,689	-	10,682	-
1600	Property, plant and equipment(Note 6(g) and 8)	1,984,873	23	2,074,710	26
1755	Right-of-use assets(Note 6(h) and 8)	280,832	3	159,488	2
1760	Investment property, net(Note 6(i) and 8)	1,422,784	17	1,225,984	15
1780	Intangible assets(Note 6(j))	248,238	3	262,983	3
1840	Deferred tax assets(Note 6(g))	61,783	1	45,800	1
1960	Non-current prepayments for investments	9,092	-	9,092	-
1980	Other non-current financial assets(Note 8)	38,196	-	44,816	1
1990	Other non-current assets, others	8,265	-	5,060	-
		4,064,752	47	3,838,615	48
	Total assets	**$ 8,618,265**	**100**	**8,112,920**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings(Note 6(k))	$ 1,432,249	17	851,069	10
2110	Short-term notes and bills payable(Note 6(l))	299,584	4	249,660	3
2130	Current contract liabilities(Note 6(t))	80,400	1	69,478	1
2150	Notes payable	9,456	-	47,541	1
2170	Accounts payable	872,157	10	724,724	9
2200	Other payables	296,294	4	525,840	6
2220	Other payables to related parties(Note 7)	29,061	-	14,500	-
2230	Current tax liabilities	101,417	1	99,152	1
2310	Advance receipts	24,935	-	17,886	-
2280	Current lease liabilities(Note 6(n))	33,277	-	23,650	-
2320	Long-term liabilities, current portion(Note 6(m))	226,251	3	391,874	5
2300	Other current liabilities	7,960	-	5,601	-
		3,413,041	40	3,020,975	36
	Non-Current liabilities:				
2540	Long-term borrowings(Note 6(m))	1,691,168	20	1,464,169	18
2570	Deferred tax liabilities(Note 6(q))	178,613	2	178,363	2
2580	Non-current lease liabilities(Note 6(n))	189,775	2	67,025	1
2640	Net defined benefit liability, non-current(Note 6(p))	21,933	-	27,701	-
2670	Other non-current liabilities, others(Note 9(b))	16,966	-	22,687	-
		2,098,455	24	1,759,945	21
	Total liabilities	5,511,496	64	4,780,920	57
	Equity attributable to owners of parent (Note 6(q)):				
3110	Ordinary share	2,336,247	27	2,336,247	30
3200	Capital surplus(Note 7)	239,714	3	234,052	3
3300	Retained earnings	281,648	3	473,640	6
3400	Other equity interest	77,073	1	144,099	2
36XX	Non-controlling interests	172,087	2	143,962	2
	Total equity	3,106,769	36	3,332,000	43
	Total liabilities and equity	**$ 8,618,265**	**100**	**8,112,920**	**100**

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, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(t) and 7)**	$ 6,637,936	100	8,598,587	100
5000	**Operating costs (Notes 6(e) and (n))**	5,311,863	80	6,382,107	74
5900	**Gross profit from operations**	1,326,073	20	2,216,480	26
6100	Selling expenses	667,571	10	1,002,826	11
6200	Administrative expenses	484,526	7	568,097	7
6300	Research and development expenses	56,694	1	57,702	1
6450	Expected credit loss (gain)	23,248	-	155,294	2
	Operating expenses (Notes 6(n) and (s))	1,232,039	18	1,783,919	21
6900	**Net operating income (loss)**	94,034	2	432,561	5
7000	**Non-operating income and expenses:**				
7010	Other income (Notes 6(v) and 7)	3,748	-	4,171	-
7020	Other gains and losses, net (Note 6(v))	49,872	1	(87,678)	(1)
7100	Interest income (Note 6(v))	20,927	-	14,675	-
7510	Interest expense (Notes 6(v) and 7)	(94,919)	(1)	(96,467)	(1)
7770	Share of loss of associates and joint ventures accounted for using equity method (Note 6(f))	-	-	(760)	-
		(20,372)	-	(166,059)	(2)
7900	**Profit from continuing operations before tax**	73,662	2	266,502	3
7950	Less: Income tax expenses (Note 6(q))	116,417	2	101,727	1
	(Loss) profit	(42,755)	-	164,775	2
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	2,594	-	(1,991)	-
8312	Gains on revaluation surplus	59,893	-	873,576	10
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	-	(224)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	112,410	1
	Components of other comprehensive income that will not be reclassified to profit or loss	62,487	-	758,951	9
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(127,510)	(2)	(183,051)	(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	(127,510)	(2)	(183,051)	(2)
8300	**Other comprehensive income**	(65,023)	(2)	575,900	7
	Total comprehensive income	**$ (107,778)**	**(2)**	**740,675**	**9**
	(Loss) profit , attributable to:				
	Owners of parent	$ (30,882)	-	168,120	2
	Non-controlling interests	(11,873)	-	(3,345)	-
		$ (42,755)	**-**	**164,775**	**2**
	Comprehensive income attributable to:				
	Owners of parent	$ (95,481)	(2)	743,617	9
	Non-controlling interests	(12,297)	-	(2,942)	-
		$ (107,778)	**(2)**	**740,675**	**9**
	Basic earnings per share (Note 6(s))				
	Basic earnings per share (dollars)	**$ (0.13)**		**0.72**	
	Diluted earnings per share (dollars)	**$ (0.13)**		**0.72**	

See accompanying notes to consolidated financial statements.

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings				Total other equity interest					
	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 equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2020	$ 2,336,247	235,155	166,655	201,749	(61,262)	307,142	(664,266)	(36,362)	267,608	2,445,524	123,639	2,569,163
Profit	-	-	-	-	168,120	168,120	-	-	-	168,120	(3,345)	164,775
Other comprehensive income	-	-	-	-	(1,622)	(1,622)	(183,905)	(142)	761,166	575,497	403	575,900
Total comprehensive income	-	-	-	-	166,498	166,498	(183,905)	(142)	761,166	743,617	(2,942)	740,675
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,103)	-	-	-	-	-	-	-	(1,103)	-	(1,103)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	23,265	23,265
Balance at December 31, 2020	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:												
Reversal of special reserve	-	-	-	(201,749)	201,749	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	10,523	-	(10,523)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(163,537)	(163,537)	-	-	-	(163,537)	-	(163,537)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	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**

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 73,662	266,502
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	206,525	237,061
Amortization expense	17,488	17,674
Provision (reversal of provision) for expected credit loss	23,248	155,294
(Gain) loss on financial assets or liabilities at fair value through profit or loss	(111)	128
Interest expense	94,919	96,467
Interest income	(20,927)	(14,675)
Dividend income	(21)	(22)
Share-based payments	3,028	-
Share of loss of associates and joint ventures accounted for using equity method	-	760
Loss on disposal of property, plan and equipment	808	14,009
Loss on disposal of intangible assets	146	-
Impairment loss on financial assets	-	72,259
(Gain) loss on fair value adjustment of investment property	(27,988)	18,948
(Gain) loss on lease modification	(26)	707
Total adjustments to reconcile profit	297,089	598,610
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in notes receivable	645	23,536
Increase in accounts receivable	(273,254)	(227,444)
Increase in other receivable	(25,408)	(1,445)
Decrease (increase) in inventories	(236,582)	(41,711)
Decrease (increase) in prepayments	58,809	(42,653)
Decrease in other current assets	828	872
Decrease (increase) in other financial assets	3,919	(9,434)
Total changes in operating assets	(471,043)	(298,279)
Changes in operating liabilities:		
Increase in contract liabilities	14,762	7,260
Decrease in notes payable	(38,085)	(15,517)
Increase in accounts payable	194,876	153,947
(Decrease) increase in other payable	(192,260)	213,302
Increase in other payable to related parties	14,612	9,500
Increase in other current liabilities	2,241	1,765
Decrease in net defined benefit liability	(3,174)	(5,939)
Increase (decrease) in other operating liabilities	5,054	(61,845)
Total changes in operating liabilities	(1,974)	302,473
Total changes in operating assets and liabilities	(473,017)	4,194
Total adjustments	(175,928)	602,804
Cash (outflow) inflow generated from operations	(102,266)	869,306
Interest received	20,927	14,675
Dividends received	21	22
Interest paid	(94,786)	(97,920)
Income taxes paid	(153,850)	(76,879)
Net cash flows from (used in) operating activities	(329,954)	709,204

(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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(9,500)
Proceeds from disposal of financial assets at fair value through profit or loss	723	485
Increase in prepayments for investments	-	(9,092)
Proceeds from capital reduction of investments accounted for using equity method	-	1,781
Acquisition of property, plant and equipment	(195,152)	(177,493)
Proceeds from disposal of property, plant and equipment	16,723	22,795
Acquisition of intangible assets	(5,645)	(17,636)
Decrease in other financial assets	28,640	-
Increase in other non-current assets	(24,335)	(31,327)
Net cash flows from (used in) investing activities	(179,046)	(219,987)
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,975,628	1,278,913
Decrease in short-term loans	(1,394,448)	(1,838,672)
Increase in short-term notes and bills payable	49,924	249,660
Proceeds from long-term debt	511,765	1,560,673
Repayments of long-term debt	(451,627)	(1,323,377)
Payment of lease liabilities	(32,093)	(46,437)
Decrease in other financial liabilities	-	205,945
Cash dividends paid	(163,537)	-
Change in non-controlling interests	43,057	7,670
Net cash flows from financing activities	538,669	94,375
Effect of exchange rate changes on cash and cash equivalents	(54,961)	(58,731)
Net (decrease) increase in cash and cash equivalents	(25,292)	524,861
Cash and cash equivalents at beginning of period	1,368,318	843,457
Cash and cash equivalents at end of period	**$ 1,343,026**	**1,368,318**

See accompanying notes to consolidated financial statements.

(1) Company history

TEX-RAY INDUSTRIAL CO., LTD. (the "Company") was established with the approval of the Ministry of Economic Affairs in August 1978, and was listed in Taiwan Stock Exchange in 1998. The registered address is 2F., No. 426, Linsen N. Rd., Jhongshan Dist., Taipei City. The Company was originally a modern yarn dyeing factory, and then expanded to spinning business, plain weaving business, and garment business, etc.. In order to enhance competency in international business, the Group established multiple production and sales supply chains overseas in Mexico, Eswatini, Vietnam, and Mainland China, and deployed the marketing department in US and Mexico market. The Company further divided its departments or established new subsidiaries for specialization purpose in particular technologies and markets in order to enhance the overall economic efficiency.

The main business of the Company and its subsidiaries (the "Group") is in weaving, manufacturing and processing, dyeing and spinning, and trading of cotton and any kind of fibers and textiles, and yarn trading business, garment processing and trading business, ultrasonic cleaning and supercritical cleaning business and extraction businesses.

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"

(Continued)

- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(Continued)

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

2) Fair value through other comprehensive income are measured at fair value;

3) Investment property is measured at fair value; and

4) The defined benefit liabilities (assets) is recognized as the fair value of the plan assets less the present value of defined benefit obligation and the upper limit impact mentioned in Note 4(q).

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

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

(Continued)

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

Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group.

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

(ii) List of subsidiaries in the consolidated financial statements:

			Shareholding percentage		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2021**	**December 31, 2020**	**Note**
The Company	TEX-RAY INDUSTRIAL CO., LTD. (BELIZE) (TEX-RAY(BELIZE))	Oversea investment holding (Mexico)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares
The Company	TEX-RAY (BN) INTERNATIONAL CO., LTD. (TEX-RAY(BN))	Oversea investment holding (Vietnam and Cambodia)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	FLYNN INTERNATIONAL LTD. (FLYNN(SAMOA))	Oversea investment holding (USA)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	KING'S METAL FIBER TECHNOLOGIES CO., LTD. (KMT)	Non-woven fabrics, copper secondary processing and fabric retailing, etc.	59.22 %	63.46 %	The subsidiary that the Company holds more than 50% shares.
The Company	Taiwan Supercritical Technology CO.,LTD.(TST)	Ultrasonic cleaning and supercritical cleaning, extraction, etc.	- %	75.63 %	The subsidiary that the Company holds more than 50% shares. (note 1)
The Company	GREAT CPT INTERNATIONAL CO., LTD. (GREAT CPT)	Oversea investment holding (Eswatini)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	TEX-RAY (SA) (PTY) Ltd.(TEX-RAY (SA))	Marketing and trading	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	TEX-RAY INDUSTRIAL CO., LTD. (CAYMAN) (TEX-RAY(CAYMAN))	Oversea investment holding	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares. (note 2)

(Continued)

			Shareholding percentage		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2021**	**December 31, 2020**	**Note**
The Company	ZHENG-RAY Industrial CO.,LTD. (ZHENG-RAY)	Trading and manufacturing of weaving and garments	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	WEI LI TEXTILE CO., LTD. (WLT)	Wholesale of clothing and fabrics	68.60 %	70.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	AIQ SMART CLOTHING INC. (AIQ)	Wholesale of textile	70.44 %	63.43 %	The subsidiary that the Company holds more than 50% shares.
TEX-RAY (SA)	KASUMI APPARELS SWAZILAND PTY LTD. (KASUMI (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	TQM TEXTILE SWAZILAND (PTY) LTD. (T.Q.M.(SWAZILAND))	Weaving and dyeing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	UNION INDUSTRIAL WASHING PTY LTD. (U.I.W.(SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	J.M. Rotary Print Industrial Co., Ltd. (J.M. (SWAZILAND))	Printing	100.00 %	90.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.(note 3)
TEX-RAY (SA)	GOLDEN JUBILEE APPAREL (PTY) LTD.(GOLDEN (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (BELIZE)	TEX-RAY (SHANGHAI) INDUSTRIAL CO., LTD. (TEX-RAY (SHANGHAI))	Warehousing and trading business of textile	100.00 %	100.00 %	The subsidiary that TEX RAY (BELIZE) holds more than 50% shares.
FLYNN (SAMOA)	TRLA GROUP, INC.(TRLA GROUP)	Marketing and trading	100.00 %	100.00 %	The subsidiary that FLYNN (SAMOA) holds more than 50% shares.
FLYNN (SAMOA)	Z-PLY CORPORATION (Z-PLY (NY))	Marketing and trading	100.00 %	100.00 %	The subsidiary that FLYNN (SAMOA) holds more than 50% shares.
GREAT CPT INTERNATIONAL CO., LTD.	TEXRAY SWAZILAND PTY LTD.(TEXRAY (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that GREAT holds more than 50% shares.
Taiwan Supercritical Technology Crop	HUAI WEI BIOTECHNOLOGY CO., LTD	Biotechnology Service	- %	60.00 %	The subsidiary that Taiwan Supercritical Tech. holds more than 50% shares(note 4)
ZHENG-RAY	HUAI WEI BIOTECHNOLOGY CO., LTD	Biotechnology Service	60.00 %	- %	The subsidiary that ZHENG-RAY holds more than 50% shares(note 4)

(Continued)

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage December 31, 2021	Shareholding percentage December 31, 2020	Note
ZHENG-RAY	Taiwan Supercritical Technology CO.,LTD.(TST)	Ultrasonic cleaning and supercritical cleaning, extraction, etc.	75.63 %	- %	The subsidiary that ZHENG-RAY holds more than 50% share(note 1)
TEX-RAY (BN)	GOOD TIME(VIETNAM) ENTERPRISE CO.,LTD. (GOOD TIME)	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (BN) holds more than 50% shares.
TEX-RAY (BN)	MSWATI HOLDINGS LTD. (MSWATI)	Oversea investment holding	100.00 %	100.00 %	The subsidiary that TEX RAY (BN) holds more than 50% shares.
TEX-RAY (BN)	TEXRAY (VN) CO., LTD.(TEXRAY(VN))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (BN) holds more than 50% shares.
TEX-RAY (BN)	T.R.C.A GARMENT CO., LTD. (TRCA GARMENT)	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (BN) holds more than 50% shares.
TEX-RAY (CAYMAN)	TEXRAY MEXICO S.A. DE C.V.(TEXRAY (MEXICO))	Dyeing	100.00 %	100.00 %	The subsidiary that TEX RAY (CAYMAN) holds more than 50% shares.
TEX-RAY (CAYMAN)	AMRAY S.A. DE C.V. (AMRAY (MEXICO))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (CAYMAN) holds more than 50% shares.
KMT	KING'S METAL FIBER TECHNOLOGIES B.V. (KMBV)	Marketing and tradeing	100.00 %	100.00 %	The subsidiary that KING'S METAL FIBER TECH holds more than 50% shares.
TEX-RAY (SHANGHAI)	TEX-RAY INDUSTRIAL CO., LTD. (YANCHENG) (TEX-RAY (YANCHENG))	Manufacturing and sales of textiles, clothing, shoes and hats	100.00 %	100.00 %	The subsidiary that TEX-RAY (SHANGHAI) holds more than 50% shares.
TEX RAY (SHANGHAI)	TEXRAY(KUNSHAN) INDUSTRIAL CO., LTD. (TEXRAY(KUNSHAN))	Development of composite fabrics	100.00 %	100.00 %	The subsidiary that TEX-RAY (SHANGHAI) holds more than 50% shares.
AIQ	AIQ SYNERTIAL LTD. (AIQ-S)	Development of smart clothing technology	50.00 %	50.00 %	The subsidiary that AIQ holds more than 50% shares.
AIQ	KING’S METAL FIBER (SHANGHAI)	Wholesale of glass products and textiles	100.00 %	100.00 %	The subsidiary that AIQ holds more than 50% shares.
AIQ	Taiwan Innovation Technology Co., Limted (HK) (Taiwan Innovation (HK))	Marketing and trading of machine	100.00 %	100.00 %	The subsidiary that AIQ holds more than 50% shares.
KING’S METAL FIBER (SHANGHAI)	AIQ SMART CLOTHING (Zhejiang) CO., LTD. (AIQ (Zhejiang))	System development, production and sales of smart devices	100.00 %	100.00 %	The subsidiary that KING’S METAL FIBER (SHANGHAI) holds more than 50% shares.

(Continued)

			Shareholding percentage		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2021**	**December 31, 2020**	**Note**
MSWATI	TRYD APPAREL CO.,LTD.(TRYD APPAREL)	Knitted garment processing	100.00 %	100.00 %	The subsidiary that MSWATI holds more than 50% shares.
MSWATI	JIANGSU TRYD TEXTILE TECHNOLOGY CO.,LTD. (TRYD TEXTILE)	Spinning, weaving, high-end fabrics, bleaching and dyeing, printing and garment production	100.00 %	100.00 %	The subsidiary that MSWATI holds more than 50% shares.
TRYD TEXTILE	Yancheng Wei Da Textile Testing Service Co.,Ltd. (Wei Da Testing)	Testing service and environmental evaluation	100.00 %	100.00 %	The subsidiary that TRYD TEXTILE holds more than 50% shares.
T.Q.M. (SWAZILAND)	ESWATRADING (PROPRILTARY) LIMITED (ESWT (SWAZILAND))	Sale of Agricultural Product	- %	90.00 %	The subsidiary that T.Q.M. (SWAZILAND) holds more than 50% shares.(note 5)

Note 1: Due to its organizational restructuring, the Company issues all TST’s shares in exchange for ZHENG RAY’s shares on October 21, 2021.

Note 2: The Company adjusted the structure of Mexico Production area on December 31, 2020. The shares of TEX RAY (CAYMNAN), previously owned by TEX RAY (BELIZE). were now owned directly by the Company.

Note 3: The minority shareholders of J.M. (SWAZILAND) withdrew their shares in July 2021, resulting in TEX RAY (SA) to increase its shareholdings to 100% for the year ended December 31, 2021.

Note 4: In order to cooperate with the Group's strategy in developing biotechnology business, TST established HUAI WEI BIOTECHNOLOGY CO., LTD and acquired 60% of its shares, which was transferred to ZHENG RAY in August 2021.

Note 5: In order to cooperate with the Group's strategy in developing biotechnology business, T.Q.M.(SWAZILAND) established ESWT (SWAZILAND) and acquired 90% of its shares in December 2020. Thereafter, ESWT (Swaziland) had been liquidated in October 2021. The relevant liquidation procedures had been completed as of the reporting date.

Note 6: There are no subsidiaries that are not included in this consolidated financial report.

(Continued)

(d) Foreign currencies

(i) currencies transaction

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

Exchange differences are generally recognized in profit or loss, except for equity securities designated as at fair value through other comprehensive income; which are recognized in other comprehensive income.

(ii) Foreign operation

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

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

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

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

An asset is classified as current when

(i) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) The Group holds the asset primarily for the purpose of trading;

(iii) The Group expects to realize the asset within twelve months after the reporting period;

(Continued)

(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

(i) The Group expects to settle the liability in its normal operating cycle;

(ii) The Group holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period;

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’ s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI)– equity investment; or FVTPL.

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

(Continued)

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL.

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

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

(Continued)

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group' s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

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

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

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

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

Since the performance object of the Group's cash deposits are investment grade financial institutions, the Group's credit risk are considered low.

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

(Continued)

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

(Continued)

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Non-current assets held for sale

Non-current assets comprising assets that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, are remeasured in accordance with the Group’s accounting policies. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment is no longer amortized or depreciated.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but no control, over the financial and operating policies.

(Continued)

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

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

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

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

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in 'other equity - revaluation surplus' is transferred to retained earnings.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

The cost includes any expenditure of acquiring assets. Self-built asset cost includes materials, direct labor, any other expenditure to make the asset usable, removement and recovery cost, and the loan cost meeting the criteria of capitalization. Besides, the cost also includes the software purchased to integrate related functions, which is capitalized as a part of the equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings	3～55 years
2)	Machinery equipment	1～15 years
3)	Transportation equipment	3～5 years
4)	Office and Other equipment	1～20 years

(Continued)

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

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(m) Leases

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

(i) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payment;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

- there is any lease modifications

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

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

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

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

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a leasor

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

(Continued)

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(n) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Additionally intangible assets such as computer software are amortized at estimated useful lives ranging from three to twenty years, and recognized in profit and loss.

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

(o) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

(Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue from contracts with customers

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

(i) Sale of goods

The Group engages in manufacturing, processing and wholesaling of textile and garments, and cleansing and extracting equipment. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financial components

The Group does not expect to have any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year.The Group required advanced receipts when selling machines, which follows the practice of the industry. Thus it is not considered to be financial components. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(Continued)

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

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

(Continued)

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Board of Directors authorized the price and number of a new award.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

(Continued)

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per share

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

(u) Operating segments

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

There is no judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of trade receivables

(Continued)

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for further description of the valuation of inventories.

(c) Impairment of property, plant and equipment

In the process of evaluating the potential impairment of tangible , the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to note 6(g) for further description of the key assumptions used to determine the recoverable amount.

(d) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units (CGUs), allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to Note (j) for further description of the impairment of goodwill.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. TheGroup' s financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. Investment property measured at fair value is periodically remeasured by the Group's finance Dept. or by appraisers using appraisal method accepted by FSC.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

(Continued)

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to notes listed as below for assumptions used in measuring fair value.

(a) Note 6(h), Investment property

(b) Note 6(w), Financial instruments

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash	$	5,835	3,405
Check deposits		16,956	8,225
Demand deposits		566,097	681,789
Foreign currency deposits		219,577	183,315
Time deposits		534,561	491,584
Cash and cash equivalents in consolidated statement of cash flows	$	**1,343,026**	**1,368,318**

Please refer Note 6(w) for the disclosure of the Group's financial assets and liabilities interest risk and sensitivity analysis.

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

		December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stocks listed on domestic markets	$	**-**	**612**
Equity investments at fair value through other comprehensive income:			
Unlisted Common Share	$	**10,689**	**10,682**

(i) Please refer to Note 6(v) for re-measurement at fair value recognized in profit or loss.

(ii) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes. The revaluation loss of the investment has been recognized in equity accounts.

(iii) Please refer to Note 6(x) for credit risk and market risk.

(iv) The aforesaid financial assets were not pledged as collateral.

(Continued)

(c) Notes and trade receivables

	December 31, 2021	December 31, 2020
Notes receivables from operating activities	$ 1,232	1,877
Accounts receivable-measured at amortized cost	1,478,570	1,271,559
Less: Allowance for impairment	185,085	167,287
	$ 1,294,717	**1,106,149**

(i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The expected credit losses of the note receivables and trade receivables were as follows:

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance Provision**
Current	$ 954,216	0%~5%	4,343
Overdue 90 days	274,020	0%~12%	1,603
Overdue 90 to 180 days	80,215	10%~66%	8,407
Overdue 180 to 360 days	2,158	50%~100%	1,539
360 days past due	169,193	100%	169,193
	$ 1,479,802		**185,085**

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance Provision**
Current	$ 886,787	0%~2%	2,038
Overdue 90 days	151,509	0%~7%	350
Overdue 90 to 180 days	11,099	5%~14%	1,025
Overdue 180 to 360 days	157,262	5%~62%	97,095
360 days past due	66,779	100%	66,779
	$ 1,273,436		**167,287**

(Continued)

(ii) The movement in the allowance for notes and accounts receivable was as follow:

	For the years ended December 31	
	2021	**2020**
Balance on January 1	$ 167,287	37,778
Impairment losses reversed	23,248	155,139
Amounts write-off	(3,000)	(19,094)
Foreign exchange losses	(2,450)	(6,536)
Balance on December 31	**$ 185,085**	**167,287**

(iii) The aforementioned notes and trade receivables of the Group had been pledged as collateral for long-term borrowings; please refer to Note 8.

(iv) Due to the Covid 19 epidemic, one of the clients negotiated with the Group to have its payment term changed. During 2021 and 2020, the Group recognized the amounts of $9,303 thousand and $120,288 thousand, respectively, as impairment losses on accounts receivable of the client. Also, the Group adjust.

(d) Other receivables

	December 31, 2021	**December 31, 2020**
Other receivables—tax-refund	$ 80,333	73,434
Other	36,578	24,731
Less: Allowance for impairment	(6,301)	(6,456)
	$ 110,610	**91,709**

Except for the other receivables below, all the other receivables are financial asset with low credit risk; therefore, the allowance for loss was measured at the expected credit loss of 12 months. The movement in the allowance for other receivables was as follow:

	For the years ended December 31	
	2021	**2020**
Balance on January 1	$ 6,456	16,713
Impairment losses recognized	-	155
Amounts write-off	(155)	(9,353)
Foreign exchange losses	-	(1,059)
Balance on December 31	**$ 6,301**	**6,456**

(Continued)

(e) Inventories

	December 31, 2021	December 31, 2020
Raw materials	$ 549,345	436,292
Work in prograss	615,605	609,627
Finished goods	315,159	278,160
Merchandise	15,103	4,520
	$ 1,495,212	**1,328,599**

(i) As of December 31, 2021, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sales amounted to $5,334,032 thousand (2021: $6,282,573 thousand). In 2021, The reveral of write-downs amounted to $22,169 thousand due to the income in market demand. The write-down of inventories amounted to $ 0 thousand (2020: $99,534 thousand). The write-downs and reversals were included in cost of sales.

(ii) The aforesaid inventories were not pledged as collateral.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Lease assets	Other facilities	Construction in progress	Total
Cost:									
Balance on January 1, 2021	$ 466,058	1,393,684	1,296,486	39,707	128,078	444	132,623	224,419	3,681,499
Additions	-	30,454	26,951	3,691	5,833	-	4,113	124,110	195,152
Transfers	-	223,275	17,484	-	322	-	1,824	(222,520)	20,385
Disposals	-	(16,483)	(263,995)	(4,539)	(7,356)	-	(41,088)	-	(333,461)
Reclassification to investment property	-	(207,876)	-	-	-	-	-	-	(207,876)
Effect of movement in exchange rate	(600)	651	(19,130)	(890)	62	-	(3,825)	427	(23,305)
Balance on December 31, 2021	**$ 465,458**	**1,423,705**	**1,057,796**	**37,969**	**126,939**	**444**	**93,647**	**126,436**	**3,332,394**
Balance on January 1, 2020	$ 505,656	1,487,886	1,554,721	46,283	131,201	444	175,161	96,871	3,998,223
Additions	-	16,630	25,905	2,012	1,652	-	3,743	127,551	177,493
Transfers	-	4,567	23,942	452	-	-	1,348	-	30,309
Disposals	-	(3,836)	(262,119)	(7,234)	(2,755)	-	(41,747)	-	(317,691)
Reclassification to Investment property	(38,490)	(86,011)	-	-	-	-	-	-	(124,501)
Effect of movement in exchange rate	(1,108)	(25,552)	(45,963)	(1,806)	(2,020)	-	(5,882)	(3)	(82,334)
Balance on December 31, 2020	**$ 466,058**	**1,393,684**	**1,296,486**	**39,707**	**128,078**	**444**	**132,623**	**224,419**	**3,681,499**
Depreciation and impairment loss:									
Balance on January 1, 2021	$ -	439,127	915,726	28,140	105,244	444	118,108	-	1,606,789
Depreciation for the period	-	64,376	82,665	3,561	6,839	-	5,208	-	162,649
Disposals	-	(10,375)	(253,343)	(4,100)	(7,184)	-	(40,928)	-	(315,930)
Reclassification to investment property	-	(89,235)	-	-	-	-	-	-	(89,235)
Effect of movement in exchange rate	-	92	(12,924)	(699)	85	-	(3,306)	-	(16,752)
Balance on December 31, 2021	**$ -**	**403,985**	**732,124**	**26,902**	**104,984**	**444**	**79,082**	**-**	**1,347,521**

(Continued)

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Lease assets	Other facilities	Construction in progress	Total
Balance on January 1, 2020	$ -	450,715	992,812	31,250	101,661	444	152,719	-	1,729,601
Depreciation for the period	-	58,450	114,954	4,526	7,071	-	6,036	-	191,037
Transfers	-	-	(401)	-	-	-	-	-	(401)
Impairment loss	-	-	70,059	100	200	-	1,500	-	71,859
Disposals	-	(3,836)	(231,185)	(6,482)	(2,263)	-	(37,121)	-	(280,887)
Reclassification to investment property	-	(58,475)	-	-	-	-	-	-	(58,475)
Effect of movements in exchange rates	-	(7,727)	(30,513)	(1,254)	(1,425)	-	(5,026)	-	(45,945)
Balance on December 31, 2020	$ -	439,127	915,726	28,140	105,244	444	118,108	-	1,606,789
Carrying amounts:									
Balance on December 31, 2021	$ 465,458	1,019,720	325,672	11,067	21,955	-	14,565	126,436	1,984,873
Balance on December 31, 2020	$ 466,058	954,557	380,760	11,567	22,834	-	14,515	224,419	2,074,710
Balance on January 1, 2021	$ 505,656	1,037,171	561,909	15,033	29,540	-	22,442	96,871	2,268,622

(i) On November 11, 2021 and June 16, 2020, the Board of Directors approved that the part of the TRYD TEXTILE plant in China that had been leased out, and the real estate of the factory site located in Taiwan which would be leased or sold subsequently, will result in the carrying values of $118,641 thousand and $66,026 thousand, respectively, to be reclassified from property, plant and equipment to investment property. Please refer to Note 6(i) for details.

(ii) In June 2020, due to the cessation of production at the Tainan Dyeing Factory, the Group estimated that the recoverable amount of the relevant property, plant and equipment was lower than the book value, thus impairment loss amounting to $4,000 thousand was recognized.

(iii) The property, plant and equipment of the Group had been pledged as collateral for bank borrowings, please refer to Note 8.

(g) Right-of-use assets

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

	Land	Buildings	Machinery equipment	Transporation equipment	Total
Cost:					
Balance on January 1, 2021	$ 107,423	89,201	-	6,778	203,402
Additions	-	173,140	-	1,453	174,593
Disposal	-	(29,719)	-	(1,599)	(31,318)
Effect of movement in exchange rates	417	(9,542)	-	(101)	(9,226)
Balance on December 31, 2021	**$ 107,840**	**223,080**	**-**	**6,531**	**337,451**
Balance on January 1, 2020	$ 113,281	71,906	2,564	6,254	194,005
Additions	-	67,844	-	508	68,352
Disposal	(3,385)	(46,395)	(2,564)	-	(52,344)
Effect of movement in exchange rates	(2,473)	(4,154)	-	16	(6,611)
Balance on December 31, 2020	**$ 107,423**	**89,201**	**-**	**6,778**	**203,402**

(Continued)

		Land	Buildings	Machinery equipment	Transporation equipment	Total
Accumulated depreciation:						
Balance on January 1, 2021	$	8,060	32,009	-	3,845	43,914
Depreciation for the year		6,625	35,037	-	2,214	43,876
Disposal		-	(28,274)	-	(1,599)	(29,873)
Effect of movement in exchange rates		69	(1,332)	-	(35)	(1,298)
Balance on December 31, 2021	$	**14,754**	**37,440**	**-**	**4,425**	**56,619**
Balance on January 1, 2020	$	6,068	32,570	1,525	1,378	41,541
Depreciation for the year		5,883	37,295	390	2,456	46,024
Disposal		(3,385)	(36,317)	(1,915)	-	(41,617)
Effect of movement in exchange rates		(506)	(1,539)	-	11	(2,034)
Balance on December 31, 2020	$	**8,060**	**32,009**	**-**	**3,845**	**43,914**
Carrying amounts:						
Balance on December 31, 2021	$	**93,086**	**185,640**	**-**	**2,106**	**280,832**
Balance on January 1, 2020	$	**99,363**	**57,192**	**-**	**2,933**	**159,488**
Balance on December 31, 2020	$	**107,213**	**39,336**	**1,039**	**4,876**	**152,464**

The right-of-use assets of the Group had been pledged as collateral for bank borrowings, please refer to Note 8.

(h) Investment property

The movement of the investment property were as follows:

		Land and improvement	Buildings	Total
Book Value:				
Balance on January 1, 2021	$	1,087,867	138,117	1,225,984
Transfer from property, plant, and equipment		-	118,641	118,641
Chang in fair value		9,656	78,225	87,881
Effect of movements in exchange rates		(7,338)	(2,384)	(9,722)
Balance on December 31, 2021	$	**1,090,185**	**332,599**	**1,422,784**
Balance on January 1, 2020	$	197,456	137,672	335,128
Transfer from property, plant, and equipment		38,490	27,536	66,026
Chang in fair value		873,576	(18,948)	854,628
Effect of movements in exchange rates		(21,655)	(8,143)	(29,798)
Balance on December 31, 2020	$	**1,087,867**	**138,117**	**1,225,984**

(i) The recurring fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used. The above table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(Continued)

The Group's investment properties were subsequently measured at fair value using the income approach after initial recognition. The relevant contract information and key assumptions used in the method are as follows:

Contract terms	Land No. 228-240, 240-1, 241, 531, 531-1, 533-535 and buildings located at Shengli Sec., Rende Dist., Tainan City, total in twenty items.	
	December 31, 2021	**December 31, 2020**
Rent at local market rate (note)	$200~$218 /Py /month	$171~$218 /Py /month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	Available for leasing	Available for leasing
Capitalization rate	1.754%	1.755%
Discount rate	3.29%	3.29%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	CHINA PROPERTY APRAISING CENTER CO., LTD.	CHINA PROPERTY APRAISING CENTER CO., LTD.
Appraiser name(s)	Dian-Jing Hsieh、Xiang-Ling Chiu	Dian-Jing Hsieh、Xiang-Ling Chiu
Appraisal date	December 31, 2020	December 31, 2021
Fair value by external independent appraiser(s)	$934,513 thousand	$920,913 thousand

Contract Terms	Building No. 6576, Sec. 3, Zhongshan Dist., Taipei City	
	December 31, 2021	**December 31, 2020**
Contract terms	1.Rental:$238 thousand /month 2.Period:60 months 3.Deposits: 460 thousand 4.Tax borne by lessor:$84 thousand/year	1.Rental:238 thousand /month 2.Period:60 months 3.Deposits: $460 thousand 4.Tax borne by lessor:$85 thousand/year
Rent at local market rate (note)	$3,250 /Py /month	3,128 /Py /month
Current market rent for comparable properties in similar locations and condition	$2,794～4,125 /Py /month	2,683~$3,234 /Py /month
Current status	In use	In use
Capitalization rate	3.77%	3.77%
Discount rate	2.02%	2.02%

(Continued)

Contract Terms	Building No. 6576, Sec. 3, Zhongshan Dist., Taipei City	
	December 31, 2021	December 31, 2020
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2021	December 31, 2020
Fair value by external independent appraiser(s)	$70,970 thousand	64,090 thousand

Contract terms	The Group’s property located at Parque Industrial la Primavera, Mexico	
	December 31, 2021	December 31, 2020
Rent at local market rate (note)	$25～$152 /square feet/month	$16～$152 /square feet/month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	Available for leasing	Available for leasing
Capitalization rate	10.00%	7.864%
Discount rate	7.50%	2.94%～3.83%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm (review opinion)	Grand Elite Real Estate Appraisers Firm (review opinion)
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	January 18, 2022	December 31, 2020
Fair value by external independent appraiser(s)	$238,493 thousand ($176,198 thousand peso)	$271,076 thousand ($191,820 thousand peso)

(Continued)

Contract item	The Group's property located at Jiangsu Yancheng Economic Development Zone, China
	December 31, 2021
Contract terms	1.Rental:45/ square feet/month 2.Period:120 months 3.Deposits: None 4.Tax borne by lessor:$2,985 thousand/year
Rent at local market rate (note)	$533/square feet/month
Current market rent for comparable properties in similar locations and condition	As above
Current status	In use
Capitalization rate	4.00%
Discount rate	2.75%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang
Appraisal date	November 2 2021
Fair value by external independent appraiser(s)	$224,218 thousand ($51,529 thousand Chinese Yuan)

Note: If there is no actual lease case in the area where the target premises are, the valuation report's selection of the rent comparison case for the premises is based on the investigation and evaluation of the target land use, within the range of the neighboring area, select three appropriate comparison cases, after analysis and comparison and adjustment, obtain the reasonable market rent of the target land.

In accordance with Article34 of the Regulations on Real Estate Appraisal, the procedures of the income approach include estimating the effective gross income and total expenses, computing the net operating income, determining the capitalization rate or discount rate, and computing the income. The attributes used by the Group for the estimations above were the last three years' data from the subject property and comparable properties which have similar characteristics, and these data were assessed and adjusted based on their persistency, stability, and growth to ensure the availability and reasonableness of these data. The movement of income (cash inflows) and expenditure (cash outflows) for future periods was based on the vacancies or losses, existing or future cash flow plans of the Group, and historical cash flows from the subject property, identical properties, or properties in the same industry. The estimation and computation of the net income were based on the highest and best use of the subject property and have taken into consideration the income generated from comparable properties in the same location based on their highest and best use.

(Continued)

The discount rate is determined by the risk premium method, which considers the bank time deposit interest rate, government bond interest rate, the risk of real estate investment, currency changes and the trend of real estate prices, etc., and selects the investment return of the most general property The rate is a benchmark, and it is determined after adjusting the difference between the investment property and the individual characteristics of the target. The discount rate is based on the mobile interest rate of the two-year postal fixed deposit small deposit issued by Chunghwa Post Co., Ltd. plus no less than three yards, and considers the underlying income situation, liquidity, risk, value-added and management For factors such as the difficulty of the above, the risk premium will be added on December 31, 2020 and 2019 to determine the discount rate of the target to be 2.02%~7.50% and 2.02%～3.83%. The estimation of income capitalization refers to the weighted average calculation after dividing the net income of the comparison target by the price.

(ii) The Group’s Tainan factory area were expected to be leased or sold to others, so the plant, plant and equipment were transferred to investment property on June 16, 2020. The Group used the difference between the fair value and book value at the time of the change of use to adjust the appreciation of land and improvements of $873,576 thousand and the impairment loss of houses and construction of $18,948 thousand (recorded under other gains and losses). The value-added part deducted the amount of land appreciation tax liability equal to $761,166 thousand were accumulated under other equity.

(iii) In 2021, the Group reclassified its real estate from property, plant and equipment to investment property measured at fair value and recognized the difference between the fair value and the book value, amounting to $59,893 thousand as revaluation surplus under other equity. Please refer to Note 6(g).

(iv) Remeasurement gains and losses arising from investment property measured at fair value, please refer to Note 6(v).

(v) As of December 31, 2021 and 2020, the investment property of the Group had been pledged as collateral for long-term borrowings; please refer to Note 8.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

		Patent	Goodwill	Soft cost	Others	Total
Costs:						
Balance on January 1, 2021	$	206,320	249,688	86,717	1,424	544,149
Additions		2,606	-	3,039	-	5,645
Disposals		(291)	-	-	-	(291)
Effect of movement in exchange rate		(504)	(2,381)	105	-	(2,780)
Balance on December 31, 2021	**$**	**208,131**	**247,307**	**89,861**	**1,424**	**546,723**

(Continued)

		Patent	Goodwill	Soft cost	Others	Total
Balance on January 1, 2020	$	191,407	260,971	64,889	1,083	518,350
Additions		15,565	-	16,473	90	32,128
Disposals		(453)	-	-	-	(453)
Tranfers		-	-	5,578	251	5,829
Effect of movement in exchange rate		(199)	(11,283)	(223)	-	(11,705)
Balance on December 31, 2020	$	**206,320**	**249,688**	**86,717**	**1,424**	**544,149**
Amortization and impairment loss:						
Balance on January 1, 2021	$	178,852	42,149	58,803	1,362	281,166
Amortization for the year		2,987	3,876	10,563	62	17,488
Disposals		(145)	-	-	-	(145)
Effect of movement in exchange rates		(90)	-	66	-	(24)
Balance on December 31, 2021	$	**181,604**	**46,025**	**69,432**	**1,424**	**298,485**
Balance on January 1, 2020	$	175,412	38,110	49,689	474	263,685
Amortization for the year		3,521	4,039	9,289	825	17,674
Impairment loss		400	-	-	-	400
Disposals		(453)	-	-	-	(453)
Tranfers		-	-	(63)	63	-
Effect of movement in exchange rates		(28)	-	(112)	-	(140)
Balance on December 31, 2020	$	**178,852**	**42,149**	**58,803**	**1,362**	**281,166**
Carrying amounts:						
Balance on December 31, 2021	$	**26,527**	**201,282**	**20,429**	**-**	**248,238**
Balance on December 31, 2020	$	**27,468**	**207,539**	**27,914**	**62**	**262,983**
Balance on January 1, 2020	$	**15,995**	**222,861**	**15,200**	**609**	**254,665**

(i) The amortization of intangible assets were recognized in the statement of comprehensive income as follows:

		For the years ended December 31	
		2021	**2020**
Operating costs	$	**1,508**	**1,719**
Operating expenses	$	**15,980**	**15,955**

(ii) Impairment

For impairment testing purposes, goodwill had been allocated to operating units. They were the minimum level used to monitor the goodwill of the Group for internal management purposes and shall not be larger than the operating segment of the Group.

(Continued)

The carrying amount of goodwill had been allocated to each operating unit were as follows:

	December 31, 2021	December 31, 2020
America region	$ 145,342	147,521
Swaziland region	44,397	44,397
Vietnam region	11,543	15,621
	$ 201,282	**207,539**

The recoverable amount of the goodwill was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The value in use is determined by the Group's self-assessment by discounting the future cash flows generated by the continuous use of the unit. The value in use (including property, plant and equipment and goodwill) as of December 31, 2021 and 2020, were performed on the same basis, which was estimated based on factors such as past experience and actual operating results.

The key assumptions of the calculation represent the management's assessment of future trends, or it was determined by appraisal agency based on its own professional judgement. And it takes consideration of both external and internal information (historical information) as well.

(iii) The aforesaid intangible assets were not pledged as collateral.

(j) Short-term borrowings

	December 31, 2021	December 31, 2020
Letters of credit	$ -	9,990
Unsecured non-financial institution loans	-	3,508
Unsecured bank loans	826,175	567,394
Secured bank loans	606,074	270,177
Total	**$ 1,432,249**	**851,069**
Unused credit line	**$ 415,996**	**480,557**
Range of interest rates	**1.00%~6.00%**	**1.00%~6.00%**

The Group had pledged assets as collateral for short-term borrowing, please refer to Note 8.

(Continued)

(k) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 300,000	250,000
Less: Discount on short-term notes and bills payable	(416)	(340)
Net	**$ 299,584**	**249,660**
Range of interest rates	**1.31%**	**1.3%**
Guarantee institution	CHANG HWA Bank and other ten syndicated banks	CHANG HWA Bank and other ten syndicated banks

The Group had pledged assets as collateral for short-term notes and bills payable, please refer to Note 8.

(l) Long-term borrowings

The details were follows:

	December 31, 2021	December 31, 2020
Unsecured non-financial institution loans	$ 94,186	73,743
Secured non-financial institution loans	8,669	48,830
Unsecured bank loans	41,000	-
Secured bank loans	1,777,385	1,738,531
Less: current portion	(226,251)	(391,874)
borrowing fees	(3,821)	(5,061)
Net	**$ 1,691,168**	**1,464,169**
Unused credit line	**$ 18,000**	**50,248**
Range of interest rates	**0.588%~7.87%**	**1.40%~7.87%**
Maturity	**2022.01~2036.05**	**2021.01~2028.03**

(i) The Group entered into a five-year syndicated loan agreement of $2 billion with 11 banks including Changhua Commercial Bank LTD. on January 8, 2020. The funds obtained in the syndicated loan are used to settle the outstanding balance of the previous syndicated loan agreement and to supplement the operating turnover. According to the agreement, the Group shall calculate and maintain its current ratio, interest protection multiples and debt ratio based on the annual and semi-annual consolidated financial reports audited or reviewed by auditors during the loan period. On December 31, 2021, the Group did not violate the loan agreement.

(ii) Please refer to Note 8 for details of the related assets pledged as collateral.

(Continued)

(m) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 33,277	23,650
Non-current	$ 189,775	67,025

For the maturity analysis, please refer to Note 6(w).

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	$ 8,515	2,568
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 19,913	16,419

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

	For the year ended December 31, 2021	
	2021	2020
Total cash outflow for leases	$ 60,521	62,856

(n) Operating lease

Please refer to Note 6(f) and 6(i) for information about the operating leases of property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2021	December 31, 2020
Less than one year	$ 30,497	12,873
One to two years	30,332	12,771
Two to three years	29,617	12,771
Three to four years	27,475	12,057
Four to five years	30,801	9,914
More than five years	124,425	44,613
Total undiscounted lease payments	$ 273,147	104,999

For the information of rent revenue of investment property and asset, please refer to Note 6(v).

(Continued)

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined obligation at present value and asset at fair value were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ (58,160)	(61,223)
Fair value of plan assets	36,227	33,522
Net defined benefit liabilities	**$ (21,933)**	**(27,701)**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Group set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $36,227 thousands as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Defined benefit obligation, January 1	$ (61,223)	(81,736)
Current service costs and interest cost	(211)	(713)
Remeasurements of the net defined benefit liability		
－Experience adjustments	(131)	398
－Actuarial gains (losses) arose from changes in demographic assumptions	(72)	(5)
－Actuarial gains (losses) arose from changes in financial assumption	2,215	(3,822)
The effect of plan reduction	-	23,544
Benefits paid by the plan	1,262	1,111
Defined benefit obligation, December 31	**$ (58,160)**	**(61,223)**

(Continued)

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Fair value of plan assets, January 1	$ 33,522	50,151
Interests revenue	103	383
Remeasurements of the fair value of plan assets		
－Return on plan asset excluding interest income	582	1,613
Contributions made	3,282	3,623
Benefits paid by the plan	(1,262)	(1,111)
Settlement payment of plan asset	-	(21,137)
Fair value of plan assets, December 31	**$ 36,227**	**33,522**

4) Movements of the effect of the asset ceiling: None.

5) Expenses recognized in profit or loss

The Group's pension expenses that should be recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Current service costs	$ 27	106
Net interest of net liabilities for defined benefit obligations	81	224
Service cost of prior period	-	(2,407)
	$ 108	**(2,077)**

The actual expenses recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Operating costs	$ 4	(43)
Selling expenses	60	(1,318)
Administration expenses	25	(914)
Research and development expenses	2	(37)
Prepayment	17	-
	$ 108	**(2,312)**

(Continued)

The difference between the above expenses and the amount should to be reported in the actuarial report will be regarded as a change in accounting estimates and recognized as the profit and loss of the following year.

Due to a number of employees agreeing to a curtailment as of December 31, 2021, the Group has reduced the defined benefit retirement obligations by $23,544 thousand and recognized the reduction in benefits in the consolidated income statement.

6) Actuarial assumptiions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	**December 31, 2020**
Discount rate	0.70%	0.30%~0.35%
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $2,346 thousands.

The weighted average lifetime of the defined benefits plans is 9～10 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2021		
Discount rate (change 0.25%)	$ (1,350)	1,400
Future salary increasing rate (change 0.25%)	1,378	(1,337)
December 31, 2020		
Discount rate (change 0.25%)	(1,524)	1,584
Future salary increasing rate (change 0.25%)	1,553	(1,503)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(Continued)

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $43,096 thousand and $24,541 thousand for the years ended December 31, 2021 and 2020, respectively.

(p) Income taxes

(i) Tax expense

The components of income tax for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Current income tax expense		
Current period	$ 110,662	141,885
Prior years income tax adjustment	17,327	(19,674)
Additional tax on undistributed earnings	5,101	-
	133,090	122,211
Deferred income tax expense		
Origination and reversal of temporary differences	7,905	(17,294)
Recognition of previously unrecognized tax losses	(24,578)	(3,190)
	(16,673)	(20,484)
Tax expense	**$ 116,417**	**101,727**

The reconciliation of tax expense and income before tax for the years ended December 31, 2021 and 2020 are as followed:

	For the years ended December 31	
	2021	**2020**
Profit (loss) before tax	$ 73,662	266,502
Income tax expense at domestic statutory tax rate	$ 14,732	53,300
Effect of tax rates in foreign jurisdiction	108,825	91,658
Tax-exempt income	(4)	(4)
Gains on financial assets at fair value through profit or loss	(22)	-
Origination and reversal of temporary differences	7,905	(19,730)
Current-year losses for which no deferred tax asset was recognized	(24,578)	(3,190)
Adjustment to the prior year	17,327	(19,674)
Realized investment loss	(4,400)	(9,660)
Other	(3,368)	9,027
	$ 116,417	**101,727**

(Continued)

The applicable statutory tax rates for subsidiaries in foreign regions were as follows: America: 22.1%~43.84%, Netherlands: 19%~21%, Mexico: 30%, Mainland: 25%, South Africa: 28% and Swaziland: 27.5%.

(ii) Deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020. were as follows:

1) Deferred tax asset:

		Unrealized loss of inventory valuation	Unrealized sales margin	Carryforward of unused tax loss	Other	Total
Balance on January 1, 2021	$	19,723	1,467	7,220	17,390	45,800
Recognized in profit or loss		(2,471)	1,180	24,578	(6,362)	16,925
Effect of movement in exchange rates		-	-	(942)	-	(942)
Balance on December 31, 2021	**$**	**17,252**	**2,647**	**30,856**	**11,028**	**61,783**
Balance on January 1, 2020	$	4,389	2,066	10,446	16,236	33,137
Recognized in profit or loss		15,334	(599)	(3,226)	1,154	12,663
Balance on December 31, 2020	**$**	**19,723**	**1,467**	**7,220**	**17,390**	**45,800**

2) Deferred tax liabilities:

		Defined benefit plan	Provision for land value increment tax	Other	Total
Balance on January 1, 2021	$	654	177,045	664	178,363
Recognized in profit or loss		-	-	250	250
Balance on December 31, 2021	**$**	**654**	**177,045**	**914**	**178,613**
Balance on December 31, 2020	$	654	64,635	754	66,043
Recognized in profit or loss		-	-	(90)	(90)
Recognized in other comprehensive income		-	112,410	-	112,410
Balance on December 31, 2020	**$**	**654**	**177,045**	**664**	**178,363**

(iii) The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(Continued)

(q) Capital and other equity

(i) Ordinary shares

A resolution was passed by the general meeting of shareholders held on 27 June 2013 for the issuance of 42,052 thousand ordinary shares for cash under private placement, with par value of $10 per share, amounting to $420,524 thousand. The date of capital increase was on 28 April, 2014, which was approved on 23 April 2014 by the Board. The relevant statutory registration procedures have since been completed.

A resolution was passed by the temporary meeting held on 4 December 2018 for the issuance of 23,362 thousand ordinary shares for cash under private placement, with par value of $10 and issuance price of $10.16 per share, amounting to $237,363 thousands, The date of capital increase was on December 12, 2018. The relevant statutory registration procedures have been completed.

As of December 31, 2020 and 2019, the number of authorized shares were each $3,000,000 thousand, respectively, with par value of $10 per share and divided into 300,000 thousand shares. All of the aforementioned shares are ordinary shares, and the number of issued shares was 233,625 thousand shares. All proceeds from the shares have been collected.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to article 43-8 under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private-placed securities, and after applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2021	December 31, 2020
Share capital	$ 121,485	121,485
Conversion of bonds	14,648	14,648
Treasury stock transactions	3,949	3,949
Difference between consideration and carrying amount of subsidiaries acquired or disposed	95,847	103,018
Changes in equity of subsidiaries under equity method	3,531	3,531
Donated surplus	254	254
	$ 239,714	**234,052**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes or salary. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors to be submitted to the stockholders' meeting for approval.

The Company adopts a residual dividend policy. According to the company's future budget plan and the future annual funding needs measured, the Group reserved the funds needed for the retained earnings financing; in order to avoid excessive dilution, the stock dividend is not higher than 50% of the current year's dividend, and the rest can be distributed by cash dividend.

1) Legal reserve

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

2) Special reserve

When the Group first adopted the International Financial Reporting Standards recognized by the FSC, it chose to apply the exemption item of IFRS 1 "First-time Application of International Financial Reporting Standards". Hence, the unrealized revaluation and accumulation accounted for shareholders' equity amounted to $216,408 thousand, resulting in a decrease in retained earnings. Since the net reduction of retained surplus on the conversion date was due to the initial adoption of IFRSs based on FSC's regulations, the Group need not apply for a special surplus reserve for the amount reclassified to retained earnings on January 1, 2013.

The Group chose the fair value model for subsequent measurement of its investment property. According to the regulations of the FSC, the net increase in special surplus reserve amounting to the net increase in fair value of investment property measured by the fair value model adopted for the first time should be applied. Also, the special surplus reserve shall be taken in the following order when the Group distribute its annual earnings:

(Continued)

a) The fair value model is used in calculating the special reserve amounting to the net for subsequent measurement of investment property from undistributed earnings of current period and prior year. When distributing the FY 2019 earnings in 2020, an amount equals to the special surplus reserve shall be recorded from net income and retained earnings. When distributing the FY2020 earnings in 2021, an amount equals to the special surplus reserve shall be recorded from net income, plus other items recorded in retained earnings, excluding net income and retained earnings. If the cumulative net increase in fair value in the previous period, the amount of the special surplus reserve of the same amount from the undistributed surplus in the previous period cannot be distributed; when the accumulated net increase in fair value of the investment real estate is subsequently reduced or the investment real estate is disposed of, the surplus may be reverted to distribute the surplus based on the reduction or the disposal situation.

b) The special surplus reserve calculated based on the shareholding ratio, which amounts to the difference between the market value and the book value of the parent company's stock held by the subsidiary company at the end of the period, shall not be distributed. If there is any rebound in the market price thereafter, the amount of that part must be converted to a special surplus reserve based on the shareholding ratio.

c) A portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. When distributing the FY 2019 earnings in 2020, an amount equals to the special surplus reserve shall be recorded from net income and retained earnings. When distributing the FY 2020 earnings in 2021, an amount equals to the special surplus reserve shall be recorded from net income, plus other items recorded in retained earnings, excluding net income and retained earnings. The amount to be reclassified should equal the total net reduction of other shareholders' equity for the current period. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2021 was decided by the resolution adopted at the general meeting of shareholders held on July 12, 2021; the earning distributions for 2020 was decided by the resolution adopted (without distributable earnings) at the general meeting of the shareholders held on June 16, 2020. For more information, please refer to the website of Market Observation Post system.

(r) Share-based payment

On January 20, 2021, the Board of Directors decided to issue 1,000shares as employee stock options for employees who meet certain conditions, with the subscription price of $15 per share on the grant date.

(Continued)

(i) The Group used Black-DScholes method in measuring the fair value of the share-based payment at the grant date. For the year ended December 31, 2021, the measurement inputs were as follows:

	Equity-settled Employee stock options
Grant date	2021.01.20
Fair value at grant date	15.00
Exercise price(TWD/per share)	18.02
Expected volatility (%)	57.23%
Risk-free interest rate (%)	0.16%
Expected dividend	0.00%
Expected life (years)	0.02
Fair value(TWD/per share)	3.0280

(ii) Description of share-based payment arrangements

Details of the employee stock options were as follows:

	2021	
	Weighted average exercise price	Number of options
Outstanding at January 1	$ -	-
Granted during the year (number)	15.00	1,000
Exercised during the year (number)	(15.00)	(1,000)
Outstanding at December 31, 2021	**$ -**	**-**

In 2021, the Group incurred the expenses on share-based arrangement amounting to $3,028 thousands.

(s) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follow:

(i) Basic earnings per share

	For the years ended December 31	
	2021	2020
Basic earnings per share		
(Loss)/profit attributable to ordinary shareholders	**$ (30,882)**	**168,120**
Weighted-average number of ordinary shares (thousand shares)	**233,625**	**233,625**
(Loss)/profit attributable to shareholders per share	**$ (0.13)**	**0.72**

(Continued)

(ii) Diluted earnings per share

		For the years ended December 31	
		2021	2020
Diluted earnings per share			
(Loss)/profit attributable to ordinary shareholders	$	(30,882)	168,120
Weighted-average number of ordinary shares (basic)		233,625	233,625
Effect of dilutive potential ordinary shares			
Effect of employee share bonus		-	163
Weighted average number of ordinary shares (diluted)		233,625	233,788
(Loss)/profit attributable to ordinary shareholders (diluted)	$	(0.13)	0.72

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

		For the years ended December 31	
		2021	2020
Primary geographical markets:			
Taiwan	$	1,046,861	634,498
America		1,975,977	2,017,581
Asia		1,594,514	4,198,587
Mexico		240,162	165,910
Africa		1,561,854	1,359,986
Other countries		218,568	222,025
	$	6,637,936	8,598,587

(ii) Contract balances

		December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	$	80,400	69,478	81,910

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

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

Based on the amended Company’s Articles of Incorporation, remuneration of employees and directors are appropriated at the rate of at least 2% and no more than 2% of profit before tax, respectively. Prior years’ accumulated deficit is first offset before any appropriation of profit. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

(Continued)

For the year ended December 31, 2021, the Company suffered an operating loss, hence, no remuneration to employees and directors were estimated. For the year ended December 31, 2020 the remuneration to employees and remuneration of director amounting to $3,235, respectively, were estimated on the basis of the Company's net profit before tax, excluding the remuneration to employees and directors of each period, and multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation.

There was no difference between the amounts approved in Board of Directors meeting and recognized for the years ended December 31, 2021 and 2020. For further information, please refer to Market Observation Post System.

(v) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the years ended December 31	
	2021	**2020**
Rent income	$ 3,727	4,149
Dividend income	21	22
	$ 3,748	**4,171**

(ii) Other gains and losses

The details of other gain and losses were as follows:

	For the years ended December 31	
	2021	**2020**
Losses on disposal of intangible assets	$ (146)	-
Losses on disposal of property, plant and equipment	(808)	(14,009)
Gains (losses) on fair value adjustment of investment property	27,988	(18,948)
Foreign exchange losses	(23,312)	(51,524)
Gains (losses) of financial asset at fair value through profit or loss	111	(128)
Impairment loss of non-financial asset	-	(72,259)
Other income	50,086	70,451
Other expenses	(4,047)	(1,261)
	$ 49,872	**(87,678)**

(Continued)

(iii) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2021	2020
Bank deposits	$ 20,761	14,324
Overdue accounts	144	323
Interest subsidy	22	28
	$ 20,927	**14,675**

(iv) Interest expenses

The details of interest expenses were as follows:

	For the years ended December 31	
	2021	2020
Loans and borrowings	$ 86,404	96,148
Lase liabilities	8,515	2,568
Capitalized interest	-	(2,249)
	$ 94,919	**96,467**

(w) Financial instruments

(i) Categories of financial instruments

1) Financial asset

	December 31, 2021	December 31, 2020
Mandatory measured at fair value through profit or loss	$ -	612
Measured at fair value through other comprehensive income	10,689	10,682
Subtotal	10,689	11,294
Measured at amortized cost (deposits and receivables)		
Cash and cash equivalents	1,343,026	1,368,318
Notes, accounts receivables, and other receivables	1,405,327	1,197,858
Other financial assets－current	172,533	201,764
Other non-current financial assets	38,196	44,816
Subtotal	2,959,082	2,812,756
Total	**$ 2,969,771**	**2,824,050**

(Continued)

2) Financial liabilities

	December 31, 2021	December 31, 2020
Financial liabilities carried at amortized cost		
Short-term borrowings	$ 1,432,249	851,069
Short-term notes and bills payable	299,584	249,660
Accrued payable	1,206,968	1,312,605
Lease liabilities	223,052	90,675
Long-term borrowings (including current portion)	1,917,419	1,856,043
Total	$ 5,079,272	4,360,052

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to the credit risk. The amounts of maximum credit risk exposure of the Group on December 31, 2021 and 2020 was $2,969,771 thousand and $2,824,050 thousand, respectively.

2) The customers of the Group are concentrated in the retail and wholesale of textile or garments. In order to reduce credit risk, the Group continuously evaluates the financial status of customers, conducts individual assessment based on the signs of impairment of accounts receivable and credit risk characteristics, handles accounts receivable insurance policy for some customers; On December 31, 2021 and 2020, The Group has a vast client base that is not connected, thus, the extent of concemtration credit risk is limited.

3) For credit risk exposure of trade receivables and other receivables, please refer to Notes 6(c) and 6(d).

(iii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	$ 2,392,128	2,494,538	340,057	438,171	186,457	1,244,654	285,199
Unsecured bank loans	961,361	989,922	794,816	134,579	35,106	25,421	-
Short-term notes and bills payable	299,584	300,000	300,000	-	-	-	-
Accured payables	1,206,968	1,206,968	1,206,968	-	-	-	-
Lease liabilities	223,052	247,960	21,014	19,034	38,146	129,234	40,532
	$ 5,083,093	5,239,388	2,662,855	591,784	4,789,855	4,842,467	325,731

(Continued)

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	$ 2,057,538	2,141,365	521,256	102,877	2,016,568	2,237,784	-
Unsecured bank loans	644,645	700,589	576,181	86,522	925,053	926,985	-
Letters of credit	9,990	10,023	10,023	-	-	-	-
Short-term notes and bills payable	249,660	250,000	250,000	-	-	-	-
Accured payables	1,312,605	1,312,605	1,312,605	-	1,384,153	1,384,153	-
Lease liabilities	90,675	97,300	16,696	8,493	13,232	30,347	28,532
	$ 4,365,113	4,511,882	2,686,761	197,892	-	-	28,532

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

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposures to foreign currency risk were as follow:

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
NTD:USD	$ 29,754	27.6800	823,604	29,090	28.0950	817,296
SZL:USD	673	15.9236	18,653	941	14.6628	26,422
CNY:USD	5,509	6.3614	152,244	2,709	6.5326	76,404
VND:USD	618	22,828	17,139	2,029	23,080	56,987
EUR:NTD	1,373	31.3200	42,989	1,425	34.5800	49,285
MXN:USD	293	20.4499	8,125	999	19.8807	28,045
Financial liabilities						
Monetary items						
NTD:USD	8,257	27.6800	228,566	16,648	28.0950	467,713
SZL:USD	4,086	15.9236	113,185	3,382	14.6628	95,005
CNY:USD	16,743	6.3614	462,679	8,406	6.5326	237,121
VND:USD	1,548	22,828	42,890	4,421	23,080	124,170
MXN:USD	12,973	20.4499	359,331	8,765	19.8807	246,075

(Continued)

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, other financail assets, loans, trade and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Group's functional currency as of December 31, 2021 and 2020 would have increased (decreased) the net income for the years ended December 31, 2021 and 2020 would have increased (decreased) the before-tax net income for the years ended December 31, 2021 and 2020 by $1,439 and $1,156, respectively.

3) Foreign exchange gains or losses on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange losses (including realized and unrealized portions) amounted to $23,312 thousand and $51,524 thousand, respectively.

(v) Interest rate analysis

The book values of the financial assets and financial liabilities affected by the interest rate risk on the reporting date were as below:

	Fixed-rate instrument		Variable rate instrument	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Financial assets	$ 686,526	673,259	823,947	911,421
Financial liabilities	(308,253)	(298,490)	(3,340,999)	(2,658,282)
	$ 378,273	**374,769**	**(2,517,052)**	**(1,746,861)**

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The Group's internal management reported the change of interest rate and the exposure to changes in interest rate of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate had increased / decreased by 1%basis points, the Group's interest expenses would have increased / decreased by $25,171 thousands and $17,469 thousands for the years ended December 31, 2021 and 2020 respectively, with all other variable factors remaining constant. The reason is mainly due to variable-rate loans.

(vi) Other market price risk

If the securty price of domestic stocks measured at fair value through profit or loss held by the Group changes, the impact to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

(Continued)

	For the years ended December 31	
	2021	2020
Price of securities at reporting date	**Net income (loss)**	**Net income (loss)**
Increasing 7%	$ -	43
Decreasing 7%	-	(43)

(vii) Information of fair value

1) Classification of financial instruments and fair value hierarchy

The book value of the financial assets and liabilities was close to the fair value; the fair value of the financial assets measured at fair value through profit and loss and those measured at fair value through other comprehensive income was estimated on a recurring basis of level 1 and 3, respectively.

2) Valuation techniques for financial instruments not measured at fair value

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

a) Financial assets and liabilities measured at amortized cost (including debt investment that has no active markets).

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

3) Valuation techniques for financial instruments measured at fair value

The Group’ s valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

a) Financial instruments that have standard terms and are traded in an active market, such as listed stocks, the fair value are determined by quoted prices.

b) Measurements of fair value of financial instruments without an active market

i) Using discounted cash flow analysis to measure its fair value. The main assumption is investors’ expected standard profit which is manipulated by capitalization rate that reflects investment risk.

ii) Using observable market data at the reporting date to measure its fair value. The main assumption is based on comparable price-book ratio, which is adjusted by offsetting the impact of discount for lack of marketability and minority interest.

c) The fair values of financial assets and financial liabilities other than those aforesaid are determined in accordance with discounted cash flow analysis which is generally accepted.

(Continued)

4) Transfers between Level 1 and Level 2

There are no transfers from each level for the years ended December 31, 2021 and 2020.

(x) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For further information, please refer to the relevant notes to the consolidated financial statement.

(ii) Structure of risk management

The financial management department of the Group provides intercompany services for various businesses, coordinates the operation of entering the domestic and international financial markets, and supervises and manages the financial risks related to the operation of the Group by analyzing the internal risk report according to the degree and breadth of the risk. Internal auditors continue to review compliance with policies and the risk limit. The Group did not trade financial instruments (including derivative financial instruments) for speculative purposes.

(iii) Credit risk

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

1) Trade and other receivable

The policy adopted by the Group is to only trade with reputable customers and obtain collateral when necessary to reduce the risk of financial losses from default. The Group only trades with companies rated equivalent to the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Group will use other publicly available financial information and transaction experience to rate major customers. The Group continues to monitor the credit risk insurance level and the credit rating of the counterparty, and distributes the total transaction amount to those with qualified credit ratings, and controls the credit risk through the credit limit that is reviewed and approved annually.

The accounts receivable is comprised from vast customers base, which is scattered in different industries and geographic regions. The Group continues to evaluate the financial status of customers.

(Continued)

2) Investments

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

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. On December 31, 2021 and 2020, no other guarantees were outstanding.

(iv) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the operation and ease the impact of cash flow fluctuation. The management supervises the unused credit lines and ensures the compliance of loan contracts.

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

Bank loans were important resource of liquidity risk for the Group. For the unused credit line amount of the Group on December 31, 2021 and 2020, please refer to the Notes(k) and (m).

(v) Market risk

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

1) Currency risk

The Group is exposed to currency risk arising from sales, purchases and borrowings that are not denominated in functional currencies of the Group's main operating entities. The functional currency of the Group is primarily the New Taiwan Dollars (NTD), as well as US Dollars (USD), Euro (EUR) Chinese Yuan (CNY) and South African Rand (ZAR). The currencies used in these transactions are denominated in NTD, EUR, USD, CNY and ZAR.

The loan interest is denominated in the same currency as principal. Generally, borrowings are denominated in the same currencies that generates operating cash flows of the Group, mainly in NTD, as well as in USD and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

(Continued)

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group borrowed funds in the fixed and variable rate simultaneously, resulting in fair value change risk and cash flow risk. The Group manage the interest rate risk through maintaining a proper combination of fixed and variable rate.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in domestic listed stocks. The Group does not actively trade these investments, and the management continuously monitor the price risk and assess the portfolio.

(y) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interests plus net debt.

As of December 31, 2021, the Group's capital management strategy is consistent with the prior year. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2021 and 2020, were as follows:

		December 31, 2021	December 31, 2020
Total liabilities	$	5,511,496	4,780,920
Less: cash and cash equivalents		(1,343,026)	(1,368,318)
Net debt		4,168,470	3,412,602
Total Equity		3,106,769	3,332,000
Adjusted equity	**$**	**7,275,239**	**6,744,602**
Debt-to-equity ratio		**57.30%**	**50.60%**

(Continued)

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
SEN JEWEL TECHNOLOGY CO., LTD.	Same president with the Company
TAI CHAM TECHNOLOGY CO., LTD.	The entity's chairman is the vice chairman of the Company
Feng-Ying Yeh	Key management personnel

(b) Significant transactions with related parties

(i) Sales

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

	For the years ended December 31	
	2021	2020
Other related party	$ 150	-
Associates	32	1,604
	$ 182	**1,604**

The payment terms ranged from one to three months, which were no difference from the those given to other customers. The pricing cannot be compared due to the specifications and styles of the orders.

(ii) The amount of purchase by the Group from related parties was $15 thousand in 2020. The payment terms of the payables were one month, which were similar to the normal transactions.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Account receivables	Other related parties	$ 158	-
	Associates	-	1,684
		$ 158	**1,684**
Other receivables	Other related parties	**$ 200**	**295**

(iv)Payables from Related Parties

Account	Relationship	December 31, 2021	December 31, 2020
Other payables due to related parties	Associates	**$ 4**	**-**

(Continued)

(v) Leases

The Group leased its factory buildings and offices to associates and other related party in lease terms of a year. The rental income was paid on a monthly basis. For years ended December 31, 2021 and 2020, there were $60 thousand and $260 thousand, respectively.

(vi) Loans to related parties (accounted as other payables due to related parties)

	December 31, 2021	December 31, 2020
Key management personnel-Feng Ying, Yeh	$ **28,250**	**14,500**

The Group's borrowing from the upper management is calculated at an interest rate of 4%. For the years ended December 31, 2021 and 2020, the interest expenses recognized amounted to $807 thousand and $360 thousand,and unpaid interest were $807 thousand and $0 thousand, No collaterals were pledged for the abovementioned loans.

(vii) Disposals of property, plant and equipment

1) In 2020, the Group sold 99,424 shares of AIQ to key management. The total disposal price was 815 thousand. The gains of the disposal were 163 thousand which is recorded under additional paid-in capital.

2) In 2020, the Group sold machinery and transportation equipment to other related party. The total disposal price were $1,519 thousand. The gains of the disposal was $576 thousand.

(viii) Advance receipts

For the year ended December 31, 2021, the Group reccived the advance payment of $633 thousand from other related party and recognized it as current contract liabilities.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
Short-term employee benefits	$ 30,309	27,456
Post-employment benefits	723	702
	$ **31,032**	**28,158**

(Continued)

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2021	December 31, 2020
Account receivables	Collateral for short-term borrowings	$ 4,666	2,063
Other financial assets－current and non-current	Collateral for long-term and short-term borrowings, guarantee of litigation and performance	190,238	227,995
Property, plant and equipment	Collateral for long-term and short-term borrowings	1,201,403	1,068,216
Investment property	Collateral for long-term borrowings	1,068,630	984,074
Right-of-use assets	Collateral for short-term borrowings	76,463	107,809
		$ 2,541,400	2,390,157

(9) Commitments and contingencies:

(a) Significant commitments and contingencies were as follows:

(i) Unrecognized contractual commitments

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	$ 1,561	17,668

(ii) Outstanding standby letter of oredit

	December 31, 2021	December 31, 2020
USD	$ 12,036	12,558
NTD	$ -	22,827

(b) Significant contingent liability: None

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	For the year ended December 31					
	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	694,331	485,018	1,179,349	797,810	508,397	1,306,207
Labor and health insurance	50,020	37,389	87,409	56,545	33,687	90,232
Pension	19,987	23,200	43,187	8,975	13,254	22,229
Others	38,864	33,680	72,544	46,427	59,061	105,488
Depreciation	136,796	69,729	206,525	162,354	74,707	237,061
Depletion	-	-	-	-	-	-
Amortization	1,508	15,980	17,488	1,719	15,955	17,674

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	TRYD TEXTILE	Other accounts receivable-related party	Yes	85,500	83,040	-	2.50%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AMRAY (MEXICO)	〃	Yes	27,985	-	-	2.5-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	TEX-RAY (MEXICO)	〃	Yes	57,000	-	-	2.5-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AIQ	〃	Yes	75,000	40,000	19,000	4.00%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AIQ-S	〃	Yes	3,342	3,322	3,322	2.5%-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
1	Z-PLY(NY)	AMRAY (MEXICO)	〃	Yes	28,500	27,680	27,680	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
1	Z-PLY(NY)	TEX-RAY (MEXICO)	〃	Yes	57,000	55,360	-	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
1	Z-PLY(NY)	TRYD TEXTILE	〃	Yes	111,400	110,720	83,040	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
2	TEX-RAY (SHANGHAI)	AIQ (Zhejiang)	〃	Yes	48,011	47,864	39,162	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
2	TEX-RAY (SHANGHAI)	TRYD APPAREL	〃	Yes	87,292	87,026	-	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
2	TEX-RAY (SHANGHAI)	TRYD TEXTILE	〃	Yes	261,876	261,078	226,267	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
3	TEX-RAY (MEXICO)	AMRAY (MEXICO)	〃	Yes	67,678	67,678	40,607	2.5%	2	-	Operating turnover	-	-	-	243,389	365,084
4	GREAT CPT	AIQ	〃	Yes	10,000	-	-	4.00%	2	-	Operating turnover	-	-	-	7,825	7,825
5	ZHENG-RAY	GREAT CPT	〃	Yes	10,000	-	-	3.00%	2	-	Operating turnover	-	-	-	47,015	47,015
6	TEX-RAY (CAYMAN)	TEX-RAY (MEXICO)	〃	Yes	114,000	110,720	107,122	2.5-4%	2	-	Operating turnover	-	-	-	447,399	671,099
6	TEX-RAY (CAYMAN)	AMRAY (MEXICO)	〃	Yes	208,500	207,600	179,920	2.5-4%	2	-	Operating turnover	-	-	-	447,399	671,099
7	KING'S METAL FIBER (SHANGHAI)	AIQ (Zhejiang)		Yes	872	-	-	6.00%	2	-	Operating turnover	-	-	-	-	-

Note 1: Financing purposes:

1) Business dealings

2) Short-term financing needs

Note 2: The maximum limit of Capital Finance is limited to 40% of the company's net value, so the calculation is based on the net value of the most recent financial report. The calculation limit is 2,934,682 thousand NTD × 40% = 1,173,873 thousand NTD.

Note 3: The loan amount of individual objects is limited to not more than 40% of the company's net value, so the calculation is based on the net value of the most recent financial report. The calculation limit is 2,934,682 thousand NTD × 40% = 1,173,873 thousand NTD.

Note 4: The maximum limit of capital financing is limited to 40% of the net value of the financial report of the loan and the company. However, the maximum limit of 100% holding of foreign subsidiary financing is limited to 150% of the company’s financial report net value.

Note 5: The loan amount of individual objects shall not exceed 40% of the subsidiary’s financial report net value. However, the amount of loans to individual objects between 100% held foreign subsidiaries shall not exceed 100% of the net value of the financial report of the subsidiary.

Note 6: The endorsement guarantee provided by KING'S METAL (SHANGHAI) to AIQ (Zhejiang) had been cancelled in June 2021.

Note 7: Reconciliated in the preparation of consolidated report.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	GOOD TIME	2	1,467,341	34,200	-	-	-	- %	2,934,682	Y	N	N
0	The Company	TEX-RAY(VN)	2	1,467,341	83,955	55,360	-	-	1.89 %	2,934,682	Y	N	N
0	The Company	TEX-RAY (SHANGHAI)	2	1,467,341	104,750	104,431	85,503	-	3.56 %	2,934,682	Y	N	Y
0	The Company	TRYD APPAREL	2	1,467,341	195,475	193,760	160,181	62,538	6.60 %	2,934,682	Y	N	Y
0	The Company	TRYD TEXTILE	2	1,467,341	941,921	936,846	539,720	221,780	31.92 %	2,934,682	Y	N	Y
0	The Company	TST	2	1,467,341	48,500	47,680	8,000	-	1.62 %	2,934,682	Y	N	N
0	The Company	WEI LI TEXTILE	2	1,467,341	10,000	-	-	-	- %	2,934,682	Y	N	N
0	The Company	AIQ	2	1,467,341	41,000	41,000	41,000	13,815	1.40 %	2,934,682	Y	N	N
1	TEX-RAY (SHANGHAI)	TEX-RAY (KUNSHAN)	2	412,082	43,646	43,513	31,764	-	10.56 %	618,123		N	Y

Note 1: The relationship between the guarantee and the guarantor are as follows:
1. Transactions between the companies.
2. The Company directly or indirectly holds more than 50% voting right.
3. When other companies directly or indirectly hold more than 50% voting rights of the Company.
4. The Company directly or indirectly holds more than 90% voting right.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 2: The maximum limit of endorsement guarantee is limited to not exceeding 100% of the net value of the company's latest financial report, so the calculation is based on the net value of the most recent financial report, and the calculation limit is 2,934,682 thousand NTD × 100% = 2,934,682 thousand NTD.

Note 3: The limit for a single enterprise endorsement guarantee is limited to 50% of the net value of the company's latest financial report. Therefore, the calculation is based on the net value of the latest financial report. The calculation limit is 2,934,682 thousand NTD × 50% = 1,467,341 thousand NTD.

Note 4: The amount of the endorsement guarantee provided to a single enterprise in business dealings shall not exceed the total amount of business dealings in the twelve months before the endorsement of the two parties.

Note 5: The maximum limit of overseas subsidiary endorsement guarantee is limited to 150% of the net value of each subsidiary's latest financial statement, and the limit of endorsement guarantee for individual objects is limited to 100% of the net value of each subsidiary's latest financial statement.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	SHIN ERA TECH	-	Financial assets at for value through other	68	-	1.88 %	-	1.88 %	
The Company	Cayman iMaker Technlogy Inc.	-	Financial assets at for value through other	800	-	8.80 %	-	8.80 %	
The Company	TAIWAN United Outdoor Group, Inc.	-	Financial assets at for value through other	500	-	15.67 %	-	15.67 %	
The Company	PHYSICLO, Inc.	-	Financial assets at fair value through other	51	-	5.00 %	-	5.00 %	
AIQ	Joiiup Technology Co., Ltd.	-	Comprehensive income-non-current	333	-	5.71 %	-	5.71 %	
ZENG-RAY	SEN JEWEL TECHNOLOGY CO., LTD.	-	Comprehensive income-non-current	950	9,500	19.00 %	9,500	19.00 %	

(Continued)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
KING'S METEL (SHANHAI)	Shenzhen Titanium Investment Development Partnership.	-	Comprehensive income-non-current	274	1,189	7.65 %	1,189	7.65 %	

Note: The stocks of unlisted OTC companies have no market price to follow, so they are listed based on the net equity value multiplied by the shareholding ratio or equity evaluation report for reference.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Z-PLY(NY)	Sub-subsidiary	Sale	(605,314)	(19) %	45days	-		388	-%	
The Company	T.Q.M.(SWAZILAND)	Sub-subsidiary	Sale	(219,601)	(7) %	60days	-		96,821	18%	
TRYD APPAREL	TEX-RAY (SHANGHAI)	Affiliated company	Sale	(151,547)	(16) %	60days	-		59,975	19%	
TRYD APPAREL	Z-PLY(NY)	Affiliated company	Sale	(185,577)	(19) %	90days	-		39,888	13%	
T.Q.M(SWAZILAND)	TEX-RAY(SA)	Parent company	Sale	(1,390,795)	(97) %	75days	-		1,050,389	99%	
KASUMI(SWAILAND)	T.Q.M(SWAZILAND)	Affiliated company	Sale	(204,857)	(100)%	60days	-		368,585	100%	
TEX-RAY(VN)	The Company	Ultimate Parent company	Sale	(304,904)	(99) %	60days	-		-	-%	
TEX-RAY (SHANGHAI)	Z-PLY(NY)	Affiliated company	Sale	(126,209)	(24) %	60days	-		13,631	3%	
KMT	KMBV	Subsidiary	Sale	(126,263)	(35) %	90days	Fixed profit margin		26,350	44%	
GOOD TIME	The Company	Ultimate Parent company	Sale	(102,191)	(93) %	60days	-		-	-%	
Z-PLY(NY)	TRYD APPAREL	Affiliated company	Purchase	185,577	20 %	45days	-		(39,888)	(77)%	
The Company	TEX-RAY(VN)	Sub-subsidiary	Purchase	304,904	17 %	60days	-		-	-%	
The Company	GOOD TIME	Sub-subsidiary	Purchase	102,191	6 %	60days	-		-	-%	
Z-PLY(NY)	The Company	Ultimate Parent company	Purchase	605,314	65 %	45days	-		(388)	(1)%	
Z-PLY(NY)	TEX-RAY (SHANGHAI)	Affiliated company	Purchase	126,209	14 %	90days	-		(13,631)	(26)%	
T.Q.M(SWAZILAND)	The Company	Ultimate Parent company	Purchase	219,601	32 %	60days	-		(96,821)	(17)%	
T.Q.M(SWAZILAND)	KASUMI(SWAILAND)	Affiliated company	Purchase	204,857	30 %	60days	-		(368,585)	(63)%	
TEX-RAY (SHANGHAI)	TRYD APPAREL	Affiliated company	Purchase	151,547	32 %	60days	-		(59,975)	(55)%	
KMBV	KMT	Parent company	Purchase	126,263	99 %	90days	Fixed profit margin		(26,350)	(100)%	
TEX-RAY(SA)	T.Q.M(SWAZILAND)	Subsidiary	Purchase	1,390,795	100 %	75days	-		(1,050,389)	(100)%	

Note: Reconciliated in the preparation of consolidated report.

(Continued)

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
T.Q.M.(SWAZILAND)	TEX-RAY(SA)	Parent company	1,050,389	1.41	-		239,637	-
KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	Affiliated company	368,585	0.55	-		30,175	-
TEXRAY(KUNSHAN)	TRYD APPAREL	Affiliated company	104,784	0.86	-		-	-
TEX-RAY (SHANGHAI)	TRYD TEXTILE	Affiliated company	226,267	(note 1)	-		-	-
TEX-RAY(CAYMAN)	TEX-RAY(MEXICO)	Subsidiary	107,122	(note 1)	-		-	-
TEX-RAY(CAYMAN)	AMRAY(MEXICO)	Subsidiary	179,920	(note 1)	-		-	-

Note 1: Loan provided by the related party.

Note 2: The above-mentioned transactions have been reconciliated in the preparation of consolidated report.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Z-PLY(NY)	1	Sales revenue	605,314	Similar to non-related parties	9.12%
0	The Company	TEX-RAY(VN)	1	Other prepaid expenses	69,145	Similar to non-related parties	0.80%
0	The Company	TRCA GARMENT	1	Other prepaid expenses	23,797	Similar to non-related parties	0.28%
0	The Company	T.Q.M.(SWAZILAND)	1	Sales revenue	219,601	Similar to non-related parties	3.31%
0	The Company	T.Q.M.(SWAZILAND)	1	Account receivable	96,821	Similar to non-related parties	1.12%
0	The Company	GOOD TIME	1	Other prepaid expenses	40,169	Similar to non-related parties	0.47%
0	The Company	TRLA GROUP	1	Sales revenue	16,901	Similar to non-related parties	0.25%
0	The Company	AIQ	1	Other receivable	19,000	By contract	0.22%
1	TEX-RAY(CAYMAN)	AMRAY(MEXICO)	1	Other receivable	179,920	By contract	2.09%
1	TEX-RAY(CAYMAN)	TEX-RAY(MEXICO)	1	Other receivable	107,122	By contract	1.24%
2	TRYD APPAREL	TRLA GROUP	1	Sales revenue	24,402	Similar to non-related parties	0.37%
2	TRYD APPAREL	TEX-RAY (SHANGHAI)	1	Sales revenue	151,547	Similar to non-related parties	2.28%
2	TRYD APPAREL	TEX-RAY (SHANGHAI)	1	Account receivable	59,975	Similar to non-related parties	0.70%
2	TRYD APPAREL	TRYD TEXTILE	3	Prepayment for purchases	21,104	Similar to non-related parties	0.24%
2	TRYD APPAREL	Z-PLY(NY)	3	Sales revenue	185,577	Similar to non-related parties	2.80%
2	TRYD APPAREL	The Company	3	Sales revenue	39,888	Similar to non-related parties	0.46%
3	TRYD APPAREL	Z-PLY(NY)	3	Account receivable	84,825	Similar to non-related parties	1.28%
3	TEX-RAY (SHANGHAI)	The Company	3	Sales revenue	126,209	Similar to non-related parties	1.90%
3	TEX-RAY (SHANGHAI)	Z-PLY(NY)	3	Sales revenue	94,898	Similar to non-related parties	1.43%
3	TEX-RAY (SHANGHAI)	TRYD APPAREL	2	Sales revenue	58,000	Similar to non-related parties	0.67%
3	TEX-RAY (SHANGHAI)	The Company	3	Sales revenue	226,267	Similar to non-related parties	2.63%
3	TEX-RAY (SHANGHAI)	Z-PLY(NY)	3	Sales revenue	39,162	Similar to non-related parties	0.45%
4	TEX-RAY (SHANGHAI)	TEX-RAY (YANCHENG)	3	Account receivable	1,050,389	Similar to non-related parties	12.19%
4	TEX-RAY (SHANGHAI)	TRYD TEXTILE	3	Other receivable	1,390,795	By contract	20.95%
5	TEX-RAY (SHANGHAI)	AIQ (Zhejiang)	3	Other receivable	368,585	By contract	4.28%
5	T.Q.M.(SWAZILAND)	TEX-RAY(SA)	3	Account receivable	204,857	Similar to non-related parties	3.09%
6	T.Q.M.(SWAZILAND)	TEX-RAY(SA)	3	Sales revenue	19,717	Similar to non-related parties	0.30%

(Continued)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
7	KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	3	Account receivable	68,091	Similar to non-related parties	1.03%
7	KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	3	Sales revenue	26,733	Similar to non-related parties	0.31%
7	TEX-RAY (YANCHENG)	TRYD APPAREL	3	Sales revenue	17,717	Similar to non-related parties	0.27%
8	GOLDEN JUBILEE	T.Q.M.(SWAZILAND)	3	Sales revenue	102,191	Similar to non-related parties	1.54%
9	GOLDEN JUBILEE	T.Q.M(SWAZILAND)	3	Account receivable	19,363	Similar to non-related parties	0.22%
10	GOLDEN JUBILEE	The Company	3	Sales revenue	40,662	Similar to non-related parties	0.61%
10	GOOD TIME	The Company	3	Processing revenue	35,687	Similar to non-related parties	0.54%
11	MSWATI	TRYD APPAREL	3	Other receivable	36,607	Similar to non-related parties	0.42%
11	AMRAY(MEXICO)	TRLA GROUP	3	Sales revenue	40,607	Similar to non-related parties	0.47%
11	AMRAY(MEXICO)	TEX-RAY(MEXICO)	3	Sales revenue	57,669	Similar to non-related parties	0.67%
12	TEX-RAY(MEXICO)	AMRAY(MEXICO)	3	Account receivable	83,040	Similar to non-related parties	0.96%
12	TEX-RAY(MEXICO)	AMRAY(MEXICO)	3	Prepayment for purchases	27,680	Similar to non-related parties	0.32%
13	Z-PLY(NY)	TRYD TEXTILE	3	Other receivable	126,263	By contract	1.90%
13	Z-PLY(NY)	TEX-RAY(MEXICO)	3	Other receivable	26,350	By contract	0.31%
14	Z-PLY(NY)	AMRAY(MEXICO)	3	Other receivable	304,904	By contract	4.59%
15	KMT	KMBV	3	Sales revenue	54,491	Fixed profit margin	0.82%
15	KMT	KMBV	3	Account receivable	15,860	Fixed profit margin	0.18%
16	TEX-RAY(VN)	The Company	3	Processing revenue	67,454	Similar to non-related parties	1.02%
16	TRYD TEXTILE	TRYD APPAREL	3	Sales revenue	104,784	Similar to non-related parties	1.22%
16	TRYD TEXTILE	TRYD APPAREL	3	Account receivable	37,006	Similar to non-related parties	0.56%

Note 1: The numbering is as follows:

1. "0" represents the parent company
2. Subsidiaries are sequentially numbered from 1 by company

Note 2: Relation between related parties are as follows:

1. Parent company and its subsidiaries
2. Subsidiaries and its parent company
3. Subsidiaries and its subsidiaries

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	TST	TAIWAN	Printing and dyeing finishing, machinery and equipment manufacturing and wholesale, etc.	-	68,067	-	- %	-	75.63 %	449	922	Note
The Company	Great CPT	TAIWAN	Overseas investment holding	104,370	104,370	4,500,000	100.00 %	54,627	100.00 %	(9,092)	(9,186)	Subsidiary
The Company	KMT	TAIWAN	Non-woven fabrics, copper secondary processing and fabric retailing, etc	83,002	84,881	12,924,963	59.22 %	196,427	63.46 %	55,969	33,901	Subsidiary
The Company	ZHENG-RAY	TAIWAN	Trading and manufacturing of spinning and weaving	63,000	5,000	11,580,000	100.00 %	73,975	100.00 %	404	(393)	Subsidiary
The Company	WLT	TAIWAN	Wholesale trade	27,440	21,000	2,744,000	68.60 %	(1,247)	70.00 %	(19,218)	(13,183)	Subsidiary
The Company	FLYNN (SAMOA)	SAMOA	Overseas investment holding	310,613	310,613	9,100,000	100.00 %	462,479	100.00 %	33,475	33,475	Subsidiary
The Company	TEX-RAY (BELIZE)	BELIZE	Overseas investment holding	1,063,287	1,063,287	32,348,213	100.00 %	413,132	100.00 %	4,921	4,921	Subsidiary
The Company	EX-RAY (BN)	SAMOA	Overseas investment holding	1,756,813	1,756,813	60,579,330	100.00 %	(157,854)	100.00 %	(273,852)	(273,852)	Subsidiary

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	TEXRAY (SA)	SOUTH AFRICA	Marketing and trading	102,704	102,704	39,651,771	100.00 %	1,190,276	100.00 %	247,386	247,386	Subsidiary
The Company	TEX-RAY (CAYMAN)	CAYMAN	Overseas investment holding	1,353,739	1,057,841	42,042,722	100.00 %	447,399	100.00 %	(87,080)	(87,080)	Subsidiary
The Company	AIQ	TAIWAN	Wholesale trade	163,512	90,000	11,503,200	70.44 %	29,245	70.44 %	(59,612)	(37,812)	Subsidiary
The Company	Unigym Global	CAYMAN	Electronic Information Supply Service Industry	9,092	9,092	-	- %	-	- %	-	-	Prepayments for investments
TEX-RAY (BN)	GOOD TIME	VIETNAM	Garment processing	227,750	227,750	-	100.00 %	(1,101)	100.00 %	(30,147)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	MSWATI	MAURITIUS	Overseas investment holding	1,160,125	1,160,125	-	100.00 %	(293,371)	100.00 %	(216,328)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TEXRAY (VN)	VIETNAM	Garment processing	423,990	423,990	-	100.00 %	151,613	100.00 %	(23,248)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TRCA GARMENT	CAMBODIA	Garment processing	63,564	63,564	-	100.00 %	(21,311)	100.00 %	(1)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	TRLA GROUP	USA	Marketing and trading	18,384	18,384	2,936,000	100.00 %	37,498	100.00 %	(12,320)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	Z-PLY (NY)	USA	Marketing and trading	260,443	260,443	200	100.00 %	424,886	100.00 %	45,795	Exempt from disclosure	Sub-subsidiary
Great CPT	TEXRAY (SWAZILAND)	ESWATINI	Garment processing	158,524	158,524	12,417,938	100.00 %	3,327	100.00 %	382	Exempt from disclosure	Sub-subsidiary
Great CPT	YIHONG CO.,LTD	TAIWAN	Dyeing and finishing industry	-	6,000	-	- %	-	- %	-	Exempt from disclosure	Investment accounted for using equity method
TST	HUAI WEI BIOTECHNOLOGY CO.,LTD	TAIWAN	Biotechnology Service	-	12,000	-	- %	-	60.00 %	(10,162)	Exempt from disclosure	Sub-subsidiary
ZHENG-RAY	HUAI WEI BIOTECHNOLOGY CO.,LTD	TAIWAN	Biotechnology Service	9,540	-	1,200,000	60.00 %	5,250	60.00 %	(10,162)	Exempt from disclosure	Sub-subsidiary
ZHENG-RAY	TST	TAIWAN	Printing and dyeing finishing, machinery and equipment manufacturing and wholesale, etc.	68,067	-	5,067,217	75.63 %	52,796	75.63 %	449	Exempt from disclosure	Sub-subsidiary
KMT	KMBV	NETHERLANDS	Marketing and trading	7,950	7,950	200,000	100.00 %	8,355	100.00 %	2,306	Exempt from disclosure	Sub-subsidiary
AIQ	AIQ-S	UK	Development of smart clothing technology	15,419	15,419	396,266	50.00 %	1,028	50.00 %	(1,991)	Exempt from disclosure	Sub-subsidiary
AIQ	Taiwan Innovation (HK)	HONG KONG	Machine marketing and trading	390	390	100,000	100.00 %	(632)	100.00 %	(1,457)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	TEXRAY (MEXICO)	MEXICO	Dyeing	1,168,882	1,168,882	-	100.00 %	243,389	100.00 %	(12,161)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	AMRAY (MEXICO)	MEXICO	Garment processing	178,119	178,119	-	100.00 %	(135,504)	100.00 %	(75,820)	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	KASUMI (SWAZILAND)	ESWATINI	Trading and manufacturing of dyeing, finishing, woven fabrics and garments	43,461	43,461	1,657,400	100.00 %	368,710	100.00 %	15,070	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	T.Q.M. (SWAZILAND)	ESWATINI	Dyeing	569,316	569,316	132,525,183	100.00 %	1,004,839	100.00 %	150,435	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	U.I.W.(SWAZILAND)	ESWATINI	Garment processing	47,508	47,508	12,031,000	100.00 %	19,325	100.00 %	118	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	J.M. Rotary Print Industrial Co.,Ltd.	ESWATINI	Dyeing and finishing of fabrics, clothing sales	12,908	12,908	5,618,729	100.00 %	(1,018)	100.00 %	(1,012)	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	GOLDEN JUBILEE	ESWATINI	Garment processing	10,800	10,800	5,000,000	100.00 %	35,583	100.00 %	12,089	Exempt from disclosure	Sub-subsidiary
T.Q.M. (SWAZILAND)	ESWT (SWAZILAND)	ESWATINI	Sale of agricultural products	-	1,822	-	- %	-	90.00 %	(379)	Exempt from disclosure	Third-tier company

Note 1: The carrying value of subsidiaries are reconciliated in the preparation of consolidated report.

Note 2: Please refer to Note 4(c) for consolidated components.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Highest Percentage of ownership	Accumu-lated remittance of earnings in current period
					Outflow	Inflow								
TEX-RAY (SHANGHAI)	Operating textile storage, trading, distribution, display and technology development	282,574	(2)	282,574	-	-	282,574	5,018	100.00%	100.00%	5,018	412,082	-	-
TEX-RAY (YANCHENG)	Manufacturing and sales of textiles, clothing, shoes and hats	45,527	(3)	-	-	-	-	524	100.00%	100.00%	524	(48,663)	-	-
TEXRAY(KUNSHAN)	Development of composite fabrics	168,268	(3)	-	-	-	-	7,484	100.00%	100.00%	7,484	182,097	-	-
TRYD TEXTILE	Garment processing and engaged in spinning, weaving, highend fabrics, bleaching and dyeing, printing and garment production	1,749,139	(2)	1,235,108	-	-	1,235,108	(103,873)	100.00%	100.00%	(103,873)	(84,605)	-	-
TRYD ARRAREL	Knitted garment processing	164,220	(2)	86,711	-	-	86,711	(109,656)	100.00%	100.00%	(109,656)	(123,860)	-	-
KING'S METAL FIBER (SHANGHAI)	Wholesale of glass products, high-efficiency insulation materials, textiles, clothing, apparel and accessories	51,221	(2)	51,221	-	-	51,221	(24,369)	70.44%	70.44%	(15,457)	(15,114)	-	-
AIQ (Zhejiang)	System development, production and sales of smart devices	10,318	(3)	-	-	-	-	(23,095)	70.44%	70.44%	(14,649)	(16,335)	-	-
TRYD ARRAREL (HENAN) (Note 3)	Garment processing	-	(2)	46,494	-	-	46,494	-	-%	-%	-	-	-	-
TRYD TEXTILE RESEARCH INSTITUTE (Note 4)	Technology research and development of polymer composite materials and new textile material	49,149	(3)	-	-	-	-	-	-%	-%	-	-	-	-
Wei-Da Testing	Testing service and environmental assessment	31,065	(3)	-	-	-	-	96	100.00%	100.00%	96	7,047	-	-
SHANGHAI JIN PEILI (Note 5)	Weaving, dyeing and finishing of high-end fabrics, sales of products of the company	111,088	(2)	14,321	-	-	14,321	-	-%	-%	-	-	-	-
JIANAN TEXTILE (Note 6)	Weaving, dyeing and finishing of high-grade fabrics	29,613	(2)	29,613	-	-	29,613	-	-%	-%	-	-	-	-

(Continued)

Note 1: Three types of investment method are as follows:
1. Directly investing in the mainland area
2. Investing in the mainland through companies in another country (Please refer to Noter 4(c)).
3. Other methods

Note 2: The investment gains and losses recognized at the equity method are based on the financial information of the mainland investee companies, which was audited by the auditors of parent company during the same fiscal period.

Note 3: The business was deregistered in November 2015, and the share capital was remitted back to the upper parent company MSWATI in March 2016.

Note 4: The business was liquidated in October 2019.

Note 5: The business was liquidated in December 2012.

Note 6: The business was deregistered in June 2012, and only the investment fund was remitted back to the upper parent company MSWATI.

Note 7: The numbers listed above are presented in NTD, according to the currency rate on December 31, 2021. (USD: 27.6800, CNY: 4.3440)

(ii) Limitation on investment in Mainland China

The Company had obtained the certification letter of the operating headquarters from the Ministry of Economic Affairs on July 12, 2021. The validity period is from June 29, 2021 to June 28, 2024, and there is no such restriction of ceiling on investment in Mainland China.

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
Yue-Da Textile holdings, Ltd B.V	42,052,440	17.99 %
Suzhou Wei-De Co., Ltd.	23,680,000	10.13 %
Nan-Yu, Guo	23,362,466	9.99 %
Feng-Ying, Yeh	14,280,000	6.11 %

(Continued)

(14) Segment information:

(a) General information

(i) The Group's reportable segments are as below: the dyeing and wearing segment, the garment pracess segment, the Machine manufacturing segment, the Metal Fiber segment and other segments. They are respectively engaged in the weaving, manufacturing and processing, dyeing and finishing and trading of cotton, cloth, various fibers and textiles, and cotton yarn purchasing, export business, garment processing and export business, etc.

(ii) The operating results of all operating departments are regularly reported to the Company's operating decision-makers for resource allocation and for evaluation of their performance. It was prepared on a basis consistent with the consolidated financial statements.

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

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note (4) "Sumrnary of significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation were as follows:

For the year ended December 31, 2021	Dyeing and weaving segment	Garment processing segment	Machine Manufacturing segment	Metal Fiber segment	Other	Adjustment and eliminations	Total
Revenue from external customers	$ 527,102	5,604,042	76,406	401,232	29,154	-	6,637,936
Intersegment revenues	497,225	2,942,927	158	148,028	227,967	(3,816,305)	-
Total revenue	**$ 1,024,327**	**8,546,969**	**76,564**	**549,260**	**257,121**	**(3,816,305)**	**6,637,936**
Interest revenue	**$ 1,896**	**33,631**	**13**	**42**	**5,811**	**(20,466)**	**20,927**
Interest expenses	**$ 45,078**	**28,946**	**230**	**8,501**	**32,630**	**(20,466)**	**94,919**
Depreciation and amortization	**$ 79,941**	**82,719**	**3,242**	**29,486**	**28,625**	**-**	**224,013**
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ -	-	-	-	-	-	-
Reportable segment profit or loss	**$ (47,030)**	**237,242**	**1,017**	**9,666**	**(127,233)**	**-**	**73,662**

(Continued)

For the year ended December 31, 2020		Dyeing and weaving segment	Garment processing segment	Machine Manufacturing segment	Metal Fiber segment	Other	Adjustment and eliminations	Total
Revenue from external customers	$	677,253	7,400,802	149,787	351,523	19,222	-	8,598,587
Intersegment revenues		1,845,189	3,281,411	39,497	131,066	189,052	(5,486,215)	-
Total revenue	$	**2,522,442**	**10,682,213**	**189,284**	**482,589**	**208,274**	**(5,486,215)**	**8,598,587**
Interest revenue	$	**2,547**	**24,967**	**15**	**66**	**4,867**	**(17,787)**	**14,675**
Interest expenses	$	**55,463**	**18,729**	**34**	**5,290**	**34,738**	**(17,787)**	**96,467**
Depreciation and amortization	$	**113,219**	**81,289**	**2,336**	**27,857**	**30,034**	**-**	**254,735**
Share of profit (loss) of associates and joint ventures accounted for using equity method	$	**-**	**-**	**-**	**-**	**(760)**	**-**	**(760)**
Reportable segment profit or loss	$	**10,337**	**518,468**	**16,162**	**26,527**	**(304,992)**	**-**	**266,502**

Note: The departmental assets and liabilities information of the Group is not provided to the main management for reference or for decision-making purposes, and there is no need to disclose departmental assets and liabilities.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, please refer to Note 6(z) and segment assets are based on the geographical location of the assets.

Region		For the years ended December 31 2021	2020
Non-current assets			
Taiwan	$	2,129,849	2,079,075
USA		210,001	215,136
China		784,663	698,822
Mexico		250,631	256,276
Africa		299,099	186,618
Vietnam		245,065	270,794
Others		25,684	21,504
	$	**3,944,992**	**3,728,225**

Non-current assets include property, plant and equipment use-of-right assets, investment property, intangible assets and other non-current assets, excluding financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(Continued)

(d) Major customers

	For the years ended December 31	
	2021	**2020**
Customer A from garment processing segment	$ -	3,130,492
Customer B from garment processing segment	549,194	583,442
Customer C from garment processing segment	647,228	-
	$ 1,196,422	**3,713,934**

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, 2021 and 2020, 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, 2021 and 2020, 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 audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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(p) 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, 2020, the accounts receivable of the Company was $447,377 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2022

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents(Note 6(a))	$ 113,418	2	512,083	9
1110	Current financial assets at fair value through profit or loss(Note 6(b))	-	-	612	-
1150	Notes receivable, net(Notes 6(c))	-	-	500	-
1161	Notes receivable due from related parties(note 7)	96	-	-	-
1170	Accounts receivable, net(Notes 6(c))	447,377	8	338,837	6
1181	Accounts receivable due from related parties(Notes 7)	98,240	2	110,539	2
1200	Other receivables, net	5,197	-	5,932	-
1210	Other receivables due from related parties, net(Notes 7)	26,229	-	132,032	2
1310	Inventories, manufacturing business, net(Notes 6(d))	477,693	8	420,761	7
1410	Prepayments(Note 7)	163,299	3	181,993	3
1470	Other current assets	261	-	330	-
1476	Other current financial assets(Note 8)	151,965	3	166,778	3
		1,483,775	26	1,870,397	32
	Non-current assets:				
1550	Investments accounted for using equity method, net(Note 6(e))	2,708,459	48	2,518,050	42
1600	Property, plant and equipment(Note 6(f) and 8)	429,264	7	436,000	7
1755	Right-of-use assets(Notes 6(g))	26,603	-	32,845	1
1760	Investment property, net(Notes 6(h) and 8)	1,114,398	19	1,058,441	18
1780	Intangible assets	11,843	-	17,732	-
1840	Deferred tax assets(Note 6(o))	18,556	-	25,966	-
1960	Prepayments for investments	9,092	-	9,092	-
1980	Other non-current financial assets	5,187	-	9,879	-
1990	Other non-current assets	-	-	2,133	-
		4,323,402	74	4,110,138	68
	Total assets	$ 5,807,177	100	5,980,535	100

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings(Note 6(i))	$ 440,000	8	119,990	2
2110	Short-term notes and bills payable(Note 6(j))	299,584	5	249,660	4
2130	Current contract liabilities(Note 6(r))	556	-	17,908	1
2150	Notes payable	9,449	-	47,339	1
2160	Notes payable due to related parties(Note 7)	-	-	13	-
2170	Accounts payable	320,853	6	263,149	4
2180	Accounts payable due to related parties(Note 7)	5,924	-	26,963	-
2200	Other payables	96,853	2	311,490	5
2220	Other payables due to related parties(Note 7)	139	-	366	-
2230	Current tax liabilities	68,989	1	77,227	1
2280	Current lease liabilities(Note 6(l))	5,238	-	6,328	-
2320	Long-term liabilities, current portion(Note 6(k))	140,000	2	9,000	-
2300	Other current liabilities(Note 7)	8,800	-	3,916	-
2315	Other advance receipts(Note 7)	-	-	4,679	-
		1,396,385	24	1,138,028	18
	Non-current liabilities:				
2540	Long-term borrowings(Note 6(k))	1,256,179	23	1,424,189	24
2570	Deferred tax liabilities(Note 6(o))	177,699	3	177,699	3
2580	Non-current lease liabilities(Note 6(l))	21,821	-	26,810	1
2640	Net defined benefit liability, non-current(Note 6(n))	19,909	-	25,012	1
2670	Other non-current liabilities, others	502	-	759	-
		1,476,110	26	1,654,469	29
	Total liabilities	2,872,495	50	2,792,497	47
	Equity(Note 6(p)):				
3110	Ordinary share	2,336,247	40	2,336,247	39
3200	Capital surplus	239,714	4	234,052	4
3300	Retained earnings	281,648	5	473,640	8
3400	Other equity interest	77,073	1	144,099	2
	Total equity	2,934,682	50	3,188,038	53
	Total liabilities and equity	$ 5,807,177	100	5,980,535	100

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 Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021 Amount	2021 %	2020 Amount	2020 %
4000	**Operating revenues (Notes 6(r) and 7)**	$ 3,110,103	100	5,626,250	100
5000	**Operating costs (Notes 6(d), (n) and 7)**	2,572,050	83	4,310,188	77
5900	**Gross profit from operations**	538,053	17	1,316,062	23
5910	Less:Unrealized profit from sales	(13,236)	-	(7,336)	-
5920	Add:Realized profit on from sales	7,336	-	10,250	-
5950	**Gross profit from operations**	532,153	17	1,318,976	23
6000	**Operating expenses (Note 6(n) and (s)):**				
6100	Selling expenses	360,587	12	718,559	13
6200	Administrative expenses	102,848	3	181,733	3
6300	Research and development expenses	7,571	-	13,248	-
		471,006	15	913,540	16
6900	**Net operating income**	61,147	2	405,436	7
7000	**Non-operating income and expenses:**				
7010	Other income (Notes 6(t) and 7)	35,218	1	17,470	-
7020	Other gains and losses, net (Note 6(t))	18,786	1	(82,566)	(1)
7100	Interest income(Notes 6(t) and 7)	2,107	-	4,694	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(100,901)	(3)	(92,754)	(2)
7510	Interest expense (Note 6(t))	(31,960)	(1)	(34,106)	(1)
		(76,750)	(2)	(187,262)	(4)
	(Loss) profit before tax	(15,603)	-	218,174	3
7950	Less: Income tax expenses (Note 6(o))	15,279	-	50,054	1
	(Loss) profit	(30,882)	-	168,120	2
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gain (loss) on remeasurements of defined benefit plans	2,427	-	(1,622)	-
8312	Gains on revaluation surplus	59,893	2	873,576	16
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	-	(142)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	112,410	2
	Items that will not be reclassified subsequently to profit or loss	62,320	2	759,402	14
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(126,919)	(4)	(183,905)	(3)
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	(126,919)	(4)	(183,905)	(3)
8300	**Other comprehensive income**	(64,599)	(2)	575,497	11
8500	**Total comprehensive income**	**$ (95,481)**	**(2)**	**743,617**	**13**
	Basic earnings per share (Note 6(q))				
9750	Basic earnings per share (dollars)	**$ (0.13)**		**0.72**	
9850	Diluted earnings per share (dollars)	**$ (0.13)**		**0.72**	

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest				
	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	Total equity
Balance on January 1, 2020	$ 2,336,247	235,155	166,655	201,749	(61,262)	307,142	(664,266)	(36,362)	267,608	(433,020)	2,445,524
Profit	-	-	-	-	168,120	168,120	-	-	-	-	168,120
Other comprehensive income	-	-	-	-	(1,622)	(1,622)	(183,905)	(142)	761,166	577,119	575,497
Total comprehensive income	-	-	-	-	166,498	166,498	(183,905)	(142)	761,166	577,119	743,617
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	(1,103)	-	-	-	-	-	-	-	-	(1,103)
Balance on December 31, 2020	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)
	-	-	-	-	(28,455)	(28,455)	(126,919)	-	59,893	(67,026)	(95,481)
Appropriation and distribution of retained earnings:											
Reversal of special reserve	-	-	-	(201,749)	201,749	-	-	-	-	-	-
Legal reserve appropriated	-	-	10,523	-	(10,523)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(163,537)	(163,537)	-	-	-	-	(163,537)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5,164	-	-	-	-	-	-	-	-	5,164
Changes in ownership interests in subsidiaries	-	498	-	-	-	-	-	-	-	-	498
	-	5,662	10,523	(201,749)	27,689	(163,537)	-	-	-	-	(157,875)
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**

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from operating activities:			
(Loss) profit before tax	$	(15,603)	218,174
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		18,410	26,175
Amortization expense		7,319	6,264
Reversal of provision for expected credit loss		(60)	(1,010)
Loss on financial assets at fair value through profit or loss		(111)	128
Interest expense		31,960	34,106
Interest income		(2,107)	(4,694)
Dividend income		(21)	(22)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method		100,901	92,754
(Gain) loss on disposal of property, plan and equipment		(7,152)	2,780
Impairment loss on non-financial assets		-	4,000
Unrealized profit from sales		5,900	-
Realized profit from sales		-	(2,914)
(Gain) Loss on fair value adjustment of investment property		(21,048)	18,948
Other income		(2,203)	(1,649)
Other losses		-	605
Total adjustments to reconcile profit		131,788	175,471
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		723	485
Decrease in notes receivable		500	21,293
Increase in notes receivable due from related parties		(96)	-
(Increase) decrease in accounts receivable		(108,480)	(126,215)
Decrease (increase) in accounts receivable due from related parties		12,299	(11,539)
Decrease (increase) in other receivables		735	(2,418)
Decrease (increase) in other receivables due from related parties		105,803	(89,713)
(Increase) decrease in inventories		(56,932)	(185,641)
Decrease in prepayments		19,935	15,879
Decrease in other current assets		69	(90)
Decrease (increase) in other financial assets		4,692	(4,799)
Total changes in operating assets		(20,752)	(382,758)
Changes in operating liabilities:			
(Decrease) increase in contract liabilities		(17,352)	17,895
Increase in notes payable		(37,890)	(12,325)
Decrease in notes payable due to related parties		(13)	13
Increase in accounts payable		57,704	52,430
Decrease in accounts payable due to related parties		(21,039)	(9,348)
(Decrease) increase in other payables		(214,503)	220,478
Decrease in other payable due to related parties		(227)	(397)
(Decrease) increase in advance receipts		(4,679)	4,679
Increase in other current liabilities		4,884	713
Decrease in net defined benefit liability		(2,919)	(5,462)
Decrease in other operating liabilities		(257)	(541)
Total changes in operating liabilities		(236,291)	268,135
Total changes in operating assets and liabilities		(257,043)	(114,623)
Total adjustments		(125,255)	60,848
Cash (outflow) inflow generated from operations		(140,858)	279,022
Interest received		2,107	4,694
Dividends received		21	22
Interest paid		(32,094)	(34,173)
Income taxes paid		(16,108)	(1,614)
Net cash flows from operating activities		(186,932)	247,951

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

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(433,850)	(25,000)
Increase in prepayments for investments	-	(9,092)
Proceeds from liquidation of investments accounted for using equity method	-	20,000
Acquisition of property, plant and equipment	(4,590)	(5,954)
Proceeds from disposal of property, plant and equipment	9,084	18,221
Acquisition of intangible assets	(1,430)	(18,609)
Decrease in other financial assets	14,813	94,412
Increase in other non-current assets	-	(2,133)
Net cash flows from investing activities	(415,973)	71,845
Cash flows from (used in) financing activities:		
Increase in short-term loans	566,624	309,293
Decrease in short-term loans	(246,614)	(761,025)
Increase in short-term notes and bills payable	49,924	249,660
Proceeds from long-term debt	-	1,400,000
Repayments of long-term debt	(38,250)	(1,183,811)
Payment of lease liabilities	(6,720)	(7,275)
Decrease in other financial assets	-	110,143
Cash dividends paid	(163,537)	-
Issuance of preference shares by subsidiaries	26,435	-
Disposal of ownership interests in subsidiaries (without losing control)	16,378	-
Net cash flows from (used in) financing activities	204,240	116,985
Net (decrease) increase in cash and cash equivalents	(398,665)	436,781
Cash and cash equivalents at beginning of period	512,083	75,302
Cash and cash equivalents at end of period	$ **113,418**	**512,083**

See accompanying notes to parent company only financial statements.

(1) Company history

TEX-RAY INDUSTRIAL CO., LTD. (the "Company") was established with the approval of the Ministry of Economic Affairs in August 1978, and was listed in Taiwan Stock Exchange in 1998. The registered address is 2F., No. 426, Linsen N. Rd., Jhongshan Dist., Taipei City. The Company was originally a modern yarn dyeing factory, and then expanded to spinning business, plain weaving business, and garment business, etc.. In order to enhance competency in international business, the Company established multiple production and sales supply chains overseas in Mexico, Eswatini, Vietnam, and Mainland China, and deployed the marketing department in US and Mexico market. The Company further divided its departments or established new subsidiaries for specialization purpose in particular technologies and markets in order to enhance the overall economic efficiency.

The main business of the Company is in weaving, manufacturing and processing, dyeing and spinning, and trading of cotton and any kind of fibers and textiles, and yarn trading business, garment processing and trading business, ultrasonic cleaning and supercritical cleaning business and extraction businesses.

(2) Approval date and procedures of the financial statements

The financial statements were authorized for issue by the Board of Directors on March 28, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"

(Continued)

- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(Continued)

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments at fair value through profit or loss are measured at fair value,

2) Fair value through other comprehensive income are measured at fair value,

3) Investment property is measured at fair value, and

4) The defined benefit liabilities is recognized as the fair value of the plan assets less the present value of defined benefit obligation and the upper limit impact mentioned in Note 4(r).

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) currencies transaction

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

Exchange differences are generally recognized in profit or loss, except for equity securities designated as at fair value through other comprehensive income; which are recognized in other comprehensive income.

(Continued)

(ii) Foreign operation

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

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

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

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

An asset is classified as current when

(i) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle,

(ii) The Company holds the asset primarily for the purpose of trading,

(iii) The Company expects to realize the asset within twelve months after the reporting period,

(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

(i) The Company expects to settle the liability in its normal operating cycle,

(ii) The Company holds the liability primarily for the purpose of trading,

(iii) The liability is due to be settled within twelve months after the reporting period,

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(Continued)

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI)－equity investment, or FVTPL.

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

1) Financial assets measured at amortized cost

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

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

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

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

(Continued)

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL.

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

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Company's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

(Continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

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

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

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

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

Since the performance object of the Company' s cash deposits are investment grade financial institutions, the Company's credit risk are considered low.

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

(Continued)

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Non-current assets held-for-sale

Non-current assets comprising assets that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment is no longer amortized or depreciated.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but no control, over the financial and operating policies.

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

(Continued)

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

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

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

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

(j) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in 'other equity - revaluation surplus' is transferred to retained earnings.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost includes any expenditure of acquiring assets. Self-built asset cost includes materials, direct labor, any other expenditure to make the asset usable, removement and recovery cost, and the loan cost meeting the criteria of capitalization. Besides, the cost also includes the software purchased to integrate related functions, which is capitalized as a part of the equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

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

1)	Buildings	5～55 years
2)	Machinery equipment	7～13 years
3)	Transportation equipment	3～ 6 years
4)	Office and Other equipment	1～20 years

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

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(m) Leases

(i) Identifying a lease

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

(ii) As a leasee

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

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

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

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

1) fixed payments, including in-substance fixed payment,

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

(Continued)

3) amounts expected to be payable under a residual value guarantee, and

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

1) there is a change in future lease payments arising from the change in an index or rate, or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or

3) there is a change of its assessment on whether it will exercise a purchase, extension or termination option, or

4) there is any lease modifications.

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

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

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

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

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic,

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change,

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022, and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

(iii) As a leasor

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

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(n) Intangible assets

(i) Recognition and measurement

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

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

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

Other intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Additionally intangible assets such as computer software are amortized at estimated useful lives ranging from three to twenty years, and recognized in profit and loss.

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

(Continued)

(o) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue from contracts with customers

(i) Revenue from contracts with customers

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

1) Sale of goods

The Company engages in manufacturing, processing and wholesaling of textile and garments. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financial components

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

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

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction,

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(Continued)

1) the same taxable entity, or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(s) Earnings per share

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

(t) Operating segments

Please refer to the consolidated financial report of TEX-RAY INDUSTRIAL CO., LTD. for the years ended December 31, 2021 and 2020 for operating segments information.

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

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

There is no judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of trade receivables

The Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(c).

(Continued)

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(d) for further description of the valuation of inventories.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. Investment property measured at fair value is periodically remeasured by the Company's finance Dept. or by appraisers using appraisal method accepted by FSC.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to following notes for assumptions used in measuring fair value:

(a) Note 6(h), Investment property.

(b) Note 6(u), Financial instruments.

(Continued)

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash	$	442	497
Check deposits		6,719	6,529
Demand deposits		18,793	778
Foreign currency deposits		76,688	53,255
Time deposits		10,776	451,024
Cash and cash equivalents in the statements of cash flows	$	**113,418**	**512,083**

Please refer Note 6(u) for the disclosure of interest risk and sensitivity analysis of the Company's financial assets and liabilities.

(b) Financial assets at fair value

The portfolio of the Company were as follows:

		December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Stocks listed on domestic markets	$	**-**	**612**

(i) Please refer to Note 6(t) for re-measurement at fair value recognized in profit or loss.

(ii) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes. The revaluation loss of the investment has been recognized in equity accounts.

(iii) During 2021 and 2020, the Company sold its financial assets at fair value through profit or loss amounting to $723 thousand and $485 thousand, respectively.

(iv) Please refer to Note 6(u) for credit risk and market risk of the financial assets.

(v) The aforesaid financial assets were not pledged as collateral.

(Continued)

(c) Notes and trade receivables

		December 31, 2021	December 31, 2020
Notes receivables from operating activities	$	-	500
Accounts receivable-measured at amortized cost		447,529	339,049
Less: Loss allowance		152	212
	$	**447,377**	**339,337**

(i) The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The expected credit losses of the notes receivables and trade receivables were as follows:

	December 31, 2021			
		Gross carrying amount	**Weighted-average loss rate**	**Loss allowance Provision**
Overdue under 90 days	$	446,582	0%	-
Overdue 90 to 180 days		870	10%	87
Overdue 180 to 360 days		25	52%	13
Over 360 days past due		52	100%	52
	$	**447,529**		**152**

	December 31, 2020			
		Gross carrying amount	**Weighted-average loss rate**	**Loss allowance Provision**
Overdue under 90 days	$	338,447	0%	-
Overdue 90 to 180 days		984	10%	98
Overdue 180 to 360 days		9	56%	5
Over 360 days past due		109	100%	109
	$	**339,549**		**212**

(ii) The movement in the allowance for notes and accounts receivable was as follow:

	For the years ended December 31		
		2021	**2020**
Balance on January 1	$	212	1,222
Reversal of impairment losses		(60)	(1,010)
Balance on December 31	**$**	**152**	**212**

(Continued)

(iii) The aforesaid receivables were not pledged as collateral.

(d) Inventories

		December 31, 2021	December 31, 2020
Raw materials	$	21,159	13,649
Work in process		381,080	368,857
Finished goods		3,939	-
Merchandise		71,515	38,255
	$	**477,693**	**420,761**

(i) As of December 31, 2021 and 2020, inventories recognized as cost of sales amounted to $2,586,134 thousand and $4,239,495 thousand, respectively. For the year ended 2021, the reversal of write-downs amounted to $14,084 thousand. For the year ended 2020, the write-down of inventories amounted to $70,693 thousand. The reversals and write-downs were included in cost of sales.

(ii) The aforesaid inventories were not pledged as collateral.

(e) Investments accounted for using equity method

A summary of the Company's investments accounted for using equity method at the reporting date were as follows:

		December 31, 2021	December 31, 2020
Subsidiaries	**$**	**2,708,459**	**2,518,050**

(i) Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2021 and 2020.

(ii) Associate

(iii) The aforesaid investments accounted for using equity method were not pledged as collateral.

(Continued)

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other facilities	Construction in progress	Total
Cost:								
Balance on January 1, 2021	$ 193,016	290,117	137,058	1,906	43,054	75,271	-	740,422
Additions	-	1,331	2,758	-	501	-	-	4,590
Transfers	-	-	2,133	-	-	-	-	2,133
Disposals	-	-	(128,851)	(487)	(2,195)	(39,727)	-	(171,260)
Balance on December 31, 2021	**$ 193,016**	**291,448**	**13,098**	**1,419**	**41,360**	**35,544**	**-**	**575,885**
Balance on January 1, 2020	$ 231,506	372,815	225,907	6,858	42,069	87,107	-	966,262
Additions	-	3,313	1,227	-	1,008	406	-	5,954
Reclassification to investment property	(38,490)	(86,011)	-	-	-	-	-	(124,501)
Disposals	-	-	(90,076)	(4,952)	(23)	(12,242)	-	(107,293)
Balance on December 31, 2020	**$ 193,016**	**290,117**	**137,058**	**1,906**	**43,054**	**75,271**	**-**	**740,422**
Depreciation and impairment loss:								
Balance on January 1, 2021	$ -	62,759	130,749	1,867	36,237	72,810	-	304,422
Depreciation for the period	-	5,826	2,496	108	2,176	921	-	11,527
Disposals	-	-	(126,939)	(627)	(2,195)	(39,567)	-	(169,328)
Balance on December 31, 2021	**$ -**	**68,585**	**6,306**	**1,348**	**36,218**	**34,164**	**-**	**146,621**
Balance on January 1, 2020	$ -	114,164	195,717	5,657	33,858	79,960	-	429,356
Depreciation for the period	-	7,070	8,024	637	2,202	1,567	-	19,500
Impairment loss	-	-	2,200	100	200	1,500	-	4,000
Reclassification to investment property	-	(58,475)	-	-	-	-	-	(58,475)
Disposals	-	-	(75,192)	(4,527)	(23)	(10,217)	-	(89,959)
Balance on December 31, 2020	**$ -**	**62,759**	**130,749**	**1,867**	**36,237**	**72,810**	**-**	**304,422**
Carrying amounts:								
Balance on December 31, 2021	**$ 193,016**	**222,863**	**6,792**	**71**	**5,142**	**1,380**	**-**	**429,264**
Balance on December 31, 2020	**$ 193,016**	**227,358**	**6,309**	**39**	**6,817**	**2,461**	**-**	**436,000**
Balance on January 1, 2020	**$ 231,506**	**258,651**	**30,190**	**1,201**	**8,211**	**7,147**	**-**	**536,906**

(i) On November 11, 2021 and June 16, 2020, the Board of Directors approved that the part of the TRYD TEXTILE plant in China that had been leased out, and the real estate of the factory site located in Taiwan which would be leased or sold subsequently, will result in the carrying values of $118,641 thousand and $66,026 thousand, respectively, to be reclassified from property, plant and equipment to investment property. Please refer to Note 6(h) for details.

(ii) In June 2020, due to the cessation of production at the Tainan Dyeing Factory, the Company estimated that the recoverable amount of the relevant property, plant and equipment was lower than the book value, thus impairment loss amounting to $4,000 thousand was recognized.

(iii) The property, plant and equipment of the Company had been pledged as collateral for bank borrowings, please refer to Note 8.

(Continued)

(g) Right-of-use assets

The Company leases assets including land, buildings, machinery and transportation equipment. Information about leases for which the Company as a lessee was presented below:

		Land	Buildings	Machinery equipment	Transportation equipment	Total
Cost:						
Balance on January 1, 2021	$	33,980	693	-	6,190	40,863
Additions		-	641	-	-	641
Disposal		-	(693)	-	(1,038)	(1,731)
Balance on December 31, 2021	$	**33,980**	**641**	**-**	**5,152**	**39,773**
Balance on January 1, 2020	$	37,365	1,326	2,564	5,682	46,937
Additions		-	693	-	508	1,201
Disposal		(3,385)	(1,326)	(2,564)	-	(7,275)
Balance on December 31, 2020	$	**33,980**	**693**	**-**	**6,190**	**40,863**
Accumulated depreciation:						
Balance on January 1, 2021	$	4,245	480	-	3,293	8,018
Depreciation for the year		4,246	626	-	2,011	6,883
Disposal		-	(693)	-	(1,038)	(1,731)
Balance on December 31, 2021	$	**8,491**	**413**	**-**	**4,266**	**13,170**
Balance on January 1, 2020	$	4,149	560	1,524	1,109	7,342
Depreciation for the year		3,481	620	390	2,184	6,675
Disposal		(3,385)	(700)	(1,914)	-	(5,999)
Balance on December 31, 2020	$	**4,245**	**480**	**-**	**3,293**	**8,018**
Carrying amounts:						
Balance on December 31, 2021	$	**25,489**	**228**	**-**	**886**	**26,603**
Balance on December 31, 2020	$	**29,735**	**213**	**-**	**2,897**	**32,845**
Balance on January 1, 2020	$	**33,216**	**766**	**1,040**	**4,573**	**39,595**

(h) Investment property

The movement of the investment property were as follows:

		Land and improvement	Buildings	Total
Book Value:				
Balance on January 1, 2021	$	963,693	94,748	1,058,441
Change in fair value		48,177	7,780	55,957
Balance on December 31, 2021	$	**1,011,870**	**102,528**	**1,114,398**

(Continued)

		Land and improvement	Buildings	Total
Balance on January 1, 2020	$	42,559	86,160	128,719
Transfer from property, plant, and equipment		38,490	27,536	66,026
Change in fair value		882,644	(18,948)	863,696
Balance on December 31, 2020	**$**	**963,693**	**94,748**	**1,058,441**
Carrying amounts:				
Balance on December 31, 2021	**$**	**1,011,870**	**102,528**	**1,114,398**
Balance on December 31, 2020	**$**	**963,693**	**94,748**	**1,058,441**
Balance on January 1, 2020	**$**	**42,559**	**86,160**	**128,719**

(i) The recurring fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used. The above table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

The Company's investment properties were subsequently measured at fair value using the income approach after initial recognition. The relevant contract information and key assumptions used in the method are as follows:

Contract Terms	Building No. 6576, Sec. 3, Zhongshan Dist., Taipei City	
	December 31, 2021	December 31, 2020
Contract terms	1.Rental:$238 thousand /month 2.Period:60 months 3.Deposits: $460 thousand 4.Tax borne by lessor:$84 thousand/year	1.Rental:$238 thousand /month 2.Period:60 months 3.Deposits: $460 thousand 4.Tax borne by lessor:$85 thousand/year
Rent at local market rate (note)	$3,250 /Py /month	$3,128 /Py /month
Current market rent for comparable properties in similar locations and condition	$2,794～$4,125 /Py /month	$2,683~$3,234 /Py /month
Current status	In use	In use
Capitalization rate	3.77%	3.77%
Discount rate	2.02%	2.02%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm

(Continued)

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Contract Terms	Building No. 6576, Sec. 3, Zhongshan Dist., Taipei City	
	December 31, 2021	**December 31, 2020**
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2021	December 31, 2020
Fair value by external independent appraiser(s)	$70,970 thousand	$64,090 thousand

Contract Terms	Land No. 38, and buildings in Dehui Sec. 4, Zhongshan Dist., Taipei City	
	December 31, 2021	**December 31, 2020**
Contract terms	1.Rental:$39 thousand /month 2.Period:12 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$14 thousand/year	1.Rental:$42 thousand /month 2.Period:12 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$16 thousand/year
Rent at local market rate (note)	$1,150 /Py /month	$1,100 /Py /month
Current market rent for comparable properties in similar locations and condition	$1,105～$1,182 /Py /month	$900~$1,300 /Py /month
Current status	In use	In use
Capitalization rate	2.19%	2.14%
Discount rate	2.02%	2.02%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2021	December 31, 2020
Fair value by external independent appraiser(s)	$13,730 thousand	$12,980 thousand

(Continued)

Contract Terms	**Land No. 868, and buildings in Zhenquian Sec. Changhua County**	
	December 31, 2021	**December 31, 2020**
Contract terms	1.Rental:$200 ～$309 thousand /month 2.Period:36 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$154 thousand/year	1.Rental:$200 thousand /month 2.Period:36 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$181 thousand/year
Rent at local market rate (note)	$300～$400 /Py /month	$190/Py /month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	In use	In use
Capitalization rate	3.50%	3.25%
Discount rate	3.00%	2.00%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2021	December 31, 2020
Fair value by external independent appraiser(s)	$95,545 thousand	$61,386 thousand

(Continued)

Contract terms	Land No. 228-240, 240-1, 241, 531, 531-1, 533-535 and buildings located at Shengli Sec., Rende Dist., Tainan City, total in twenty items.	
	December 31, 2021	**December 31, 2020**
Rent at local market rate (note)	$187~$214/Py /month	$171~$218 /Py /month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	Available for leasing	Available for leasing
Capitalization rate	1.754%	1.755%
Discount rate	3.29%	3.29%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	CHINA PROPERTY APRAISING CENTER CO., LTD.	CHINA PROPERTY APRAISING CENTER CO., LTD.
Appraiser name(s)	Dian-Jing Hsieh、Xiang-Ling Chiu	Dian-Jing Hsieh、Xiang-Ling Chiu
Appraisal date	Appraisal date	June 30 and December 31, 2020
Fair value by external independent appraiser(s)	$ 934,513 thousand	$ 920,654 thousand and $920,913 thousand respectively

Note: If there is no actual lease case in the area where the target premises are, the valuation report's selection of the rent comparison case for the premises is based on the investigation and evaluation of the target land use, within the range of the neighboring area, select three appropriate comparison cases, after analysis and comparison and adjustment, obtain the reasonable market rent of the target land.

In accordance with Article 34 of the Regulations on Real Estate Appraisal, the procedures of the income approach include estimating the effective gross income and total expenses, computing the net operating income, determining the capitalization rate or discount rate, and computing the income. The attributes used by the Company for the estimations above were the last three years' data from the subject property and comparable properties which have similar characteristics, and these data were assessed and adjusted based on their persistency, stability, and growth to ensure the availability and reasonableness of these data. The movement of income (cash inflows) and expenditure (cash outflows) for future periods was based on the vacancies or losses, existing or future cash flow plans of the Company, and historical cash flows from the subject property, identical properties, or properties in the same industry. The estimation and computation of the net income were based on the highest and best use of the subject property and have taken into consideration the income generated from comparable properties in the same location based on their highest and best use.

(Continued)

The discount rate is determined by the risk premium method, which takes into consideration of the bank time deposit interest rate, government bond interest rate, the risk of real estate investment, currency changes and the trend of real estate prices, etc., and is selected to represent the general property return. The rate is a benchmark, and it is determined after adjusting the difference between the investment property and the individual characteristics of the target. The discount rate is based on the mobile interest rate of the two-year postal fixed rate of small deposit issued by Chunghwa Post Co., Ltd., plus no less than 75 basis points of percentage. Factors such as the underlying income situation, liquidity, risk, value-added and ease of management are also taking account. As of December 31, 2021 and 2020, the discount rates were determined to be 2.02%~3.29% with risk premium added up. The estimation of capitalization rates refer to the weighted average returns which is calculated by dividing the net income of the comparative targets by the prices.

(ii) The Company' s Tainan dyeing factory was expected to be leased or sold, thus it was transferred from plant, plant and equipment to investment property on June 16, 2020. The Company recognized the value-added amounting to $873,576 thousand between the fair value and book value at the time of the transfer, and the impairment loss of building amounted to $18,948 thousand (recorded under other gains and losses). The value-added after deducting the amount of provision of land value increment tax equaled to $761,166 thousand, and was recognized under other equity.

(iii) As of December 31, 2021 and 2020, the investment property of the Company had been pledged as collateral for long-term borrowings, please refer to Note 8.

(i) Short-term borrowings

	December 31, 2021	**December 31, 2020**
Letters of credit	$ -	9,990
Secured bank loans	70,000	-
Unsecured bank loans	370,000	110,000
Total	**$ 440,000**	**119,990**
Unused credit line	**$ 20,000**	**187,010**
Range of interest rates	**1.00% ~ 1.25%**	**1.00% ~ 1.35%**

The Company had pledged assets as collateral for short-term borrowing, please refer to Note 8.

(Continued)

(j) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 300,000	250,000
Less: Discount on short-term notes and bills payable	(416)	(340)
Net	**$ 299,584**	**249,660**
Range of interest rates	**1.31%**	**1.3%**
Guarantee institution	CHANG HWA Bank and other ten syndicated banks	CHANG HWA Bank and other ten syndicated banks

The Company had pledged assets as collateral for short-term notes and bills payable, please refer to Note 8.

(k) Long-term borrowings

The details were as follows:

	December 31, 2021	December 31, 2020
Secured bank loans	$ 1,400,000	1,438,250
Less: current portion	(140,000)	(9,000)
borrowing fees	(3,821)	(5,061)
Net	**$ 1,256,179**	**1,424,189**
Unused credit line	**$ -**	**-**
Range of interest rates	**2%**	**1.4%~2%**
Maturity	**2025.01**	**2025.01~2028.03**

(i) The Company entered into a five-year syndicated loan agreement of $2 billion with 11 banks including Changhua Commercial Bank LTD. on January 8, 2020. The funds obtained in the syndicated loan are used to settle the outstanding balance of the previous syndicated loan agreement and to supplement the operating turnover. According to the agreement, the Company shall calculate and maintain its current ratio, interest protection multiples and debt ratio based on the annual and semi-annual consolidated financial reports audited or reviewed by auditors during the loan period. On December 31, 2021, the Company did not violate the loan agreement.

(ii) Please refer to Note 8 for details of the related assets pledged as collateral.

(Continued)

(l) Lease liabilities

The carrying amount of lease liabilities were as follows:

		December 31, 2021	December 31, 2020
Current	$	5,238	6,328
Non-current	$	21,821	26,810

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2021		
		2021	2021
Interest on lease liabilities	$	565	674
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	181	448
Covid-19-related rent concessions (Recognized as deduction of rent expenses)	$	-	916

The amounts recognized in the statement of cash flows for the Company were as follows：

	For the years ended December 31, 2021		
		2021	2020
Total cash outflow for leases	$	7,466	7,481

(m) Operating lease

Please refer to Note 6(h) for information about the operating leases of property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

		December 31, 2021	December 31, 2020
Less than one year	$	11,023	8,839
One to two years		8,605	2,857
Two to three years		7,767	2,857
Three to four years		720	2,143
Four to five years		720	-
More than five years		960	-
Total undiscounted lease payments	$	29,795	16,696

For the information of rent revenue from operating lease, please refer to Note 6(t).

(Continued)

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined obligation at present value and asset at fair value were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ (52,634)	(55,352)
Fair value of plan assets	32,725	30,340
Net defined benefit liabilities	**$ (19,909)**	**(25,012)**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Company set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $32,725 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Defined benefit obligation, January 1	$ (55,352)	(76,828)
Current service costs and interest cost	(191)	(676)
Remeasurements of the net defined benefit liability		
—Experience adjustments	(306)	1,066
—Actuarial gains (losses) arose from changes in demographic assumptions	(57)	(2)
—Actuarial gains (losses) arose from changes in financial assumption	2,010	(3,567)
The effect of plan reduction	-	23,544
Benefits paid by the plan	1,262	1,111
Defined benefit obligation, December 31	**$ (52,634)**	**(55,352)**

(Continued)

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Fair value of plan assets, January 1	$ 30,340	47,332
Interests revenue	92	361
Remeasurements of the fair value of plan assets		
—Return on plan asset excluding interest income	538	1,525
Contributions made	3,017	3,370
Benefits paid by the plan	(1,262)	(1,111)
Settlement payment of plan asset	-	(21,137)
Fair value of plan assets, December 31	**$ 32,725**	**30,340**

4) Movements of the effect of the asset ceiling: None.

5) Expenses recognized in profit or loss

The Company's pension expenses that should be recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Current service costs	$ 27	106
Net interest of net liabilities for defined benefit obligations	72	209
Service cost of prior period	-	(2,407)
	$ 99	**(2,092)**

The actual expenses recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Operating costs	$ -	61
Selling expenses	58	(1,261)
Administration expenses	24	(892)
Prepayment	17	-
	$ 99	**(2,092)**

(Continued)

Due to a number of employees agreeing to a curtailment as of December 31, 2020, the Company has reduced the defined benefit retirement obligations by $23,544 thousand and recognized the reduction in benefits in the income statement.

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.70 %	0.30 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $2,086 thousand.

The weighted average lifetime of the defined benefits plans is 9 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2021		
Discount rate (change 0.25%)	$ (1,208)	1,253
Future salary increasing rate (change 0.25%)	1,233	(1,196)
December 31, 2020		
Discount rate (change 0.25%)	(1,363)	1,416
Future salary increasing rate (change 0.25%)	1,389	(1,344)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

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

(Continued)

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $8,188 thousand and $8,997 thousand for the years ended December 31, 2021 and 2020, respectively.

(o) Income taxes

(i) Tax expense

The components of income tax for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Current income tax expense		
Current period	$ -	70,627
Prior years income tax adjustment	2,768	(491)
Additional tax on undistributed earnings	5,101	-
Deferred income tax expense		
Origination and reversal of temporary differences	7,410	(20,082)
Tax expense	**$ 15,279**	**50,054**

The amount of income tax recognized in other comprehensive income was as follows:

	For the year ended December 31	
	2021	**2020**
Items that will not be reclassified subsequently to profit or loss		
Real estate revaluation surplus	**$ -**	**112,410**

The reconciliation of tax expense and income before tax for the years ended December 31, 2021 and 2020 were as followed:

	For the years ended December 31	
	2021	**2020**
(Loss) profit before tax	$ (15,603)	218,174
Income tax expense at domestic statutory tax rate	$ (3,121)	43,635
Tax-exempt income	(4)	(4)
Recognition of investment loss under the equity method	20,180	18,551
Realized investment loss	(4,400)	-
Prior years income tax adjustment	2,768	(491)
Gains on financial assets at fair value through profit or loss	(22)	-
Origination and reversal of temporary differences	7,410	(20,082)
Others	(7,532)	8,445
	$ 15,279	**50,054**

(Continued)

(ii) Recognized deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

1) Deferred tax asset:

		Unrealized loss of inventory valuation	Unrealized sales margin	Unrealized exchange loss	Others	Total
Balance on January 1, 2021	$	17,062	1,467	6,193	1,244	25,966
Recognized in profit or loss		(2,817)	1,180	(5,569)	(204)	(7,410)
Balance on December 31, 2021	**$**	**14,245**	**2,647**	**624**	**1,040**	**18,556**
Balance on January 1, 2020	$	2,924	2,066	-	894	5,884
Recognized in profit or loss		14,138	(599)	6,193	350	20,082
Balance on December 31, 2020	**$**	**17,062**	**1,467**	**6,193**	**1,244**	**25,966**

2) Deferred tax liabilities:

		Defined benefit plan	Provision for land value increment tax	Total
Balance on January 1, 2021	$	654	177,045	177,809
Balance on December 31, 2021	**$**	**654**	**177,045**	**177,809**
Balance on January 1, 2020	$	654	64,635	65,398
Recognized in other comprehensive income		-	112,410	112,410
Balance on January 1, 2020	**$**	**654**	**177,045**	**177,808**

(iii) The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(p) Capital and other equity

(i) Ordinary shares

A resolution was passed by the general meeting of shareholders held on 27 June, 2013, for the issuance of 42,052 thousand ordinary shares for cash under private placement, with par value of $10 per share, amounting to $420,524 thousand. The date of capital increase was on 28 April, 2014, which was approved on 23 April, 2014 by the Board. The relevant statutory registration procedures have been completed.

A resolution was passed by the temporary meeting held on December 4, 2018 for the issuance of 23,362 thousand ordinary shares for cash under private placement, with par value of $10 and issuance price of $10.16 per share, amounting to $237,363 thousand. The date of capital increase was on December 12, 2018. The relevant statutory registration procedures have been completed.

(Continued)

As of December 31, 2021 and 2020, the number of authorized shares were each $3,000,000 thousand, respectively, with par value of $10 per share and divided into 300,000 thousand shares. All of the aforementioned shares are ordinary shares, and the number of issued shares was 233,625 thousand shares. All proceeds from the shares have been collected.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to article 43-8 under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private-placed securities, and after applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2021	December 31, 2020
Share capital	$ 121,485	121,485
Conversion of bonds	14,648	14,648
Treasury stock transactions	3,949	3,949
Difference between consideration and carrying amount of subsidiaries acquired or disposed	95,847	90,683
Changes in equity of subsidiaries under equity method	3,531	3,033
Donated surplus	254	254
	$ 239,714	**234,052**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes or salary. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors to be submitted to the stockholders' meeting for approval.

The Company adopts a residual dividend policy. According to the Company's future budget plan and the future annual funding needs measured, the Company reserved the funds needed for the retained earnings financing. In order to avoid excessive dilution, the stock dividend is not higher than 50% of the current year's distribution, and the rest can be distributed by cash dividend.

(Continued)

1) Legal reserve

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

2) Special reserve

When the Company first adopted the International Financial Reporting Standards endorsed by the FSC, it chose to apply the exemption item of IFRS 1 "First-time Adoption of International Financial Reporting Standards". Hence, the unrealized revaluation and accumulation accounted for shareholders' equity amounted to $216,408 thousand, resulting in a decrease in retained earnings. Since the net reduction of retained surplus on the conversion date was due to the initial adoption of IFRSs based on FSC's regulations, the Company need not apply for a special surplus reserve for the amount reclassified to retained earnings on January 1, 2013.

The Company chose the fair value model for subsequent measurement of its investment property. According to the regulations of the FSC, the net increase in special surplus reserve amounting to the net increase in fair value of investment property measured by the fair value model adopted for the first time should be applied. Also, the special surplus reserve shall be taken in the following order when the Company distribute its annual earnings:

a) The fair value model is used in calculating the special reserve amounting to the net for subsequent measurement of investment property from undistributed earnings of current period and prior year. When distributing the FY 2019 earnings in 2020, an amount equals to the special surplus reserve shall be recorded from net income and retained earnings. When distributing the FY2020 earnings in 2021, an amount equals to the special surplus reserve shall be recorded from net income, plus other items recorded in retained earnings, excluding net income and retained earnings. If the cumulative net increase in fair value in the previous period, the amount of the special surplus reserve of the same amount from the undistributed surplus in the previous period cannot be distributed; when the accumulated net increase in fair value of the investment real estate is subsequently reduced or the investment real estate is disposed of, the surplus may be reverted to distribute the surplus based on the reduction or the disposal situation.

b) The special surplus reserve calculated based on the shareholding ratio, which amounts to the difference between the market value and the book value of the parent company's stock held by the subsidiary company at the end of the period, shall not be distributed. If there is any rebound in the market price thereafter, the amount of that part must be converted to a special surplus reserve based on the shareholding ratio.

(Continued)

c) A portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. When distributing the FY 2019 earnings in 2020, an amount equals to the special surplus reserve shall be recorded from net income and retained earnings. When distributing the FY 2020 earnings in 2021, an amount equals to the special surplus reserve shall be recorded from net income, plus other items recorded in retained earnings, excluding net income and retained earnings. The amount to be reclassified should equal the total net reduction of other shareholders' equity for the current period. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2021 was decided by the resolution adopted at the general meeting of shareholders held on July 12, 2021; the earning distributions for 2020 was decided by the resolution adopted (without distributable earnings) at the general meeting of the shareholders held on June 16, 2020. For more information, please refer to the website of Market Observation Post system.

(q) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follow:

(i) Basic earnings per share

	For the years ended December 31 2021	2020
Basic earnings per share		
(Loss)/profit attributable to ordinary shareholders	$ **(30,882)**	**168,120**
Weighted-average number of ordinary shares (thousand shares)	**233,625**	**233,625**
(Loss)/profit attributable to shareholders per share	$ **(0.13)**	**0.72**

(ii) Diluted earnings per share

	For the years ended December 31 2021	2020
Basic earnings per share		
(Loss)/profit attributable to ordinary shareholders	$ **(30,882)**	**168,120**
Weighted-average number of ordinary shares (basic)	233,625	233,625
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	-	163
Weighted average number of ordinary shares (diluted)	**233,625**	**233,788**
(Loss)/profit attributable to ordinary shareholders (diluted)	$ **(0.13)**	**0.72**

(Continued)

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2021	2020
Primary geographical markets:		
Taiwan	$ 951,970	535,882
America	1,463,148	1,560,611
Asia	444,165	3,330,891
Europe	13,938	14,384
Africa	223,421	184,482
Other countries	13,461	-
	$ 3,110,103	5,626,250

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	$ 556	17,908	13

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Employee compensation and directors' remuneration

According the amended Company’ s Articles of Incorporation, remuneration of employees is appropriated at 2% of profit settled by cash or shares decided by the board of directors. The recipients of cash and shares may include the employees of the Company’s affiliated companies who meet certain conditions. Remuneration of directors is appropriated at no more than 2% of the profit. Remuneration of employees and directors is submitted to general meeting of the shareholders. However, accumulated deficit from prior years is first offset before any appropriation of profit.

For the year ended December 31, 2021, he Company suffered an operating loss, hence, no remuneration to employees and directors were estimated. For the year ended December 31, 2020, the remuneration to employees and directors, both amounting to $3,235 thousand, were estimated on the basis of the Company’s net profit before tax, excluding the remuneration to employees and directors of each period, and multiplied by the percentage of remuneration to employees and directors as specified in the Company’s Articles of Incorporation.

There was no difference between the amounts approved by Board of Directors and recognized for the years ended December 31, 2021 and 2020. For further information, please refer to Market Observation Post System website.

(Continued)

(t) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

		For the years ended December 31	
		2021	2020
Rent income	$	10,168	9,338
Management service revenue		6,224	2,340
Dividend income		21	22
Commission revenue		13	118
Overdue payment income		10,359	-
Others		8,433	5,652
	$	**35,218**	**17,470**

(ii) Other gains and losses

The details of other gain and losses were as follows:

		For the years ended December 31	
		2021	2020
Gains (losses) on disposal of property, plant and equipment	$	7,152	(2,780)
Gains (losses) on remeasurement of investment property		21,048	(18,948)
Foreign exchange losses		(11,058)	(59,703)
Gains (losses) on financial asset at fair value through profit or loss		111	(128)
Impairment loss of non-financial asset		-	(4,000)
Other income		1,533	3,563
Other expenses		-	(570)
	$	**18,786**	**(82,566)**

(iii) Interest income

The details of interest income were as follows:

		For the years ended December 31	
		2021	2020
Interest income			
Bank deposits	$	739	2,823
Interest subsidy		20	27
Loans		1,348	1,844
	$	**2,107**	**4,694**

(Continued)

(iv) Interest expenses

The details of interest expenses were as follows:

	For the years ended December 31	
	2021	2020
Loans and borrowings	$ 31,395	33,432
Lease liabilities	565	674
	$ 31,960	**34,106**

(u) Financial instruments

(i) Categories of financial instruments

1) Financial asset

	December 31, 2021	December 31, 2020
Mandatory measured at fair value through profit or loss	$ -	612
Measured at amortized cost (deposits and receivables)		
Cash and cash equivalents	113,418	512,083
Notes, accounts receivable, and other receivables	577,139	587,840
Other current financial assets	151,965	166,778
Other non-current financial assets	5,187	9,879
Subtotal	847,709	1,276,580
Total	**$ 847,709**	**1,277,192**

2) Financial liabilities

	December 31, 2021	December 31, 2020
Financial liabilities carried at amortized cost		
Short-term borrowings	$ 440,000	119,990
Short-term notes and bills payable	299,584	249,660
Accrued payables	433,218	649,320
Long-term borrowing, current portion	140,000	9,000
Long-term borrowings	27,059	33,138
Total	**$ 2,596,040**	**2,485,297**

(Continued)

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to the credit risk. The amounts of maximum credit risk exposure of the Company on December 31, 2021 and 2020, were $847,709 thousand and $1,277,192 thousand, respectively.

2) The customers of the Company are concentrated in the retail and wholesale of textile or garments. In order to reduce credit risk, the Company continuously evaluates the financial status of customers, conducts individual assessment based on the signs of impairment of accounts receivable and credit risk characteristics, handles accounts receivable insurance policy for some customers. On December 31, 2021 and 2020, the top five customers comprised 79% and 85%% of the balances of accounts receivable, resulting in the concentration of credit risk.

3) For credit risk exposure of notes and trade receivables, please refer to Notes 6(c).

(iii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Secured loans	$ 1,470,000	1,542,014	153,797	82,717	163,333	1,142,167	-
Unsecured loans	370,000	370,532	370,532	-	-	-	-
Short-term notes and bills payable	299,584	300,000	300,000	-	-	-	-
Accrued payables	433,218	433,218	433,218	-	-	-	-
Lease liabilities	27,059	28,573	3,092	2,616	4,573	13,719	4,573
	$ 2,599,861	**2,674,337**	**1,260,639**	**85,333**	**2,490,358**	**2,594,118**	**4,573**
December 31, 2020							
Non-derivative financial liabilities							
Secured loans	$ 1,438,250	1,539,088	18,760	18,728	1,183,000	1,220,871	-
Unsecured loans	110,000	110,444	110,444	-	544,000	545,546	-
Letters of credit	9,990	10,023	10,023	-	61,722	61,920	-
Short-term notes and bills payable	249,660	250,000	250,000	-	-	-	-
Accrued payables	649,320	649,320	649,320	-	-	-	-
Lease liabilities	33,138	35,243	3,590	3,292	39,883	42,619	9,146
	$ 2,490,358	**2,594,118**	**1,042,137**	**22,020**	**2,227,141**	**2,269,492**	**9,146**

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

(Continued)

(iv) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposures to foreign currency risk were as follow:

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
NTD:USD	$ 28,440	27.680	787,230	27,278	28.095	766,377
Financial liabilities						
Monetary items						
NTD:USD	8,017	27.680	221,924	16,421	28.095	461,341

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, other financial assets, loans, trade and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Company's functional currency as of December 31, 2021 and 2020 would have increased (decreased) the net income for the years ended December 31, 2021 and 2020 by $5,653 thousand and $3,050 thousand, respectively.

3) Foreign exchange gains or losses on monetary item

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange losses (including realized and unrealized portions) amounted to $11,058 thousand and $59,703 thousand, respectively.

(v) Interest rate analysis

The book values of the financial assets and financial liabilities exposed to the interest rate risk on the reporting date were as below:

	Book value	
	December 31, 2021	December 31, 2020
Fixed interest rate instruments：		
Financial assets	$ 162,741	617,783
Financial liabilities	$ (299,854)	(249,660)
Variable interest rate instruments ：		
Financial assets	$ 95,481	54,053
Financial liabilities	$ (1,836,179)	(1,553,179)

(Continued)

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The Company's internal management reported the change of interest rate and the exposure to changes in interest rate of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate had increased / decreased by 1% basis points, the Company's interest expenses would have increased / decreased by $17,407 thousand and $14,991 thousand for the years ended December 31, 2021 and 2020 respectively, with all other variable factors remaining constant. The is mainly due to variable-rate loans.

(vi) Other market price risk

If the security price of domestic stocks measured at fair value through profit or loss held by the Company changes, the impact to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the years ended December 31	
	2021	2020
Price of securities at reporting date	**Net income (loss)**	**Net income (loss)**
Increasing 7%	$ -	43
Decreasing 7%	-	(43)

(vii) Information of fair value

1) Classification of financial instruments and fair value hierarchy

The book value of the financial assets and liabilities was close to the fair value. The fair value of the financial assets measured at fair value through profit and loss and those measured at fair value through other comprehensive income was estimated on a recurring basis of level 1 and 3, respectively.

2) Valuation techniques for financial instruments not measured at fair value

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

a) Financial assets and liabilities measured at amortized cost (including debt investment that has no active markets).

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

(Continued)

3) Valuation techniques for financial instruments measured at fair value

The Company's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

a) The financial instrument that have standard terms and are traded in an active market, such as listed stocks, the fair value is determined by quoted prices.

b) Measurements of fair value of financial instruments without an active market

i) Using discounted cash flow analysis to measure its fair value. The main assumption is investors' expected standard profit which is manipulated by capitalization rate that reflects investment risk.

ii) Using observable market data at the reporting date to measure its fair value. The main assumption is based on comparable price-book ratio, which is adjusted by offsetting the impact of discount for lack of marketability and minority interest.

c) The fair values of financial assets and financial liabilities other than those aforesaid are determined in accordance with discounted cash flow analysis which is generally accepted.

4) Transfers between Level 1 and Level 2

There are no transfers from each level for the years ended December 31, 2021 and 2020.

(v) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For further information, please refer to the relevant notes to the financial statement.

(ii) Structure of risk management

The financial management department of the Company provides intercompany services for various businesses, coordinates the operation of entering the domestic and international financial markets, and supervises and manages the financial risks related to the operation of the Company by analyzing the internal risk report according to the degree and breadth of the risk. Internal auditors continue to review compliance with policies and the risk limit. The Company did not trade financial instruments (including derivative financial instruments) for speculative purposes.

(Continued)

(iii) Credit risk

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

1) Trade and other receivables

The policy adopted by the Company is to only trade with reputable customers and obtain collateral when necessary to reduce the risk of financial losses from default. The Company only trades with companies rated equivalent to the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Company will use other publicly available financial information and transaction experience to rate major customers. The Company continues to monitor the credit risk insurance level and the credit rating of the counterparty, and distributes the total transaction amount to those with qualified credit ratings, and controls the credit risk through the credit limit that is reviewed and approved annually.

The accounts receivable is comprised from vast customers base, which is scattered in different industries and geographic regions. The Company continues to evaluate the financial status of customers.

2) Investments

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

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. On December 31, 2021 and 2020, no other guarantees were outstanding.

(iv) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the operation and ease the impact of cash flow fluctuation. The management supervises the unused credit lines and ensures the compliance of loan contracts.

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

(Continued)

Bank loans were important resource of liquidity risk for the Company. The unused credit line of the Company on December 31, 2021 and 2020 were $20,000 thousand and $187,010 thousand, respectively.

(v) Market risk

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

1) Currency risk

The Company is exposed to currency risk arising from sales, purchases and borrowings that are not denominated in functional currencies of the Group's main operating entities. The functional currency of the Group is primarily the New Taiwan Dollars (NTD), as well as US Dollars (USD), Euro (EUR) Chinese Yuan (CNY) and South African Rand (ZAR). The currencies used in these transactions are denominated in NTD, EUR, USD, CNY and ZAR.

The loan interest is denominated in the same currency as principal. Generally, borrowings are denominated in the same currencies that generates operating cash flows of the Company, mainly in NTD, as well as in USD and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company borrowed funds in the fixed and variable rate simultaneously, resulting in fair value change risk and cash flow risk. The Company manage the interest rate risk through maintaining a proper combination of fixed and variable rate.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in domestic listed stocks. The Company does not actively trade these investments, and the management continuously monitor the price risk and assess the portfolio.

(w) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

(Continued)

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings and other equity plus net debt.

As of December 31, 2021, the Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2021 and 2020, were as follows:

		December 31, 2021	December 31, 2020
Total liabilities	$	2,872,495	2,792,497
Less: cash and cash equivalents		(113,418)	(512,083)
Net debt		2,759,077	2,280,414
Total Equity		2,934,682	3,188,038
Adjusted equity	**$**	**5,693,759**	**5,468,452**
Debt-to-equity ratio		**48.46%**	**41.70%**

(7) Related-party transactions

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company' s subsidiaries during the periods covered in the financial statements.

Name of related party	Relationship with the Company
TEX-RAY INDUSTRIAL CO., LTD. (BELIZE)	Subsidiary
TEX-RAY (BN) INTERNATIONAL CO., LTD.	Subsidiary
FLYNN INTERNATIONAL LTD.	Subsidiary
KING'S METAL FIBER LTD.	Subsidiary
TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.	Subsidiary
GREAT CPT INTERNATIONAL CO., LTD.	Subsidiary
KASUMI APPARELS SWAZILAND (PTY) LTD. (KASUMI (SWAZILAND))	Subsidiary
T.Q.M. TEXTILE SWAZLAND (PTY) LTD. (T.Q.M. (SWAZILAND))	Subsidiary
UNION INDUSTRIAL WASHING (PTY) LTD. (U.I.W. (SWAZILAND))	Subsidiary
TEX-RAY (SA) (PTY) LTD. (TEX-RAY (SA))	Subsidiary
J.M. Rotary Print Industrial Co., Ltd.	Subsidiary

(Continued)

Name of related party	Relationship with the Company
GOLDEN JUBILEE APPAREL (PROPRIETARY LIMITED)	Subsidiary
ZHENG-RAY Industrial CO.,LTD.	Subsidiary
WEI LI TEXTILE CO., LTD.	Subsidiary
TEX-RAY INDUSTRIAL CO., LTD. (TEX-RAY (CAYMAN))	Subsidiary
TEX-RAY INDUSTRIAL CO., LTD. (SHANGHAI) (TEX-RAY (SHANGHAI))	Subsidiary
TRLA GROUP, INC.(TRLA GROUP)	Subsidiary
Z-PLY CORPORATION(Z-PLY (NY))	Subsidiary
TEXRAY SWAZILAND PTY LTD.	Subsidiary
GOOD TIME(VIETNAM) ENTERPRISE CO.,LTD. (GOOD TIME)	Subsidiary
MSWATI HOLDINGS LTD.	Subsidiary
TEXRAY (VN) CO., LTD. (TEXRAY (VN))	Subsidiary
T.R.C.A GARMENT CO., LTD. (TRCA GARMENT)	Subsidiary
TEXRAY MEXICO S.A. DE C.V. (TEXRAY (MEXICO))	Subsidiary
AMRAY S.A. DE C.V.(AMRAY (MEXICO))	Subsidiary
KING'S METAL FIBER TECHNOLOGIES B.V.	Subsidiary
ELITETOP TECHNOLOGY INC.	Subsidiary (which went through liquidation in June 2020)
TEX-RAY INDUSTRIAL CO., LTD. (YANCHENG)	Subsidiary
AIQ SMART CLOTHING INC.(AIQ)	Subsidiary
AIQ SMART CLOTHING (Zhejiang) CO.,LTD.	Subsidiary
KING'S METAL FIBER (SHANGHAI) CO., LTD.	Subsidiary
TRYD APPAREL CO., LTD.(TRYD APPAREL)	Subsidiary
JIANGSU TRYD TEXTILE TECHNOLOGY CO., LTD.	Subsidiary
TEXRAY (KUNSHAN) CO., LTD.	Subsidiary
Taiwan Innovation Technology Co., Limited (HK)	Subsidiary
AIQ SYNERTIAL LTD.	Subsidiary

(Continued)

Name of related party	Relationship with the Company
Yancheng Wei-Da Textile Testing Service Co., Ltd.	Subsidiary
ESWATRADING (PTY) LIMITED	Subsidiary (which went through liquidation in June 2020)
HUAI WEI BIOTECHNOLOGY CO., LTD.	Subsidiary
SEN JEWEL TECHNOLOGY CO., LTD.	Same president with the Company
TAI CHAM TECHNOLOGY CO., LTD.	The entity’s chairman is the vice chairman of the Company

(b) Significant transactions with related parties

(i) Sales

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

	For the years ended December 31	
	2021	2020
Subsidiary－Z-PLY(NY)	$ 605,314	477,276
Subsidiaries	244,837	235,699
Other related parties	150	-
Associates	32	1,604
	$ 850,333	**714,579**

The payment terms ranged from one to three months, which were no difference from the those given to other customers. The pricing cannot be compared due to the specifications and styles of the orders.

(ii) Purchase

1) The amounts of inventory purchases from related parties were as follows:

	For the years ended December 31	
	2021	2020
Subsidiary－TEX-RAY (SHANGHAI)	$ 82,976	-
Subsidiary－TRYD APPAREL	46,087	512,046
Subsidiaries	4,761	240,625
	$ 133,824	**752,671**

The payment terms ranged from one to three months, which were no difference from those given by other vendors. The pricing cannot be compared due to the specifications and styles of the orders.

(Continued)

2) The amount of processing service purchases from related parties were as follows:

	For the years ended December 31	
	2021	2020
Subsidiary－GOOD TIME	$ 96,384	98,932
Subsidiary－TEXRAY (VN)	297,207	446,064
Subsidiaries	17,524	37,535
	$ 411,115	**582,531**

The Company's outsourcing processing transactions with related parties are based on the content of the customer's order. The prices and payment terms are negotiated, and if necessary, the advance payment may be made based on the operational needs of the related parties.

(iii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Notes receivable from related parties	Subsidiary	$ 96	-
Accounts receivable due from related parties	Subsidiary-Z-PLY(NY)	388	23,234
Accounts receivable due from related parties	Subsidiary-T.Q.M. (SWAZILAND)	96,821	73,898
Accounts receivable due from related parties	Subsidiaries	873	11,723
Accounts receivable due from related parties	Other related parties	158	-
Accounts receivable due from related parties	Associates	-	1,684
		$ 98,240	**110,539**

(Continued)

Account	Relationship	December 31, 2021	December 31, 2020
Other receivables due from related parties	Subsidiary-TEX-RAY (MEXICO)	$ -	3,971
〃	Subsidiary TEX-RAY(SHANGHAI)	995	-
Other receivables due from related parties	Subsidiary-AMRAY (MEXICO)	1,194	2,529
Other receivables due from related parties	Subsidiaries	1,518	6,952
Other receivables due from related parties	Other related parties	200	295
		$ 3,907	13,747

(iv) Payables to related parties

Account	Relationship	December 31, 2021	December 31, 2020
Notes payable due to related parties	Subsidiary	$ -	13
Accounts payable due to related parties	Subsidiary-TEX-RAY (SHANGHAI)	$ -	21,827
Accounts payable due to related parties	Subsidiaries-TRYD APPARAL	4,344	-
Accounts payable due to related parties	Subsidiaries	1,580	5,136
		$ 5,924	26,963
Other payable due to related parties	Subsidiary	$ 139	366

(v) Prepayments

The prepayments of the Company to related parties were as follows：

	December 31, 2021	December 31, 2020
Subsidiary-TEXRAY (VN)	$ 69,145	110,947
Subsidiary-TRCA GARMENT	23,797	23,837
Subsidiary-GOOD TIME	40,169	21,901
Subsidiary-TEX-RAY(SHANGHAI)	696	-
	$ 133,807	156,685

(Continued)

(vi) Receipts under custody (accounted as other current liabilities)

The receipts of the Company for related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiary	$ 2,580	42

(vii) Financing provided to related parties (accounted as other receivables due from related parties)

Balances of financing provided by the Company to related parties were as follows：

	December 31, 2021	December 31, 2020
Subsidiary-AMRAY (MEXICO)	$ -	28,095
Subsidiary-TEX-RAY (MEXICO)	-	56,190
Subsidiary-AIQ	19,000	34,000
Subsidiary-AIQ-S	3,322	-

The financing provided to related parties was unsecured. The interest charged by the Company to its subsidiaries is ranging from 2.5%～4%. The interest incomes in 2021 and 2019 were $1,348 thousand and $1,844 thousand, respectively.

(viii) Endorsement guarantee

1) The balances of endorsement guarantee provided to the subsidiaries, which was due to bank borrowings and material purchase borrowings, were as follows (expressed in thousands of each currency)：

December 31, 2021	December 31, 2020
USD 36,300	USD 34,200
NTD 61,000	NTD 30,000
CNY 72,000	CNY 72,000

2) As of December 31, 2021 and 2020, the assets pledged by the Company as collateral for subsidiaries' outstanding loans were $298,133 thousand and $278,384 thousand, respectively.

(ix) Leases

The Company leased its factory buildings and offices to subsidiaries, associates and other related parties in lease terms of a year. The rental income was paid on a monthly basis. For the years ended December 31, 2021 and 2020, the rental income was $7,060 thousand and $5,900 thousand, respectively.

(Continued)

(x) Property transaction

1) In 2020, The Company sold machinery and transportation equipment to subsidiaries and other related parties in the amount of $7,419 thousand and $1,519 thousand, respectively. The gains on disposal were $3,670 thousand and $576 thousand, respectively.

(xi) Others

1) Management service income

The amount of management service income from related party received by the Company (accounted as other income under non-operating income and expenses) was as follows:

	For the years ended December 31	
	2021	**2020**
Subsidiary	**$ 6,224**	**2,340**

2) Commission income

The amounts of commission income (accounted as other income under non-operating income and expenses) received by the Company for purchasing raw materials for related parties were as follows:

	For the years ended December 31	
	2021	**2020**
Subsidiaries	**$ 13**	**13**

The commission income was charged based on 1% of the purchase price.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	**2020**
Short-term employee benefits	$ 26,159	25,401
Post-employment benefits	723	702
	$ 26,882	**26,103**

(Continued)

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2021	December 31, 2020
Other financial assets－current and non-current	Collateral for borrowings (including guarantee for subsidiaries)	$ 151,965	166,778
Property, plant and equipment	Collateral for borrowings and short-term notes and bills payable	253,916	258,411
Investment property	Collateral for long-term borrowings	1,100,668	1,045,461
		-	-
		$ 1,506,549	1,470,650

(9) Commitments and contingencies

(a) Significant commitments and contingencies were as follows:

Outstanding standby letter of credit

	December 31, 2021	December 31, 2020
USD	$ 12,036	12,558
NTD	$ -	22,827

(b) Significant contingent liability: None.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	For the years ended December 31					
	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	-	152,380	152,380	40,357	188,925	229,282
Labor and health insurance	-	16,703	16,703	2,743	14,978	17,721
Pension	-	8,270	8,270	971	5,934	6,905
Remuneration of directors	-	8,818	8,818	-	14,333	14,333
Others	-	9,750	9,750	1,713	15,103	16,816
Depreciation	-	18,410	18,410	9,512	16,663	26,175
Depletion	-	-	-	-	-	-
Amortization	-	7,319	7,319	-	6,264	6,264

(Continued)

For the years ended December 31, 2021 and 2020 , the additional information on the number of employees and employee benefits of the Company was as follows:

	For the years ended December 31	
	2021	**2020**
Number of employees	**247**	**305**
Number of directors (non-employed)	**9**	**7**
Average employee benefit expense	**$ 786**	**908**
Average employee salary expense	**$ 640**	**769**
Change in percentage of average employee benefit	**(16.78)%**	**37.32 %**
Supervisor's remuneration	**$ -**	**-**

The Company’s salary and remuneration policies (including directors, managers and employees) are as follows:

The Company has formulated the "Board of Directors and Functional Committee Performance Evaluation Measures", which is used as the basis for performance evaluation of independent directors and directors. It is considered that Company's overall operating performance, future operating risks and industry development trends, the achievement rate of individual performance and the contribution on the Company as well. Reasonable remuneration will be granted after comprehensive consideration.

The managers of the Company have the responsibility of performing group operations and management, function. To provide reasonable remuneration, their remuneration structure is based on salary and allowance. The bonus is based on the overall operating performance, and takes into account the target achievement rate, profitability, operating efficiency and contribution of each manager, as well as the peer industry standards.

The employee’s salary includes monthly salary and bonuses distributed by the Company based on annual profitability. The amount assigned to each employee depends on their position, contribution, and performance.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions

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

(i) Loans to other parties

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance Loss	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	TRYD TEXTILE	Other accounts receivable-related party	Yes	85,500	83,040	-	2.50%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AMRAY (MEXICO)	〃	Yes	27,985	-	-	2.5-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	TEX-RAY (MEXICO)	〃	Yes	$ 57,000	-	-	2.5-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AIQ	〃	Yes	75,000	40,000	19,000	4.00%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AIQ-S	〃	Yes	3,342	3,322	3,322	2.5%-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
1	Z-PLY(NY)	AMRAY (MEXICO)	〃	Yes	28,500	27,680	27,680	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
1	Z-PLY(NY)	TEX-RAY (MEXICO)	〃	Yes	57,000	55,360	-	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
1	Z-PLY(NY)	TRYD TEXTILE	〃	Yes	111,400	110,720	83,040	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
2	TEX-RAY (SHANGHAI)	AIQ (Zhejiang)	〃	Yes	48,011	47,864	39,162	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
2	TEX-RAY (SHANGHAI)	TRYD APPAREL	〃	Yes	87,292	87,026	-	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
2	TEX-RAY (SHANGHAI)	TRYD TEXTILE	〃	Yes	261,876	261,078	226,267	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
3	TEX-RAY (MEXICO)	AMRAY (MEXICO)	〃	Yes	67,678	67,678	40,607	2.5%	2	-	Operating turnover	-	-	-	243,389	365,084
4	GREAT CPT	AIQ	〃	Yes	10,000	-	-	4%	2	-	Operating turnover	-	-	-	7,825	7,825
5	ZHENG-RAY	GREAT CPT	〃	Yes	10,000	-	-	3.00%	2	-	Operating turnover	-	-	-	47,015	47,015
6	TEX-RAY (CAYMAN)	TEX-RAY (MEXICO)	〃	Yes	114,000	110,720	107,122	2.5-4%	2	-	Operating turnover	-	-	-	447,399	671,099
6	TEX-RAY (CAYMAN)	AMRAY (MEXICO)	〃	Yes	208,500	207,600	179,920	2.5-4%	2	-	Operating turnover	-	-	-	447,399	671,099
7	KING’S METAL FIBER (SHANGHAI)	AIQ (Zhejiang)	〃	Yes	872	-	-	6.00%	2	-	Operating turnover	-	-	-	-	-

Note 1: Nature of the loan:

1) The borrower calls for loan arrangement.

2) The borrower has short-term financing necessities.

Note 2: The maximum financing amount is limited to not more than 40% of the company's net value, therefore, the calculation is based on the net value of the latest financial report. The ceiling on loan limit is $2,934,682 thousand NTD × 40% = $1,173,873 thousand NTD.

Note 3: The maximum financing amount to individual company is limited to no more than 40% of the company's net value, therefore the calculation is based on the net value of the latest financial report. The ceiling on loan is $2,934,682 thousand NTD × 40% = $1,173,873 thousand NTD.

Note 4: The maximum limit of financing is limited to 40% of the net value of the financial report of the lender company. However, the maximum limit of loans between 100% held foreign subsidiaries is limited to 150% of the lender company’s net value.

Note 5: The maximum financing amount to individual company shall not exceed 40% of the subsidiary’s net value. However, the loans between 100% held foreign subsidiaries shall not exceed 100% of the net value of the lender subsidiary.

Note 6: The endorsement guarantee provided by KING'S METAL (SHANGHAI) to AIQ(Zhejiang) had been cancelled in June 2021.

(Continued)

(ii) Guarantees and endorsements for other parties

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	GOOD TIME	2	1,467,341	34,200	-	-	-	- %	2,934,682	Y	N	N
0	The Company	TEX-RAY(VN)	2	1,467,341	83,955	55,360	-	-	1.89 %	2,934,682	Y	N	N
0	The Company	TEX-RAY (SHANGHAI)	2	1,467,341	104,750	104,431	85,503	-	3.56 %	2,934,682	Y	N	Y
0	The Company	TRYD APPAREL	2	1,467,341	195,475	193,760	160,181	62,538	6.60 %	2,934,682	Y	N	Y
0	The Company	TRYD TEXTILE	2	1,467,341	941,921	936,846	539,720	221,780	31.92 %	2,934,682	Y	N	Y
0	The Company	TST	2	1,467,341	48,500	47,680	8,000	-	1.62 %	2,934,682	Y	N	N
0	The Company	WEI LI TEXTILE	2	1,467,341	10,000	-	-	-	- %	2,934,682	Y	N	N
0	The Company	AIQ	2	1,467,341	41,000	41,000	41,000	13,815	1.40 %	2,934,682	Y	N	Y
1	TEX-RAY (SHANGHAI)	TEX-RAY (KUNSHAN)	2	412,082	43,646	43,513	31,764	-	10.56 %	618,123	N	N	Y

Note 1: The relationships between the guarantee and the guarantor are as follows:

1. The company with which it does business.
2. The company directly or indirectly holds more than 50% of voting right.
3. A companies directly or indirectly hold more than 50% of voting rights of the public company.
4. Companies in which the public company directly or indirectly holds more than 90% of voting right may make endorsement / guarantees for each other.
5. Where a public company fulfills its obligations by providing mutual endorsements / guarantees for other company in the same industry or for joint builders for purposes of undertaking a construction project.
6. Where all capital contributing shareholders make endorsement / guarantees for the jointly invested company in proporation to their shareholding percentages.

Note 2: The maximum limit of endorsement / guarantee is limited to not more than 100% of the net value of the company, therefore the calculation is based on the net value of the latest financial report. The ceiling on endorsement / guarantee is $2,934,682 thousand NTD × 100% = $2,934,682 thousand NTD.

Note 3: The maximum limit for a single enterprise endorsement / guarantee is not more than 50% of the net value of the company. Therefore, the calculation is based on the net value of the latest financial report. The ceiling on endorsement / guarantee is $2,934,682 thousand NTD × 50% = $1,467,341 thousand NTD.

Note 4: The amount of the endorsement / guarantee provided to a single enterprise with which the company does business shall not exceed the total amount of transactions in twelve months before the endorsement.

Note 5: The maximum limit of overseas subsidiary endorsement / guarantee is no more than 150% of the net value of the subsidiary's net value calculated based on the latest financial statement, and the limit of endorsement / guarantee for individual is not more than 100% of the net value of each subsidiary' calculated based on the latest financial statement.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	SHIN ERA TECHNOLOGY CO., LTD.	-	Non-current financial assets at value through other comprehensive income	68	-	1.88 %	-	
The Company	Cayman iMaker Technlogy Inc.	-	Non-current financial assets at value through other comprehensive income	800	-	8.80 %	-	
The Company	TAIWAN UNITED OUTDOOR GROUP, INC.	-	Non-current financial assets at value through other comprehensive income	500	-	15.67 %	-	

(Continued)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Note
The Company	PHYSICLO, Inc.	-	Non-current financial assets at value through other comprehensive income	51	-	5.00 %	-	
AIQ	Joiiup Technology Co., Ltd.	-	Non-current financial assets at value through other comprehensive income	333	-	5.71 %	-	
ZHENG-RAY	SEN JEWEL TECHNOLOGY CO., LTD.	-	Non-current financial assets at value through other comprehensive income	950	9,500	19.00 %	9,500	
KING'S METEL FIBER (SHANHAI)	Shenzhen Titanium Investment Development Partnership.	-	Non-current financial assets at value through other comprehensive income	274	1,189	7.648 %	1,189	

Note: The stocks of private companies have no active market price, so they are evaluated at the net equity value multiplied by the percentage of ownership or equity evaluation report for reference.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

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

Name of company	Related party	Nature of relationship	Transaction details Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others Unit price	Payment terms	Notes/Accounts receivable (payable) Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Z-PLY(NY)	Sub-subsidiary	Sale	(605,314)	(19.46) %	45 days	-	-	388	0.07%	
The Company	T.Q.M.(SWAZILAND)	Sub-subsidiary	Sale	(219,601)	(7.06) %	60 days	-	-	96,821	17.74%	
TRYD APPAREL	TEX-RAY (SHANGHAI)	Affiliated company	Sale	(151,547)	(15.51) %	60 days	-	-	59,975	19.42%	
TRYD APPAREL	Z-PLY(NY)	Affiliated company	Sale	(185,577)	(18.99) %	90 days	-	-	39,888	12.92%	
T.Q.M(SWAZILAND)	TEX-RAY(SA)	Parent company	Sale	(1,390,795)	(96.52) %	75 days	-	-	1,050,389	99.43%	
KASUMI(SWAILAND)	T.Q.M(SWAZILAND)	Affiliated company	Sale	(204,857)	(99.76) %	60 days	-	-	368,585	99.96%	
TEX-RAY(VN)	The Company	Ultimate Parent company	Sale	(304,904)	(98.66) %	60 days	-	-	-	-%	
TEX-RAY (SHANGHAI)	Z-PLY(NY)	Affiliated company	Sale	(126,209)	(23.68) %	60 days	-	-	13,631	3.30%	
KMT	KMBV	Subsidiary	Sale	(126,263)	(35.44) %	90 days	Fixed profit margin	-	26,350	43.92%	
GOOD TIME	The Company	Ultimate Parent company	Sale	(102,191)	(93.28) %	60 days	-	-	-	-%	
Z-PLY(NY)	TRYD APPAREL	Affiliated company	Purchase	185,577	20.01 %	45 days	-	-	(39,888)	(77.30)%	
The Company	TEX-RAY(VN)	Sub-subsidiary	Purchase	304,904	17.14 %	60 days	-	-	-	-%	
The Company	GOOD TIME	Sub-subsidiary	Purchase	102,191	5.74 %	60 days	-	-	-	-%	
Z-PLY(NY)	The Company	Ultimate Parent company	Purchase	605,314	65.28 %	45 days	-	-	(388)	(0.75)%	
Z-PLY(NY)	TEX-RAY (SHANGHAI)	Affiliated company	Purchase	126,209	13.61 %	90 days	-	-	(13,631)	(26.42)%	
T.Q.M(SWAZILAND)	The Company	Ultimate Parent company	Purchase	219,601	32.05 %	60 days	-	-	(96,821)	(16.63)%	

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
T.Q.M(SWAZILAND)	KASUMI(SWAILAND)	Affiliated company	Purchase	204,857	29.90 %	60 days	-	-	(368,585)	(63.29)%	
TEX-RAY (SHANGHAI)	TRYD APPAREL	Affiliated company	Purchase	151,547	31.65 %	60 days	-	-	(59,975)	(54.78)%	
KMBV	KMT	Parent company	Purchase	126,263	99.40 %	90 days	Fixed profit margin	-	(26,350)	(99.57)%	
TEX-RAY(SA)	T.Q.M(SWAZILAND)	Subsidiary	Purchase	1,390,795	100.00 %	75 days	-	-	(1,050,389)	(100.00)%	

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
T.Q.M.(SWAZILAND)	TEX-RAY(SA)	Parent company	1,050,389	1.41	-	-	239,637	-
KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	Affiliated company	368,585	0.55	-		30,175	-
TEXRAY(KUNSHAN)	TRYD APPAREL	Affiliated company	104,784	0.86	-		-	-
TEX-RAY (SHANGHAI)	TRYD TEXTILE	Affiliated company	226,267	Note	-	-	-	-
TEX-RAY(CAYMAN)	TEX-RAY(MEXICO)	Subsidiary	107,122	Note	-	-	-	-
TEX-RAY(CAYMAN)	AMRAY(MEXICO)	Subsidiary	179,920	Note	-	-	-	-

Note : Loan provided by the related party.

(ix) Trading in derivative instruments: None

(b) Information on investees

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	TST	TAIWAN	Printing and dyeing finishing, machinery and equipment manufacturing and wholesale, etc.	$ -	68,067	-	- %	-	449	922	Note
The Company	Great CPT	TAIWAN	Overseas investment holding	104,370	104,370	4,500,000	100.00 %	54,627	(9,092)	(9,186)	Subsidiary
The Company	KMT	TAIWAN	Non-woven fabrics, copper secondary processing and fabric retailing, etc	83,002	84,881	12,924,963	59.22 %	196,427	55,969	33,901	Subsidiary
The Company	ZHENG-RAY	TAIWAN	Trading and manufacturing of spinning and weaving	63,000	5,000	11,580,000	100.00 %	73,975	404	(393)	Subsidiary
The Company	WLT	TAIWAN	Wholesale trade	27,440	21,000	2,744,000	68.60 %	(1,247)	(19,218)	(13,183)	Subsidiary
The Company	FLYNN (SAMOA)	SAMOA	Overseas investment holding	310,613	310,613	9,100,000	100.00 %	462,479	33,475	33,475	Subsidiary
The Company	TEX-RAY (BELIZE)	BELIZE	Overseas investment holding	1,063,287	1,063,287	32,348,213	100.00 %	413,132	4,921	4,921	Subsidiary
The Company	TEX-RAY (BN)	SAMOA	Overseas investment holding	1,756,813	1,756,813	60,579,330	100.00 %	(157,854)	(273,852)	(273,852)	Subsidiary
The Company	TEXRAY (SA)	SOUTH AFRICA	Marketing and trading	102,704	102,704	39,651,771	100.00 %	1,190,276	247,386	247,386	Subsidiary
The Company	TEX-RAY (CAYMAN)	CAYMAN	Overseas investment holding	1,353,739	1,057,841	42,042,722	100.00 %	447,399	(87,080)	(87,080)	Subsidiary
The Company	AIQ	TAIWAN	Wholesale trade	163,512	90,000	11,503,200	70.44 %	29,245	(59,612)	(37,812)	Subsidiary
The Company	Unigym Global	CAYMAN	Electronic Information Supply Service Industry	9,092	9,092	-	- %	-	-	-	Prepayments for investments
TEX-RAY (BN)	GOOD TIME	VIETNAM	Garment processing	227,750	227,750	-	100.00 %	(1,101)	(30,147)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	MSWATI	MAURITIUS	Overseas investment holding	1,160,125	1,160,125	-	100.00 %	(293,371)	(216,328)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TEXRAY (VN)	VIETNAM	Garment processing	423,990	423,990	-	100.00 %	151,613	(23,248)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TRCA GARMENT	CAMBODIA	Garment processing	63,564	63,564	-	100.00 %	(21,311)	(1)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	TRLA GROUP	USA	Marketing and trading	18,384	18,384	2,936,000	100.00 %	37,498	(12,320)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	Z-PLY (NY)	USA	Marketing and trading	260,443	260,443	200	100.00 %	424,886	45,795	Exempt from disclosure	Sub-subsidiary
Great CPT	TEXRAY (SWAZILAND)	ESWATINI	Garment processing	158,524	158,524	12,417,938	100.00 %	3,327	382	Exempt from disclosure	Sub-subsidiary

(Continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value			
Great CPT	YIHONG CO.,LTD	TAIWAN	Dyeing and finishing industry	-	6,000	-	- %	-	-	Exempt from disclosure	Investment accounted for using equity method
TST	HUAI WEI BIOTECHNOLOGY CO.,LTD	TAIWAN	Biotechnology Service	-	12,000	-	- %	-	(10,162)	Exempt from disclosure	Sub-subsidiary
ZHENG-RAY	HUAI WEI BIOTECHNOLOGY CO.,LTD	TAIWAN	Biotechnology Service	9,540	-	1,200,000	60.00 %	5,250	(10,162)	Exempt from disclosure	Sub-subsidiary
ZHENG-RAY	TST	TAIWAN	Printing and dyeing finishing, machinery and equipment manufacturing and wholesale, etc.	68,067	-	5,067,217	75.63 %	52,796	449	Exempt from disclosure	Sub-subsidiary
KMT	KMBV	NETHERLANDS	Marketing and trading	7,950	7,950	200,000	100.00 %	8,355	2,306	Exempt from disclosure	Sub-subsidiary
AIQ	AIQ-S	UK	Development of smart clothing technology	15,419	15,419	396,266	50.00 %	1,028	(1,991)	Exempt from disclosure	Sub-subsidiary
AIQ	Taiwan Innovation (HK)	HONG KONG	Machine marketing and trading	390	390	100,000	100.00 %	(632)	(1,457)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	TEXRAY (MEXICO)	MEXICO	Dyeing	1,168,882	1,168,882	-	100.00 %	243,389	(12,161)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	AMRAY (MEXICO)	MEXICO	Garment processing	178,119	178,119	-	100.00 %	(135,504)	(75,820)	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	KASUMI (SWAZILAND)	ESWATINI	Trading and manufacturing of dyeing, finishing, woven fabrics and garments	43,461	43,461	1,657,400	100.00 %	368,710	15,070	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	T.Q.M. (SWAZILAND)	ESWATINI	Dyeing	569,316	569,316	132,525,183	100.00 %	1,004,839	150,435	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	U.I.W.(SWAZILAND)	ESWATINI	Garment processing	47,508	47,508	12,031,000	100.00 %	19,325	118	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	J.M. Rotary Print Industrial Co.,Ltd.	ESWATINI	Dyeing and finishing of fabrics, clothing sales	12,908	12,908	5,618,729	100.00 %	(1,018)	(1,012)	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	GOLDEN JUBILEE	ESWATINI	Garment processing	10,800	10,800	5,000,000	100.00 %	35,583	12,089	Exempt from disclosure	Sub-subsidiary
T.Q.M. (SWAZILAND)	ESWT (SWAZILAND)	ESWATINI	Sale of agricultural products	-	1,822	-	- %	-	(379)	Exempt from disclosure	Third-tier company

Note : Due to its organizational restructuring, the Company issues all TST's shares in exchange for ZHENG RAY's shares on October 21, 2021.

(c) Information on investment in mainland China

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
TEX-RAY (SHANGHAI)	Operating textile storage, trading, distribution, display and technology development	282,574	(2)	282,574	-	-	282,574	5,018	100.00%	5,018	412,082	-
TEX-RAY (YANCHENG)	Manufacturing and sales of textiles, clothing, shoes and hats	45,527	(3)	-	-	-	-	524	100.00%	524	(48,663)	-
TEXRAY(KUNSHAN)	Development of composite fabrics	168,268	(3)	-	-	-	-	7,484	100.00%	7,484	182,097	-
TRYD TEXTILE	Garment processing and engaged in spinning, weaving, highend fabrics, bleaching and dyeing, printing and garment production	1,749,139	(2)	1,235,108	-	-	1,235,108	(103,873)	100.00%	(103,873)	(84,605)	-
TRYD ARRAREL	Knitted garment processing	164,220	(2)	86,711	-	-	86,711	(109,656)	100.00%	(109,656)	(123,860)	-
KING'S METAL FIBER (SHANGHAI)	Wholesale of glass products, high-efficiency insulation materials, textiles, clothing, apparel and accessories	51,221	(2)	51,221	-	-	51,221	(24,369)	70.44%	(15,457)	(15,114)	-

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
AIQ (Zhejiang)	System development, production and sales of smart devices	10,318	(3)	-	-	-	-	(23,095)	70.44%	(14,649)	(16,335)	-
TRYD ARRAREL (HENAN) (Note 3)	Garment processing	-	(2)	46,494	-	-	46,494	-	-%	-	-	-
TRYD TEXTILE RESEARCH INSTITUTE (Note 4)	Technology research and development of polymer composite materials and new textile material	49,149	(2)	-	-	-	-	-	-%	-	-	-
Wei-Da Testing	Testing service and environmental assessment	31,065	(2)	-	-	-	-	96	100.00%	96	7,047	-
SHANGHAI JIN PEILI (Note 5)	Weaving, dyeing and finishing of high-end fabrics, sales of products of the company	111,088	(2)	14,321	-	-	14,321	-	-%	-	-	-
JIANAN TEXTILE (Note 6)	Weaving, dyeing and finishing of high-grade fabrics	29,613	(2)	29,613	-	-	29,613	-	-%	-	-	-

Note 1: Three types of investment method are as follows:

1. Directly investing in the mainland area.
2. Investing in the mainland through companies in another country (Please refer to Noter 4(c) of consolidated financial statement for the year ended December 31, 2021.)
3. Other methods.

Note 2: The investment gains and losses recognized at the equity method are based on the financial information of the mainland investee companies, which was audited by the auditors of parent company during the same fiscal period.

Note 3: The business was deregistered in November 2015, and the share capital was remitted back to the upper parent company MSWATI in March 2016.

Note 4: The business was liquidated in October 2019.

Note 5: The business was liquidated in December 2012.

Note 6: The business was sold in June 2012, and the returns of original investment was remitted back to the upper parent company MSWATI.

Note 7: The numbers listed above are presented in NTD rounded to nearest thousand, according to the currency rate on December 31, 2021. (USD: 27.6800, CNY: 4.344)

(ii) Limitation on investment in Mainland China

The Company had obtained the certification letter of the operating headquarters from the Ministry of Economic Affairs on July 12, 2021. The validity period is from June 29, 2021 to June 28, 2024, and there is no such restriction of ceiling on investment in Mainland China.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China are disclosed in “Business relationships and significant intercompany transactions”.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
YUE-DA TEXTILE HOLDINGS, LTD B.V	42,052,440	17.99 %
Xian-Yu, Guo	23,680,000	10.13 %
SUXHOU WEIDE CO., LTD.	23,362,466	9.99 %
Feng-Ying, Yeh	14,280,000	6.11 %

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2021.

TEX-RAY INDUSTRIAL CO., LTD.

Chairman: Ray Lin