



TEX-RAY INDUSTRIAL CO., LTD.

2022 Annual Report

Printed on May 9, 2023

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:

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3. Clothing Business Unit: 7F, No. 426, Linsen N. Rd., Taipei City
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IV. CPAs who duly audited the annual financial report for the most recent fiscal year

Firm Name: KPMG in Taiwan

CPA: CPA Kuo-Yang Tseng, CPA Maggie Chang

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V. Name of any Exchange where the Company's Securities are Traded Offshore and Method of Inquiry 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:

We appreciate shareholders' long-standing support and encouragement for the Company. In 2022, the world transitioned into the post-COVID pandemic era. As the popularization of vaccines and the increasing infected population were moderately controlled and recovered, governments started to ease their pandemic control measures. The aim is to strike a balance between pandemic prevention and economic development while coexisting with the virus. However, with the outbreak of the Russia-Ukraine War, the conflict impacted the global political and economic landscape, where many Western countries imposed sanctions on Russia, and Russia retaliated by tightening its energy supply. Accordingly, the blockade of exports from the Black Sea granary had further stirred up a global food crisis. The price hike caused by the Russia-Ukraine war has led to a global inflation crisis. Particularly, the United States implemented a rate-hiking strategy that pushed the federal funds rate by 4.25% within one year to curb inflation, but also raised concerns about an economic downturn. Consequently, the US consumer market experienced significant impacts in the second half of 2022, leading to an overall market contraction. Despite the challenging external environment, the Company maintained a conservative business strategy, avoiding additional risks that could have been caused by business expansion. We continued to transform by making full use of performance products as the main focus, devoting efforts to product R&D and innovative production technologies in the hope of generating new revenue streams. In response to changes in production trading patterns, we made organizational adjustments for customer optimization and continued to refine production and management capabilities in order to achieve the goal of sustainability.

Thanks to our superior resource integration and ODM capabilities, we have flexibly managed global production and sales supply chains and promptly responded to risk management. Together with the integrated strategic advantages of the "TexRay Seamless Value Added Chain (TSVAC)" within the Group, we have been operating steadily and pragmatically, creating an innovative value management model with Tex-Ray 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. In addition to pioneering patented eco-friendly wet printing, the Company has further developed printing-as-dyeing technology based on this foundation to provide modern environmental solutions for the printing and dyeing industry known for its intensive energy consumption and water pollution. In terms of products, we have integrated the RAYS performance textiles map and developed eco-friendly, energy-saving, carbon-reducing, and technology performance products, such as the ECO-LOR® series with dope dyeing process and the temperature-regulating textiles 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 aims to maintain steady growth in revenue while stabilizing profits.

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 ahead to the upcoming year, in response to the complex global political and economic situation, Tex-Ray will adjust its production site and capacity control in a timely manner with a more flexible and prompt decision-making mechanism to avoid operational risks caused by the global economic impact. The Company will continue to streamline its organizational structure and implement consolidation and downsizing of operations for segments with poor profitability to improve operational performance. In addition, we will continue to focus on cultivating potential businesses and generate greater benefits for all shareholders with a pragmatic 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. 2022 Business Report

(I) Business plan implementation results

- (1) The consolidated operating revenue was \$6,129,220 thousand in 2022, a decrease of 7.66% compared with that in 2021.
- (2) The consolidated loss after tax in 2022 was \$(41,674) thousand, with the EPS of \$(0.16). In 2022, profits decreased compared to 2021 due to an increase in inflation and operating expenses.

(II) Budget implementation status

The Company did not prepare financial forecasts.

(III) Analysis on financial revenue & expense and profitability

1. Consolidated financial revenue & expense

Item	Unit: NTD Thousand	
	2021	2022
Operating revenue	6,637,936	6,129,220
Operating cost	5,311,863	4,828,337
Gross profit	1,326,073	1,300,883
Operating expense	1,232,039	1,270,260
Operating income	94,034	30,623
Non-operating revenue (expense), net	(20,372)	14,680
Income before tax	73,662	45,303
Net income	(42,755)	(41,674)
Basic EPS (NT\$)	(0.13)	(0.16)

2. Profitability Analysis

Item		2021	2022
ROA %		0.40	0.44
ROE %		(1.33)	(1.32)
To paid-in capital ratio (%)	Operating income	4.03	1.31
	Income before tax	3.15	1.94
Profit margin %		(0.64)	(0.68)
Retroactive adjustment of EPS (NT\$)		(0.13)	(0.16)

(IV) Research and development status

Please refer to page 98.

II. Summary of 2023 Business Plan

(I) Operating Guideline

In early February 2022, Russia invaded Ukraine, causing blockades in the Black Sea granary exports and global price fluctuations. The West joined forces to impose sanctions on Russia, which tightened its energy supply, hitting Europe the hardest. Coincidentally, the winter of 2022 was colder than before, and the international community was deeply affected by the soaring energy and commodity prices. On the other hand, most countries gradually opened up to coexist with the virus in the post-COVID era, except for China, which consistently maintained a dynamic "zero-COVID" approach. However, in October of that year, China abruptly reversed its "zero-COVID" policy without adequate preparation, causing a significant surge in infection rates and having an enormous impact on the global supply chain. In 2022, due to the imbalance of supply and demand, prices continued to rise particularly in food and energy, causing a profound impact on people's livelihoods and a severe inflation issue. 2022 was a year of global financial turmoil, with economic setbacks and unceasing stock market crashes. As the US continuously raised interest rates to combat inflation, the US dollar strengthened, causing a significant decline in stock markets and currencies across many countries and regions. Within a year, the US federal funds rate surged by 4.25%, stimulating other countries to start their rate hike. Accordingly, the global economic contraction caused by the rising interest rates led to a substantial reduction in purchasing power and a setback in economic growth.

Faced with many unfavorable external environmental factors, Tex-Ray still actively adjusted its global strategic layout. We maintained the previous strategy in the China production site, which involved a comprehensive reduction in fabric self-production and retaining only the garment manufacturing base necessary for the Chinese market. Following the rising basic wages in Vietnam, competitiveness gradually declined. To address this issue, the Company adjusted the production layout in Vietnamese sites and shifted towards other countries as production bases. In particular, the production capacity in the African region would be expanded progressively to achieve a stable global production and sales balance.

Despite numerous difficulties and challenges, Tex-Ray was able to leverage its past experience in integrating internal resources and ODM capabilities to improve its corporate structure, create more flexible operation and risk management, and strengthen its resilience. In 2022, we controlled risks within a manageable range, avoiding overzealous investments or expanding operations amid a volatile economic environment that could have caused unnecessary risks in the market. The Company continued to enhance its business value by deepening the design and R&D of existing market value, facilitating the emergence of more valuable new products and services, which have already shown positive results.

Looking ahead, 2023 will still be a challenging year. In addition to maintaining the Tex-Ray management team's competitive strength through the "Texray Seamless Value Added Chain (TSVAC)" model, we will also consolidate subsidiaries to reduce management costs and streamline processes to strengthen communication and synergy across production sites. This approach will effectively lower operating costs, comprehensively improve quality and efficiency, and ultimately generate the maximum value and benefits for our 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 has not prepared any financial forecast for 2023; thus, there is no information available on sales volume forecast for 2023.

(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. The company plans to leverage Vietnam's abundant and competitive workforce to improve production efficiency at our plant. Additionally, we aim to establish strategic partnerships with other factories for manufacturing production in order to expand production capacity and ensure consistent quality.
5. As for other businesses, the Company is now focusing on developing new businesses in addition to the aforementioned "King's Metal Fiber Technologies Co. Ltd." One such example is "Taiwan Supercritical Technology Co., Ltd.," which achieved record performance last year. We aim to cultivate a more diverse range of businesses through the Group's resource allocation and injection and diversify operations to mitigate the operational risks associated with over-concentration.

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 its 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.

The Company will prioritize investing resources in the R&D of sustainable and eco-friendly products. With the growing global aging population and rising awareness of health, the market's demand for health care and sports and fitness products has increased; meanwhile, the rapid development of information technology and the global Internet of Things has led to a growth in the demand for smart wearable garment. Company has been devoted to sports and fitness products and long-term care since its early days, it continues to lead the industry in technology and patents. By combining the advantages in electronics, textiles, and other relevant industries, the Company will engage in collaboration with different industries to develop new functional products, and develop diverse applications of textiles for different industries.

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 ahead to the upcoming year, in response to the complex global political and economic situation, Tex-Ray will adjust its production site and capacity control in a timely manner with a more flexible and prompt decision-making mechanism to avoid operational risks caused by the global economic impact. The Company will continue to streamline its organizational structure and implement consolidation and downsizing of operations for segments with poor profitability to improve operational performance. In addition, we will continue to focus on cultivating potential businesses and generate greater benefits for all shareholders with a pragmatic management philosophy. Tex-Ray's core strategy is the unfolding history of fibers, gradually developing from traditional fibers to performance fibers, high-temperature fibers, electronic fibers, and eventually upgrading to smart fibers in the future. Constantly evolving and developing technological fiber products are the Company's mission for sustainability and to create greater benefits for all shareholders.

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.
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.

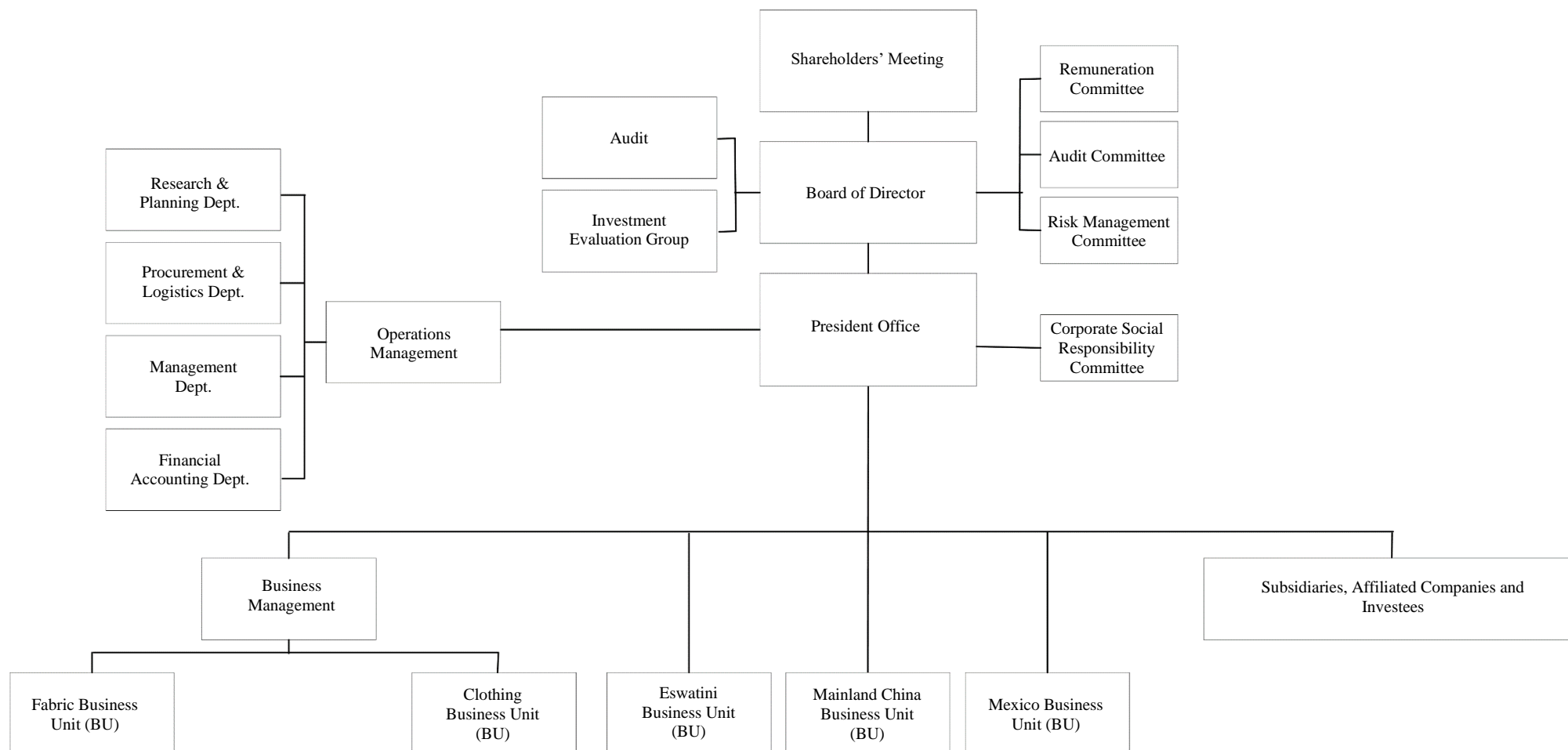
March 2021 Public offering by King's Metal Fiber Technologies Co., Ltd.
September 2021 King's Metal Fiber Technologies Co., Ltd. listing on emerging stock
market

- (II) Corporate mergers and acquisitions, reinvestment affiliates, and reorganizations for the most recent two fiscal years and during the current fiscal year up to the publication date of the annual report: For the purpose of organizational restructuring, the US marketing companies Z-PLY CORP. and TRLA GROUP INC. have been reorganized as Tex-Ray's direct investments.
- (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	<ol style="list-style-type: none"> 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)	<ol style="list-style-type: none"> 1. Accept garment orders. 2. Coordinate suppliers' production operations. 3. Control quality and delivery of finished goods.
Fabric Business Unit (BU)	<ol style="list-style-type: none"> 1. Accept woven fabric orders. 2. Coordinate suppliers' production operations. 3. Control quality and delivery of finished goods.
Financial Accounting Dept.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 1. Planning and implementation of talent development strategy 2. Personnel recruitment, appointment, educational training, and promotion system planning 3. Planning and management of remuneration policies 4. Planning and implementation of global cybersecurity policies 5. Group system, automation strategy, and implementation 6. Legal consultation and contract review 7. Procurement and maintenance of administrative and information software and hardware, as well as engineering outsourcing
Procurement & Logistics Dept.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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 11, 2023

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/71	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	President	Lin Tsung-Yi	Father and son	
Vice Chairman	ROC	Yao Wan-Kuei	Male/71	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/54	November 3, 2021	2	November 3, 2021	—	—	—	—	—	—	—	—	Prograduate Student from Party School Chairman, Jiangsu Yueda Group Co., Ltd.	—	—	—	—	
Representative	China	Tai Chun	Male/57	July 12, 2021	1	September 8, 2020	—	—	—	—	—	—	—	—	Chairman, Jiangsu Yueda Textile Group Co., Ltd.	—	—	—	—	
Director	ROC	Kuo Wen-Yen	Male/40	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/66	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/75	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/51	July 12, 2021	2	June 12, 2019	—	—	—	—	—	—	—	—	Chairman, Suzhou Weide Co., Ltd. Director, ZENO APPAREL CO., LTD.	—	—	—	—	
Independent Director	ROC	Tsai Chao-Lun	Male/74	July 12, 2021	3	December 4, 2018	0	0.00%	0	0.00%	—	—	—	—	Chairman, FORMOSTAR GARMENT CO., LTD. Director, BES Engineering Inc.	—	—	—	—	

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	
Independent Director	ROC	Li Mu-Jung	Male/55	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/66	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: Where the chairman of the Board of Directors, president, or person of an equivalent post (the highest-level manager) of a company are the same person, spouses or relatives within the first degree of kinship, the relevant information explaining the reasons, reasonableness, necessity, and corresponding measures thereof (e.g., by way of increasing the number of independent directors and requiring half of the directors not to serve as employees or managers) shall be given: The chairman and president of the Company are relatives within the first degree of kinship, and the practical experience has been passed on to the son to take over the business. The president starting from the grassroots level and gradually managing the company is indeed reasonable and necessary for holding key positions.

Table 1: Major Shareholders of Juristic Person Shareholders
 April 10, 2023

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 10, 2023

Name of Juristic Person	Major Shareholders of Juristic Person
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 qualifications and experience	Independence (Note 2)	Number of other public companies in which the independent director concurrently serve as an independent director.
Ray Lin	* Possessing practical experience in the textile industry * Possessing capabilities of operational judgment, business management, policymaking, and crisis management, as well as decision-making capabilities to comprehend national trends and lead the company toward globalization * MSM, Baker University, USA; Chairman, Tex-Ray Industrial Co., Ltd.	1. Concurrently serving as the Company's CEO, a managerial officer. 2. Concurrently serving as the director of the Company's affiliated companies. 3. Top ten natural-person shareholders of the Company and not an independent director. 4. The remaining meets the independence criteria set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC).	July 2021 Elected as the independent director of Taiwan Glass
Yao Wan-Kuei	* Possessing practical experience in the textile industry * Possessing capabilities of operational judgment, business management, decision-making, and crisis management * EMBA, National Chengchi University; Vice Chairman, Tex-Ray Industrial Co., Ltd.	1. Concurrently serving as the Company's Deputy CEO, a managerial officer. 2. Concurrently serving as the director of the Company's affiliated companies. 3. Top ten natural-person shareholders of the Company and not an independent director. . 4. The remaining have been verified in accordance with the independence requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC) and still meet the relevant independence criteria.	None
Chang Nei-Wen	* Possessing rich financial experience, good at financial management and risk control planning, and with capabilities of risk management and business management * Postgraduate of Jiangsu Party School; Chairman, Jiangsu Yueda Group Co., Ltd; Senior CPA	1. Yueda Textile Financial Holding Limited (BVI), an institutional shareholder holding more than 5% of the Company's issued shares, is the Company's largest shareholder. 2. Serving as its designated representative, Mr. Chang was elected as a director. 3. The remaining meets the independence criteria set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC).	None

Qualifications Name	Professional qualifications and experience	Independence (Note 2)	Number of other public companies in which the independent director concurrently serve as an independent director.
Tai Chun	<ul style="list-style-type: none"> * Possessing practical experience in the textile industry * Possessing capabilities of operational judgment, business management, decision-making, and crisis management * Master of Fudan University; Chairman, Jiangsu Yueda Textile Group Co., Ltd. 	<ol style="list-style-type: none"> 1. Yueda Textile Financial Holding Limited (BVI), an institutional shareholder holding more than 5% of the Company's issued shares, is the Company's largest shareholder. 2. Serving as its designated representative, Mr. Tai was elected as a director. 3. The remaining meets the independence criteria set forth in Article 3, paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC). 	None
Wu Ching-Feng	<ul style="list-style-type: none"> * Possessing practical experience in the textile industry * Possessing capabilities of operational judgment, business management, decision-making, and crisis management * Tainan Nan Ying Senior Commercial & Industrial Vocational School; Chairman, Kantex Co., Ltd. 	<ol style="list-style-type: none"> 1. Director Wu currently serves as a natural person director. 2. He also meets the independence requirements of the competent authorities during the two years prior to the nomination and during the term of office and meets the independence criteria set forth in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC). During his tenure as a director, he has independently exercised the relevant functional duties in compliance with the rights granted to fully participate in decision-making and to express opinions under Article 14-3 of the Securities and Exchange Act. 	None
He Yu	<ul style="list-style-type: none"> * Possessing rich industry experience and capabilities of operational judgment, business management, and crisis management * Bachelor's Degree in International Business Administration, John F. Kennedy University, California; Chairman, Seven Pyramid Enterprise Co., Ltd.; Chairman, Seven Praise Optical Industry Co., Ltd. 	<ol style="list-style-type: none"> 1. Director He currently serves as a natural person director. 2. He also meets the independence requirements of the competent authorities during the two years prior to the nomination and during the term of office and meets the independence criteria set forth in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC). During his tenure as a director, he has independently exercised the relevant functional duties in compliance with the rights granted to fully participate in decision-making and to express opinions under Article 14-3 of the Securities and Exchange Act. 	None

Qualifications Name	Professional qualifications and experience	Independence (Note 2)	Number of other public companies in which the independent director concurrently serve as an independent director.
Yang Chia-Yin	<p>* Possessing rich industry experience and capabilities of operational judgment, business management, and crisis management</p> <p>* Southern Illinois University; Director, Zeno Apparel Co., Ltd.</p>	<p>1. Suzhou Weide Co., Ltd., an institutional shareholder holding more than 5% of the Company's issued shares, is the Company's second largest institutional shareholder.</p> <p>2. Serving as its designated representative, Director Yang was elected as a director.</p> <p>3. The remaining have been verified in accordance with the independence requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC) and still meet the relevant independence criteria.</p>	None
Tsai Chao-Lun	<p>* Possessing rich industry experience and capabilities of operational judgment, business management, and crisis management</p> <p>* MBA, University of Wisconsin, USA; Chairman, Formostar Garment Co., Ltd.; Director, BES Engineering Inc.</p>	<p>According to the provisions of the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles," directors are elected through a candidate nomination system. During the nomination and selection of the Board members, the Company has obtained written statements, work experience, and proof of current employment from each director to verify the independence of themselves, spouses, and relatives within the third degree of kinship in relation to the company.</p> <p>The Company has verified that the three independent directors listed on the left have met the qualifications set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission (FSC) during the two years prior to the nomination and during the term of office. Also, the independent directors have independently performed their relevant functional duties in compliance with the rights granted to fully participate in decision-making and to express opinions under Article 14-3 of the Securities and Exchange Act.</p>	None

Qualifications Name	Professional qualifications and experience	Independence (Note 2)	Number of other public companies in which the independent director concurrently serve as an independent director.
Li Mu-Jung	* Possessing business accounting and industry experience and capabilities of operational judgment, business management, and crisis management * EMBA, National Taiwan University; CPA registered in China; Vice Chairman, Shiquan Real Estate Development Co., Ltd. in Putian, Fujian Province; Chairman, Putian Taiwanese Business Association		None
Chu Hsing-Hua	* Possessing rich industry experience and capabilities of operational judgment, business management, and crisis management * Master of Textile Engineering, Feng Chia University; Deputy Director General, Intellectual Property Office, MOEA; Director, Taiwan Textile Research Institute; Adjunct Associate Professor, Oriental Institute of Technology		None

None of the Company's 11 directors (including independent directors) are under any circumstances specified in the subparagraphs of Article 30 of the Company Act.

II. Diversity and Independence of Board of Directors:

(I) Board Diversification: Describe the Board diversification policy, goals, and achievement. 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.

According to Article 20 of the Company's Corporate Governance Best Practice Principles and Article 3 of Regulations for Election of Directors, the Board members shall generally possess the knowledge, skills, and attainment necessary to perform their duties. The Board of Directors shall possess overall capabilities of operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market insights, leadership, and decision-making. The composition of the Board of Directors should take into account diversification and formulate a diversity policy for Board members based on the needs of the company's operations, business model, and future development trends, including basic criteria and values (gender, age, nationality, and culture), as well as professional knowledge and skills (such as law, accounting, industry, finance, marketing, or technology), and so on. The Company advocates and respects the directors diversity policy. To strengthen corporate governance and promote the sound development of the composition and structure of the Board, we believe that a diversity policy will help enhance the overall corporate 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. To strengthen the function of the Board of Directors and achieve the ideal goal of corporate governance, 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, the director Chang Naiwen and independent director Li Mu-Jung are both CPAs, while independent director Chu Hsing-Hua has a qualification as a university professor in a textile-related field, providing professional opinions for corporate 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 60 years 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.

The specific management objectives and achievements of the Company's diversity policy are as follows

Management objective	Achievement
At least one-third of the directors have expertise in the textile industry, marketing, or business management	Achieved
At least one-third of the independent directors have expertise in law, financial accounting, or crisis management	Achieved

(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. Out of the 11 Board members, there are three independent directors, accounting for 27.27% of the total. Each director participates in the Board operation independently based on their areas of expertise. It is worth noting that there are no relationships of spouses or relatives within the second degree of kinship among the 11 directors.

All independent directors meet the criteria set by the Financial Supervisory Commission (FSC) concerning independent directors, and their independence is shown as follows:

Name	Whether the independent director, spouse, or relatives within the second degree of kinship serving as directors, supervisors, or employees of the Company or affiliated companies	The number and proportion of the company's shares held by the independent director, spouse, or relatives within the second degree of kinship (or by nominees)	Whether serving as a director, supervisor, or employee of companies that have a specific relationship with the Company	The amount of remuneration received for providing commerce, legal, finance, accounting, and other services to the Company or its affiliated companies in the last two years
Tsai Chao-Lun	No	None.	No	None.
Li Mu-Jung	No	None.	No	None.
Chu Hsing-Hua	No	None.	No	None.

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

April 10, 2023

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	Yeh Feng-Ying	Spouse	Note
													President	Lin Tsung-Yi	Father and son	
													Vice President	Lin Tsung-Han	Father and son	
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	Legal representative 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	
Vice President, Apparel 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 New Hampshire	-	Chairman	Ray Lin	Father and son	
President, Eswatini Business Division	ROC	Tseng Chih-Yen	Male	January 1, 2021	-	-	-	-	-	-	Bachelor's Degree in Finance, Shih Chien University	-	-	-	-	
Financial Manager Accounting Manager Chief Corporate Governance Officer	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 vital positions in the Company, passing on the practical experience to his sons to take over the business. These four family members are also among the Company's top ten shareholders. Two managers have worked their way up from entry-level positions and gained extensive knowledge of the company's operations through overseas assignments. Therefore, it is both reasonable and necessary for them to hold key positions. At present, only two directors concurrently serve as employees or managers, namely the chairman and vice chairman Yao, and here is no instance where more than half of the directors hold concurrent positions. The other directors and independent directors contribute to the Company's operations through their respective areas of 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)

Job title	Name		Compensation to directors								Total remuneration (A+B+C+D) and its ratio to net income (%) (Note 10)		Employee compensation received by directors								Total remuneration (A+B+C+D+E+F+ G) and its ratio to net income (%) (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)				
Chairman	Ray Lin		1,000	1,000	0	0	0	0	42	84	1,042/(2.71)	1,084/(2.82)	2,400	2,400	0	0	0	0	0	0	3,442/(8.97)	3,484/(9.08)	0
Vice Chairman	Yao Wan-Kuei		700	700	0	0	0	0	42	42	742/(1.93)	742/(1.93)	2,220	2,940	130	174	0	0	0	0	3,092/(8.06)	3,856/(10.05)	0
Director	Chang Nei-Wen	Representative of YUEDA Textile	0	0	0	0	0	0	45	45	45/(0.12)	45/(0.12)	0	0	0	0	0	0	0	0	45/(0.12)	45/(0.12)	0
Director	Tai Chun	Financial Holding Limited (BVI)	0	0	0	0	0	0	45	45	45/(0.12)	45/(0.12)	0	0	0	0	0	0	0	0	45/(0.12)	45/(0.12)	0
Director	Kuo Wen-Yen		0	0	0	0	0	0	42	42	42/(0.11)	42/(0.11)	0	0	0	0	0	0	0	0	42/(0.11)	42/(0.11)	0
Director	Wu Ching-Feng		0	0	0	0	0	0	42	42	42/(0.11)	42/(0.11)	0	0	0	0	0	0	0	0	42/(0.11)	42/(0.11)	0
Director	He Yu		0	0	0	0	0	0	42	42	42/(0.11)	42/(0.11)	0	0	0	0	0	0	0	0	42/(0.11)	42/(0.11)	0
Director	Representative of Suzhou Weide Co., Ltd.; Yang Chia-Yin		0	0	0	0	0	0	42	42	42/(0.11)	42/(0.11)	0	0	0	0	0	0	0	0	42/(0.11)	42/(0.11)	0
Independent Director	Tsai Chao-Lun		800	800	0	0	0	0	42	42	842/(2.194)	842/(2.194)	0	0	0	0	0	0	0	0	842/(2.194)	842/(2.194)	0
Independent Director	Li Mu-Jung		800	800	0	0	0	0	42	42	842/(2.194)	842/(2.194)	0	0	0	0	0	0	0	0	842/(2.194)	842/(2.194)	0
Independent Director	Chu Hsing-Hua		822	800	0	0	0	0	42	42	842/(2.194)	842/(2.194)	0	0	0	0	0	0	0	0	842/(2.194)	842/(2.194)	0
Subtotal			4,100	4,100	0	0	0	0	468	510	4,568/(11.90)	4,610/(12.01)	4,620	5,340	130	174	0	0	0	0	9,318/(24.28)	10,124/(26.38)	0

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

Unit: NTD Thousand; December 31, 2022

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	Yao Wan-Kuei, Wu Ching-Feng, He Yu, Chang Nei-Wen, Tai Chun, Kuo Wen-Yen, Yang Chia-Yin, Tsai Chao-Lun, Li Mu-Jung, Chu Hsing-Hua	Yao Wan-Kuei, Wu Ching-Feng, He Yu, Chang Nei-Wen, Tai Chun, Kuo Wen-Yen, Yang Chia-Yin, Tsai Chao-Lun, Li Mu-Jung, Chu Hsing-Hua	Wu Ching-Feng, He Yu, Chang Nei-Wen, Tai Chun, Kuo Wen-Yen, Yang Chia-Yin, Tsai Chao-Lun, Li Mu-Jung, Chu Hsing-Hua	Wu Ching-Feng, He Yu, Chang Nei-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	Ray Lin		
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)			Ray Lin, Yao Wan-Kuei	Ray Lin
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)				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 Chang Nei-Wen and Tai Chun are 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)				Total remuneration (A+B+C+D) and its ratio to net income (%) (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	12,826	14,086	648	725	9,308	10,308	0	0	0	0	22,782/ (59.35)	25,119/ (65.44)	0
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													
President, Eswatini Production Site	Tseng Chih-Yen													

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)	Yeh Feng-Ying	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, Chang Chin-Huei, Lin Tsung-Han	Ray Lin, Yao Wan-Kuei
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Yang Wei-Han, Tseng Chih-Yen	Yang Wei-Han, Lin Tsung-Yi, Tseng Chih-Yen
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	8	8

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)				Total remuneration (A+B+C+D) and its ratio to net income (%) (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			
President	Lin Tsung-Yi	1,864	2,404	109	141	1,000	2,000	-	-	-	-	3,748/ (9.76)	4,545/ (11.84)	-
President, Eswatini Production	Tseng Chih-Yen	1,477	1,477	65	65	2,600	2,600	-	-	-	-	4,142/ (10.79)	4,142/ (11.84)	-
Chief Strategy Officer (CSO)	Yang Wei-Han	2,640	2,640	108	108	1,000	1,000	-	-	-	-	3,748/ (9.76)	3,748/ (9.76)	-
Director and Vice CEO	Yao Wan-Kuei	1,220	1,940	130	174	1,000	1,000	-	-	-	-	2,350/ (6.12)	3,114/ (8.11)	-
Chairman and CEO	Ray Lin	1,400	1,400	-	-	1,000	1,000	-	-	-	-	2,400/ (6.25)	2,400/ (6.25)	-

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: 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, 2022

	Job title	Name	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 Chairman and Vice CEO	Yao Wan-Kuei				
	Chief Strategy Officer (CSO)	Yang Wei-Han				
	President	Lin Tsung-Yi				
	Vice President	Yeh Feng-Ying				
	Vice President	Chang Chin-Huei				
	Vice President	Lin Tsung-Han				
	President, Eswatini Production Site	Tseng Chih-Yen				

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	2021		2022	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	8,818/(28.55)	10,568/(34.22)	9,318/(24.28)	10,124/(26.38)
President and Vice President	20,519/(66.44)	24,669/(79.88)	22,782/(59.35)	25,119/(65.44)

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 five (A) Board meetings were held in the most recent fiscal year. The attendance of the directors is as follows:

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

Other disclosures to be noted:

- 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:
 - 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 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

Date	Session	Contents of Motion	All independent directors' opinion	How the Company has responded to the independent directors' opinions
March 28, 2022	4th meeting of 16th term	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 and year-end bonus amounts to directors and managers.	Approved unanimously.	None
		Approved the proposal for transfer of key managers submitted for discussion.	Approved unanimously.	None
May 12, 2022	5th meeting of 16th term	Approved the financial report for the first quarter of 2022.	Approved unanimously.	None
		Approved the report on the greenhouse gas inventory and verification schedule.	Approved unanimously.	None
		Approved the proposal for bank credit lines.	Approved unanimously.	None
		Approved the proposal for provision of guarantees to affiliated companies.	Approved unanimously.	None
August 11, 2022	6th meeting of 16th term	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
		The Company's consolidated financial statements for the first half of 2022, please proceed to discuss.	Approved unanimously.	None
November 9, 2022	7th meeting of 16th term	Approved the proposal for bank loans submitted for discussion.	Approved unanimously.	None
		Approved the proposal for providing guarantees to affiliates' bank credit loans.	Approved unanimously.	None
		Approved the proposal for the internal control plan.	Approved unanimously.	None
		Approved the amendment to the "Risk Management Policies and Procedures."	Approved unanimously.	None
		Approved the amendment to the "Rules of Procedure for the Board of Directors Meetings."	Approved unanimously.	None
		Approved the consolidated financial statements for the third quarter of 2022.	Approved unanimously.	None
		Approved the amendment to the "Procedures for Handling Internal Material Information."	Approved unanimously.	None
		Approved the proposal for the change in spokesperson.	Approved unanimously.	None
December 27, 2022	8th meeting of 16th term	Approved the proposal for the Group's organizational restructuring.	Approved unanimously.	None
		Proposal for the establishment of general principles for non-assurance services pre-approval policy.	Approved unanimously.	None
March 14, 2023	9th meeting of 16th term	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 evaluation on external auditors' independence submitted for discussion.	Approved unanimously.	None
		Approved the proposal for the commissioning of the financial report audit certification.	Approved unanimously.	None
		Approved the proposal for 2022 Statement on Internal Control.	Approved unanimously.	None
		Approved the 2022 business report and financial statements.	Approved unanimously.	None
		Approved the amendment to the Company's Articles of Incorporation.	Approved unanimously.	None
		Approved the amendment to the rules and procedures for corporate governance.	Approved unanimously.	None
		Approved the proposal for by-election of independent directors.	Approved unanimously.	None
		Approved the proposal for determining the date and agenda of the 2023 Annual Shareholder's Meeting.	Approved unanimously.	None
Approved the proposal for 2022 remuneration amount to directors and managers.	Approved unanimously.	None		

Date	Session	Contents of Motion	Opinion of all independent directors	How the Company has responded to the independent directors' opinions
March 28, 2023	10th 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 amendment to the Company's "Approval Hierarchy Table."	Approved unanimously.	None
		Approved the proposal for the list of independent director candidates.	Approved unanimously.	None
		Approved the 2022 financial statements.	Approved unanimously.	None
		Approved the 2022 deficit compensation table.	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 discuss 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 outsourced the 2021 performance evaluation of the Board of Directors to a professional independent institution, namely the Taiwan Investor Relations Institute. The evaluation was conducted through on-site interviews with individual Board members by this professional investment institution and the results were submitted to the Board on March 14, 2023. The overall performance evaluation outcomes of the Board (functional committees) are currently in effective operation and are detailed on pages 53-56 of the annual report.
 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.

5. Implementation of the board evaluation:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Contents of evaluation	Evaluation results
Once per year	2022	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.

6. Other matters Supervisors' involvement in the Board 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	5	-	100.00%	
Independent Director	Li Mu-Jung	5	-	100.00%	
Independent Director	Chu Hsing-Hua	5	-	100.00%	Elected upon reelection at the shareholders' meeting in July 2021.

The main issues reviewed by the Audit Committee include:

1. Establishment or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Establishment or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A transaction involving material asset or derivatives trading.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring, dismissal, or remuneration of CPAs.
9. The appointment or dismissal of a financial, accounting, or internal audit officer.
10. Annual financial report signed or affixed seals by the chairman, executive officer, and chief accounting officer, and the second quarter financial report subject to audit and attestation by a CPA.
11. Any other material matter so determined by the company or the competent authority.

Other disclosures to be noted:

(1) If the operations of the Audit Committee fall under any of the circumstances below, the date and term of the Audit Committee meeting, agenda, the content of objections, reservations, or significant recommendations made by independent directors, Audit Committee resolutions, and how the company handles the Committee's opinions should be specified.

1. Matters referred to in Article 14-5 of the Securities and Exchange Act: None.

Date	Session	Contents of Motion	Matters referred to in Article 14-5 of the Securities and Exchange Act	The content of objections, reservations, or significant recommendations made by independent directors
March 28, 2022	3rd Term 3rd Meeting	Syndicated loans.	✓	None
		Mortgage loan on Tainan factory	✓	None
		Loaning of funds to affiliated companies	✓	None
		Provision of guarantees for affiliates' bank credit loans.	✓	None
		Evaluation on the independence of CPAs.	✓	None
		2021 Statement on Internal Control.	✓	None
		Amendment to the "Procedures for Acquisition or Disposal of Assets."	✓	None

Date	Session	Contents of Motion	Matters referred to in Article 14-5 of the Securities and Exchange Act	The content of objections, reservations, or significant recommendations made by independent directors	
March 28, 2022	3rd Term 3rd Meeting	2021 business report and financial statements.	✓	None	
		2021 deficit compensation.	✓	None	
		Audit Committee resolution: All independent directors present voted in favor of all proposals.			
		The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.			
May 12, 2022	3rd Term 4th Meeting	The Company's consolidated financial statements for the first quarter of 2022.	✓	None	
		Provision of guarantees for affiliates' bank credit loans.	✓	None	
		Audit Committee resolution: All independent directors present voted in favor of all proposals.			
		The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.			
August 11, 2022	3rd Term 5th Meeting	Loaning of funds to affiliated companies	✓	None	
		Provision of guarantees for affiliates' bank credit loans.	✓	None	
		The Company's consolidated financial statements for the second quarter of 2022.	✓	None	
		Audit Committee resolution: All independent directors present voted in favor of all proposals.			
		The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.			
November 9, 2022	3rd Term 6th Meeting	Provision of guarantees for affiliates' bank credit loans.	✓	None	
		The Company's consolidated financial statements for the third quarter of 2022.	✓	None	
		2023 audit plan.	✓	None	
		Audit Committee resolution: All independent directors present voted in favor of all proposals.			
		The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.			
December 27, 2022	3rd Term 7th Meeting	The Group's organizational restructuring.	✓	None	
		Proposal for the establishment of general principles for non- assurance services pre-approval policy.	✓	None	
		Audit Committee resolution: All independent directors present voted in favor of all proposals.			
		The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.			
March 14, 2023	3rd Term 8th Meeting	Provision of guarantees for affiliates' bank credit loans.	✓	None	
		Evaluation on the independence of CPAs.	✓	None	
		The commissioning of the financial report audit certification.	✓	None	
		2022 Statement of Internal Control.	✓	None	
		2022 business report and financial statements.	✓	None	
		Amendment to the Company's Articles of Incorporation.	✓	None	
		By-election of independent directors.	✓	None	
		Audit Committee resolution: All independent directors present voted in favor of all proposals.			
		The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.			

Date	Session	Contents of Motion	Matters referred to in Article 14-5 of the Securities and Exchange Act	The content of objections, reservations, or significant recommendations made by independent directors	
March 28, 2023	3rd Term 9th Meeting	Approved the proposal for loaning of funds to affiliated companies submitted for discussion.	✓	None	
		Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.	✓	None	
		Approved the amendment to the Company's "Approval Hierarchy Table."	✓	None	
		Approved the 2022 financial statements.	✓	None	
		Approved the 2022 deficit compensation table.	✓	None	
		Audit Committee resolution: All independent directors present voted in favor of all proposals.			
		The Company's response to the Audit Committee's opinion: All directors present voted in favor of the proposal.			

(2) Apart from the matters above, any resolution that has not received approval from the Audit Committee but has been approved by two-thirds or more of all directors: None.

2. Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. For the status of a proposal which a director recuses themselves from voting due to a personal interest therein, information about the independent director's name, details of the proposal, reason for recusal, and status of voting should be specified: There were no proposals involving the recusal of directors' interests during the Audit Committee meetings held in the most recent year.

III Communication between independent directors and the chief internal auditor/CPAs (including material financial and business matters communicated and communication methods and results).

- 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 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.
May 12, 2022	4th meeting of 3rd Audit Committee	Audit implementation status in Q1 2022.	Agreed and acknowledged by all present independent directors.
August 11, 2022	5th meeting of 3rd Audit Committee	Audit implementation status in Q2 2022.	Agreed and acknowledged by all present independent directors.
November 9, 2022	6th meeting of 3rd Audit Committee	Audit implementation status in Q3 2022.	Agreed and acknowledged by all present independent directors.
March 14, 2023	8th meeting of 3rd Audit Committee	1. Audit implementation status in Q4 2022. 2. Effectiveness judgment on 2022 internal control system. 3. 2022 Statement on Internal Control	Agreed and acknowledged by all present independent directors.

2. The Company's external CPAs report their audit results or review of the quarterly financial statements and other matters required by relevant laws and regulations at the quarterly Audit Committee meeting. In case of any special circumstances, they will also report to the Audit Committee. There were no such particular circumstances in 2022, and the communication between our Committee members and CPAs was well.

Date	Method of communication	Contents of communication	Outcome
March 28, 2022	3rd meeting of 3rd Audit Committee	Explanatory discussion on the audit results for the Company's 2021 financial report and consolidated financial report. 2021 key audit matters - revenue recognition and accounts receivable. Updates to significant accounting standards or interpretations, FSC regulations, and tax laws.	All present independent directors understood the communication matters thoroughly.
August 11, 2022	5th meeting of 3rd Audit Committee	Explanatory discussion on the audit results for the Company's Q2 2022 consolidated financial report. Material matters discussed with management -preparation of self-compiled financial statements. Updates to significant accounting standards or interpretations, FSC regulations, and tax laws.	All present independent directors understood the communication matters thoroughly.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons 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 has established a stock affairs unit, a spokesperson, and a mailbox to handle shareholder suggestions and disputes following our internal operating procedures. Additionally, we provide a feature on our corporate website for complaints, whistleblowing, and proposals. If there are any legal issues involved, we will refer them to the legal department for handling.	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) Most of the Company's major shareholders are either members of the management team or directors, which enables us to keep track of the list of major shareholders who have actual control over the company, ensuring stability in management rights. The company gains a comprehensive understanding of the major shareholder structure by regularly reporting changes in the shareholdings of directors, supervisors, and managers through both the stock affairs agency and internal personnel. Any changes are reported in accordance with the information reporting operation for 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) The management responsibility for personnel, assets, and finances between the Company and its affiliated companies have been clearly defined. Furthermore, we have conducted risk assessments and established appropriate firewall mechanisms. For business transactions with affiliated companies, we follow the principles of fairness and reasonableness and comply with the "Regulations Governing Related Party Transactions," "Regulations Governing the Supervision and Management of Subsidiaries," internal control, and other related management measures. Regarding contractual matters, it is essential to explicitly specify clear pricing conditions and payment	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?	✓		<p>methods. Moreover, any form of irregular transactions, as well as acts of bribery or corruption, shall be strictly prohibited. The affiliated companies operate their finances, businesses, and accounting independently. The Company has established proper risk control mechanisms and firewalls between the affiliates, which are regularly monitored and audited.</p> <p>(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.</p>	No deviation, as explained above.
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?</p>	✓		<p>The Company’s Board of Directors is responsible for guiding the corporate strategy, overseeing the management team, and being accountable to both the company and shareholders. They must ensure that the various operations and arrangements of the corporate governance mechanism are in place and that their powers are exercised in compliance with laws, the Articles of Incorporation, or resolutions passed by the Shareholders' Meeting. The composition of the Board members should take into consideration diversity and formulate an appropriate diversity policy based on its operations, business model, and development needs. In accordance with the Company's "Corporate Governance Best Practice Principles," directors should generally possess the knowledge, skills, and attainment necessary to perform their duties. The Company adopts a director (including independent directors) nomination system (please refer to the professional knowledge and independence of the Board members for details):</p> <p>The Company has a Board of Directors consisting of 11 members (including 3 independent directors), one of whom is female. The Board consists of the directors with the professional knowledge,</p>	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	
			<p>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 pages 19~21 and 49 for details.</p> <p>Board member and key management successor cultivation planning:(P50)</p> <p>The succession planning for passing down the legacy is based on considerations of the management team and their development, as well as management talents and executives who share the corporate management philosophy and culture. The successor selection is composed of managers from diverse fields of expertise, and the decision is made through the management decision committee with regular discussions on the candidate's development.</p>	
(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 required by law, the Company has established a Risk Management Committee, which was approved by the Board of Directors on November 11, 2021, with Chairman Ray Lin and two independent directors, Li Mu-Jung and Tsai Chao-Lun, as the Committee member. All of the Committee members possess expertise in corporate governance and risk identification, meeting the professional requirements of the Committee. The Risk Management Committee regularly reviews risk management at all levels in the course of operational activities, discusses the risk environment and risk management focus faced by the Group, conducts risk assessments, and proposes countermeasures. At least once a year, the Committee reports to the Board of Directors on the performance results for the year. On December 27, 2022, the Risk Management Committee held a meeting to discuss the risk environment and risk management focus faced by the Group. They also carried out a risk assessment, proposed countermeasures, and reported to the Board on March 14, 2023.	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	✓		(III) The Company has established the "Performance Evaluation Method of Board of Directors and Functional Committee" and its assessment method in 2019. The performance evaluation is conducted annually by the directors through self-evaluation using internal questionnaires and at least once every three years	No deviation, as explained above.

<u>Evaluation criteria</u>	<u>Status (Note)</u>		<u>Summary</u>	Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	<u>Yes</u>	<u>No</u>		
Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term?			<p>by an external professional independent institution or team of experts and scholars.</p> <ol style="list-style-type: none"> 1. The measurements of self-performance evaluation for the Company's Board of Directors include: <ol style="list-style-type: none"> (1) The degree of participation in the company's operations. (2) Enhancement of Board composition and structure. (3) The composition and structure of the board of directors. (4) Election and continuing education of directors. (5) Internal controls. 2. The measurements of self-performance evaluation for the Company's Board members include: <ol style="list-style-type: none"> (1) Their grasp of the company's goals and missions. (2) Their recognition of director's duties. (3) The degree of participation in the company's operations. (4) Their management of internal relationships and communication. (5) Their professionalism and continuing professional education. (6) Internal controls. 3. The measurements of self-performance evaluation for the Company's Functional Committee include: <ol style="list-style-type: none"> (1) The degree of participation in the company's operations. (2) Their recognition of the duties of the functional committee. (3) Improvement in the quality of decision making by the functional committee. (4) The composition of the functional committee, and election and appointment of committee members. (5) Internal controls. <p>The Company has completed the self-evaluation of the Board of Directors' performance for 2022, and the evaluation result was submitted to the Board of Directors on March 14, 2023, as the</p>	

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
			basis for review and improvement. The Board of Directors' performance self-assessment received an overall evaluation score of 4.04 out of 5 points, while individual Board members' performance received an overall evaluation score of 4.14 out of 5 points. The Functional Committee's performance self-assessment was evaluated at an overall score of 4.55 out of 5 points. These results indicate that the operation is effective.(P53~56)	
(IV) Does the Company have the independence of the external auditors evaluated regularly?	✓		(IV) The Company's Audit Committee conducts an annual assessment to determine the independence and competence of its hired CPAs. In addition to requesting the "Statement of Independence" and "Audit Quality Indicators (AQIs)" from the CPAs, the Committee also evaluates them based on the CPA independence evaluation criteria (see page 51) and 13 AQI indicators. After confirmation, the CPAs have no other financial interests or business relationships with the Company other than fees for certification and tax affairs, and their family members also meet the independence requirements. In addition, based on the AQI indicators, we have confirmed that the CPAs and their firms' auditing experience and training hours are better than the industry average. Furthermore, they have continuously introduced digital auditing tools in the past three years to enhance audit quality. The results of the latest annual evaluation were discussed and approved by the Audit Committee on March 14, 2023 and submitted to the Board of Directors for resolution regarding the assessment of the independence and competence of the CPAs.	No deviation, as explained above.
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	✓		On March 26, 2021, the Company appointed Mr. Wu Chien-Chung as the chief corporate governance officer responsible for corporate governance-related business, including providing directors with the information required for business execution, conducting matters related to meetings of the Board of Directors, Audit Committee, Remuneration Committee, and Shareholders' Meetings in compliance with legal requirements, managing registration and change of corporate registration, preparing minutes of Board meetings and Shareholders' Meetings, reporting regular and non-	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	
board meeting and shareholders' meeting minutes, etc.)?			regular financial business information, and establishing or amending internal control and audit systems in response to regulatory changes. Summary of the business execution highlights for the Company's chief corporate governance officer in 2022: Conducting matters related to the Board meetings and Shareholders' Meetings in compliance with legal requirements, preparing minutes of Board meetings and Shareholders' Meetings, assisting directors in continuing education, providing directors with the information required for business execution, assisting directors in complying with laws and other matters stipulated in the Articles of Incorporation. Please refer to page51 for the completed training hours of the Company's chief corporate governance officer in 2022.	
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 a designated spokesperson and a deputy spokesperson. We maintain smooth communication with stakeholders and have set up a stakeholder section on the corporate website that includes contact information for shareholders, customers, suppliers, and employees. Other parties, such as landlords, contractors, banks, and employees are managed by dedicated departments for communication and coordination. (P52)	No deviation, as explained above.
VI. Does the Company engage a Shareholders Service Agency to handle Shareholders' Meeting affairs?	✓		The Company has appointed Fubon Securities Co., Ltd. in Taipei as the professional stock affairs agency to assist in carrying out tasks relevant to Shareholders' Meetings.	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?	✓		(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.	No deviation, as explained above.
(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.)?	✓		(II) The Company has established an abridged English site available for foreign investors in addition to its Chinese corporate website. Each department has designated personnel responsible for gathering company information, which is then sent to the IT unit for timely disclosure on the official corporate website. Meanwhile, a spokesperson system has been	No deviation, as explained

Evaluation criteria	Status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
(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?	✓		<p>implemented to facilitate prompt communication with the public, and investor conference materials are available on our website for investors' reference.</p> <p>(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.</p>	above.
VIII. Does the Company have other information that 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)?	✓		<p>(I) Employee rights and wellness: The Company upholds the Labor Standards Act to protect employee rights. The HR Department is responsible for maintaining positive employee relations through various communication channels that allow us to listen to feedback from our staff. Additionally, we offer a long-service bonus as recognition for our senior colleagues. Furthermore, we have created a bright and comfortable office environment and conducted regular maintenance checks on air conditioning and water quality to ensure a balanced workplace for both body and mind. In addition, we have established the Employee Welfare Committee to safeguard employee benefits, organize welfare events on an occasional basis, and strive to become a sustainable and innovative happy enterprise.</p> <p>(II) Investor relations: The Company upholds the spirit of excellence, technology, integrity, and quality, operates decently, and creates maximum benefits for the investing public to improve return on equity. The Company website also has an investor section, which provides sufficient information for investors' reference. We have established the spokesperson and deputy spokesperson system as communication channels for responding to shareholder inquiries. There is also an investor contact platform as a two-way communication channel between the investing public and the company.</p> <p>(III) Supplier relations: The Company maintains long-term cooperative relationships with suppliers and values communication, mutual trust, and fair trade in the business process to ensure the rights and interests of both parties.</p>	No deviation, as explained above.

<u>Evaluation criteria</u>	<u>Status (Note)</u>			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			<p>(IV) Stakeholders' interests: The Company respects and safeguards the legitimate rights and interests of stakeholders, establishes various effective communication channels, and discloses relevant information to provide corporate information per the competent authority's requirement in a timely manner.(P52)</p> <p>(V) Continuing education of directors and supervisors: Each director and supervisor possess relevant practical experience and expertise, so we do not have a specific continuing education system in place.</p> <p>(VI) Implementation of risk management policies and risk measurements: The material policies, investment projects, endorsements/guarantees, loaning of funds, bank financing, and other major proposals related to the Company's operations have all been evaluated and analyzed by the appropriate responsible departments and implemented following the resolutions of the Board of Directors. The Audit Office also sets forth its annual audit plan based on the risk assessment results and effectively carries it out to establish supervision mechanisms and control the execution of various risks.</p> <p>On November 11, 2021, the Company's Board of Directors approved the appointment of the chairman and two independent directors to form the Risk Management Committee. The Committee held its second risk management meeting on December 15, 2022 to discuss the Company's risk environment and risk management focus, conducted risk assessments, and discussed countermeasures. Highlights of the discussion were also reported to the Board of Directors on March 14, 2023.(P46~48)</p> <p>(VII) Implementation of customer policy: The Company has a dedicated customer service department to implement the customer policy, and the execution is proceeding smoothly.</p> <p>(VIII)Purchase of liability insurance for directors: The Company has taken out a "Directors Liability Insurance Policy" from Cathay Century Insurance Co., Ltd. with the coverage amount of US\$1 million. The main insurance conditions for the coverage period from January 6, 2022 to December 31, 2023 have been reported to the Board of Directors on March 14, 2023.</p>	

<u>Evaluation</u> criteria	Status (<u>Note</u>)		<u>Summary</u>	Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	<u>Yes</u>	<u>No</u>		
			Relevant information is also available on the Market Observation Post System (MOPS) and the corporate website.	

IX. Please explain the improvements made in response to the Corporate Governance Evaluation results released by the TWSE Corporate Governance Center in the most recent fiscal year and provide the priorities and plans for improvement with items yet to be improved.

1. An interdepartmental project team has been formed to review the corporate governance evaluation items. On March 26, 2021, the Board of Directors appointed Mr. Wu Chien-Chung, the chief accounting officer, to concurrently serve as the chief corporate governance officer. He is responsible for supervising corporate governance matters and providing investors with timely and transparent information. Since the second quarter of 2021, great efforts have been made to promote corporate governance-related operations, resulting in a substantial improvement in our score for corporate governance evaluation in 2021. We now between 36% and 50% among TWSE-listed companies.

2. On November 11, 2021, the Company's Board of Directors approved the appointment of the chairman and two independent directors to form the Risk Management Committee. The Committee held its second risk management meeting on December 15, 2022 to discuss the Company's risk environment and risk management focus, conducted risk assessments, and discussed countermeasures. Highlights of the discussion were also reported to the Board of Directors on March 14, 2023.

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

(I) The Company has established the “Sustainable Development Best Practice Principles” and disclosed the same on the corporate website. We have also conducted risk assessments based on the principles of materiality and formulated related risk management strategies in various aspects.

(II) Risk management organizational structure

The Company takes the Board of Directors as the highest governing body for risk management. Taking into account corporate scale, business characteristics, risk nature, and operational activities, we have established the Risk Management Committee, which reports to the Board of Directors. We have also designated the business governance team under the Sustainable Development Commission to be the unit responsible for promoting and implementing risk management. The team regularly reports the risk environment, risk management priorities, risk assessment, and countermeasures to the Risk Management Committee. At least once a year, the Risk Management Committee reports on its supervision of risk management to the Board of Directors.

(III) Risk management policy

The Company has developed the "Risk Management Policy" based on the framework of ISO 31000, which was approved by the Board of Directors in 2021 as the top guiding principle for the Company's risk management. Every year, the Risk Management Team regularly conducts risk factor identification to identify potential risks that may affect corporate sustainability. They then formulate risk management policies for each risk, covering management objectives, organizational structure, accountability, and risk management procedures, among other mechanisms, and effectively implement them to identify, measure, and control all risks associated with the Company, aiming to keep material risks within acceptable limits.

(IV) Risk management procedures

1. Risk identification

Each business unit should identify potential risk events that could hinder the company from achieving its objectives or result in losses and negative impacts on the company based on their respective unit's short, medium, and long-term goals and business responsibilities. Potential sources of risk include:

Risk assessment criteria		Risk management strategy
Environment	Environmental pollution management Energy and resource consumption and management Occupational safety and health	<ul style="list-style-type: none"> ● 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. ● Establish a dedicated environmental safety and health unit and a Class A occupational safety and health supervisor in the factory, to regularly review the effectiveness of implementation, and fulfill the commitment to a sustainable environment through circular management.
Society	Talent training and development Compensation and benefits	<ul style="list-style-type: none"> ● 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. ● Set up the Tex-Ray Academy platform to plan optional and compulsory online courses according to the learning blueprint. ● Establish the sound and multi-dimensional labor-management communication channels and management policies. ● Provide well-founded employees’ benefits.
Corporate governance	Compliance Supply chain management	<ul style="list-style-type: none"> ● 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. ● Establish a legal platform to review major Group contracts and develop contract templates and a management mechanism for litigation cases.

2. Risk analysis

Each business unit should calculate the risk value based on the identified risk events, considering the completeness of the existing related control measures, past experience, industry cases, and analyzing the frequency and impact of the risk events.

3. Risk assessment

Each business unit should compare the risk analysis results with risk tolerance, develop and implement follow-up response plans according to risk level, prioritize risk events, and use them as a reference for selecting subsequent countermeasures.

4. Risk response

Consideration should be given to corporate strategic objectives, internal and external stakeholder perspectives, risk tolerance, and available resources in selecting a risk response approach, so that the risk response plan can strike a balance between achieving goals and cost-effectiveness.

5. Risk monitoring and review

To effectively monitor and enhance the effectiveness of risk management implementation, it is important to link it with key processes within the organization, carefully review the risk management process and related risk countermeasures to ensure their efficacy, and incorporate the review findings into performance measurement and reporting matters.

(V) Implementation status

Each business unit of the Group should conduct regular risk assessments and formulate risk management strategies and plans annually based on the principle of materiality, considering governance issues such as economic, environmental, and social aspects that may have significant impacts on customers, investors, and other stakeholders. For high-risk issues, in addition to regularly reporting the risk status and reinforcing control plans at the risk management team meetings, they should also be submitted to the Risk Management Committee for supervisory reviews. The Risk Management Committee reports to the Board of Directors at least once a year and has reported to the Board of Directors on March 14, 2023 regarding high-risk issues such as compound disaster risk and data risk management oversight.

Environmental, Social, and Corporate Governance (ESG) Risk Assessment and Management Strategies

The Company has established the “Sustainable Development Best Practice Principles,” conducted a risk assessment of environmental, social, or corporate governance (ESG) issues associated with its operations based on the principle of materiality, and formulated relevant risk management policies or strategies.

ESG major issue		Risk identification	Risk management strategy
E	Energy and greenhouse gas (GHG) management	Rising energy costs	<ol style="list-style-type: none"> 1. Adopt low-energy consumption equipment, install natural energy devices, and encourage staff to develop eco-friendly lifestyles to reduce electricity consumption from production activities. 2. Evaluate the use of alternative and renewable energy.
	Environmental management	Increasingly stringent environmental requirements	<ol style="list-style-type: none"> 1. The "environmental sustainability taskforce" has been established under the Sustainable Development Commission to perform environmental risk assessments, update regulatory trends, execute environmental management goals and programs, and assist domestic and overseas factories in implementing environmental management. 2. Establish a dedicated environmental safety and health unit in the factory in compliance with the government policy of the respective site, regularly review the effectiveness of implementation, and fulfill the commitment to a sustainable environment through circular management.
S	Talent appointment and development Salary and benefits	Loss of excellent and potential development talents	<ol style="list-style-type: none"> 1. 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. 2. Continuously optimize talent development and training systems. 3. Establish the sound and multi-dimensional labor-management communication channels and management policies. 4. Provide well-founded employees’ benefits.
G	Business performance	Market economic impacts, elevating customer operational risks	<ol style="list-style-type: none"> 1. Implement 3A2B customer policy to diversify order taking operational risks. 2. Implement customer credit ratings and obtain accounts receivable insurance.
	Supply chain management	Non-compliant suppliers	<ol style="list-style-type: none"> 1. 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. 2. Periodic supplier evaluations to eliminate non-compliant suppliers.

Board Members Diversity Policy and Implementation

Board Diversity Policy

According to Article 20 of the Company's "Corporate Governance Practice Principles," the composition of the Board members should consider diversification. In addition to the fact that directors concurrently serving as the Company's executives shall not exceed one-third of the director seats, an appropriate diversification policy shall be formulated based on its operation, business model, and development needs, which shall include but not limited to the following two major criteria:

- Basic conditions and values: Gender, age, nationality, culture, etc., with the ratio of female directors reaching one-third of the director seats.
- Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc.

Specific Management Objectives

The Company's Board of Directors is responsible for guiding the corporate strategy, overseeing the management team, and being accountable to both the company and Shareholders' Meeting. They shall ensure that the various operations and arrangements of the corporate governance mechanism are in place and that their powers are exercised in compliance with laws and Articles of Incorporation. To meet the business development needs, the Company's Board of Directors should consist of experts and scholars in industry, financial accounting, management, and other professional backgrounds. At least one Board member should possess specialties, such as business management, industry experience, accounting, and other professional expertise. Furthermore, the Company also values gender equality in the composition of the Board member, with at least one female director.

Implementation of Board Members Diversity Policy

The Company has a Board of Directors consisting of 11 members (including 3 independent directors), one of whom is female. Currently, the Company has two directors who hold employee positions (including those of affiliated companies), and directors who concurrently serve as the Company's executives do not exceed one-third of the director seats. The age distribution of the Company's directors is diverse, with one director under the age of 50, three directors between the ages of 50 and 60, and seven directors over the age of 61. 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, the director Chang Naiwen and independent director Li Mu-Jung are both CPAs, while independent director Chu Hsing-Hua has a qualification as a university professor in a textile-related field, providing professional opinions for corporate decision-making. The implementation is as follows:

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	√		√	√	√	√	√	
Yao Wan-Kuei	ROC	Male	Yes	A	√	√	√	√	√	√	√	
Chang Nei-Wen	China	Male		C	√	√	√	√	√	√	√	√
Tai Chun	China	Male		C	√	√	√	√	√	√	√	
Kuo Wen-Yen	ROC	Male		D	√		√	√	√	√	√	
Wu Ching-Feng	ROC	Male		B	√		√	√	√			
He Yu	ROC	Male		A	√		√	√	√	√	√	
Yang Chia-Yin	ROC	Female		D	√		√	√	√	√	√	
Tsai Chao-Lun	ROC	Male		A	√		√	√	√	√	√	
Li Mu-Jung	ROC	Male		C	√	√	√	√	√	√	√	√
Chu Hsing-Hua	ROC	Male		B	√		√	√	√	√	√	√

Note 1: A 70 and above, B 60 and above, C 50 and above, and D under 50.

Note 2: All 11 directors (including independent directors) hold directorship (chairman) or top positions of the unit in other companies. They are professionally qualified in all respects to act as the Company's directors, providing the Company with professional advice based on their professional experience.

Succession Planning for Board Members and Key Management Personnel

Succession Plan and Operation for Board Members.

1. The Company implements the Board member diversity policy following the "Corporate Governance Best Practice Principles." At present, there are 11 directors (including three independent directors) who possess diverse and complementary industry experience along with professional expertise in finance, accounting, and other areas. Two directors also hold senior executive positions within the Company. Nonetheless, directors concurrently serving as the Company's executives do not exceed one-third of the director seats. Moreover, we will pay attention to gender equality and ensure that all directors possess the necessary knowledge, skills, and attainment to perform their duties.
2. The Company nurtures senior executives to join the Board by familiarizing them with the Board's operations and the businesses of Group units and by deepening their industry experience through job rotations. The training candidates for senior executive are determined through discussions by the management decision-making team, consisting of the chairman, president, professional managers, and consultants, and the progress of these candidates is evaluated regularly.

Succession Plan and Operation for Key Management Positions

1. **Succession talent development mechanism:** The HR department will establish and define key positions, nominating two to three potential successors for each key position. Based on the strengths and development potential of each candidate, we will focus on training resources for coaching and development, including management courses and experienced coaching. Since 2021, the Company has steadily implemented Individual Development Plans (IDPs) for potential successors. Through performance evaluations and the integration of company and departmental mission objectives, we aim to reinforce the strengths of current positions, improve readiness for succession, assist them in effectively enhancing their succession capabilities, and shorten the time required for succession.
2. **Annual Strategic Consensus Camp for Middle and Senior Executives:** Using a workshop approach, we conduct theme-based learning and discussions to plan for future strategies. The topics cover the formulation and implementation planning of action strategies aligned with the company's vision, adapting business models of each business unit to future trends, goal management setting, executing, and tracking, as well as an in-depth exploration of topics such as corporate responsibility culture promotion, leadership development, and systems.
3. **Team Building (Middle and Senior Executives) Management Skills Training:** Every six months, with the help of external consultants who specialize in professional leadership and management practices, we assist middle and senior executives in acquiring new-generation management thinking and understanding the pulse of the times. Through practical case studies conducted in small groups, internal middle and senior executives can exchange their years of management and leadership experience in more diverse ways, strengthening organizational cohesion and enhancing management leadership practices.

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

Continuing Education for Chief Corporate Governance Officer

Serial	Continuing education institution	Course title	Training period	Hours of continuing education
1	Taiwan Investor Relations Institute	How the directors and supervisors of TWSE/TPEX listed companies perform their duties	Feb. 23, 2022 ~ Feb. 23, 2022	3
2	Taiwan Stock Exchange Corporation	Industry-themed Conference for the Sustainable Development Roadmap	Jul. 27, 2022 ~ Jul. 27, 2022	2
3	Taiwan Stock Exchange Corporation	Cathay Sustainable Finance and Climate Change Summit	Nov. 13, 2022 ~ Nov. 14, 2022	9
4	Taiwan Institute for Sustainable Energy (TAISE)	The 5th GCSF Global Corporate Sustainability Forum	Nov. 17, 2022 ~ Nov. 17, 2022	6

XIII. Stakeholder Communication

The Company offers multiple channels for stakeholder communication, including meetings (online and physical), phone calls, emails, correspondence, etc. We also have a stakeholder section on our corporate website, providing contact information such as email and phone numbers for stakeholders, with dedicated personnel to respond to their inquiries.

Report frequency: The communication status should be reported to the Board of Directors at least once a year. (The latest report was submitted on November 9, 2022)

The following are the issues, communication channels, communication frequency, and performance of each stakeholder's concern for 2022:

Stakeholders	Concerned issues	Communication channel	Communication frequency and performance
Employees	Business performance Talent training and development Compensation and benefits Workplace safety and health	1. EIP anonymous grievance platform 2. Performance interview 3. Year-end employee seminar 4. Various work meetings 5. Education training	1. Feel free to communicate anytime as needed. 2. Twice a year, there will be performance feedback provided by the immediate supervisor. 3. Once a year, colleagues can make suggestions and communicate with management executives. 4. Each unit holds weekly and monthly meetings on a regular basis, and cross-unit meetings are held as needed. 5. A total of 43 educational training sessions were held at Taipei Headquarters in 2022.
Customers	Business performance Product quality and service Workplace safety and health	1. Periodic meetings 2. Visiting clients or client visits 3. Customer on-site factory evaluation	1. 2-3 times per year. 2. Occasional online meetings and physical visits, as well as participation in three physical exhibitions in 2022. 3. Several times a year, factory inspections and visits on an occasional basis.
Suppliers	Business performance Business strategy Sustainable development Supply chain management	1. Visiting suppliers or supplier visits 2. Supplier business communication 3. Supplier evaluation	1. Several times a year, meetings are held on an occasional basis. 2. Bilateral business communication at any time as necessary. 3. Once a year, 60% of the suppliers of Taipei headquarters are included in the evaluation. (according to the 2021 report)
Investors	Business performance Business strategy Sustainable development Compliance	1. Shareholders' Meeting 2. Board of Director 3. Investor conference 4. Corporate website/Market Observation Post System (MOPS)	1. Once a year, held in June 2022. 2. Five times in 2022. 3. Once in 2022. 4. Released 17 material information in 2022.
Government/competent authority	Compliance Corporate governance Environmental management and assessment	1. Market Observation Post System (MOPS) 2. Public announcement website	1. The annual audit plan implementation, educational training hours and personnel, and internal control statement are reported annually in compliance with the regulations. 2. In compliance with the government announcement.

TEX-RAY INDUSTRIAL CO., LTD.

2022

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, 2022 to December 31, 2022
- IV. Evaluation scope: Including the performance evaluation of the entire Board of Directors, individual members, and the Functional Committees, such as the Audit Committee, the Remuneration Committee, and the Risk Management Committee.
- 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	4.05
(2) Improvement of the Board of Directors' decision-making quality	12	4.08
(c) Composition and structure of the Board of Directors	7	4.01
(D) Election and continuing education of directors	7	3.99
(E) Internal control	7	4.05
Total/average scores	45	4.04

(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	4.24
(B) Knowledge of directors’ duties	3	4.24
(C) The degree of engagement in the Company's operations	8	4.10
(D) Management of internal relationship and communication	3	4.18
(E) Professionalism and continuing education of directors	3	4.03
(F) Internal control	3	4.03
Total/average scores	23	4.14

(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	4.67
(D) Composition and election of members of the functional committee	4	4.00
(E) Internal control	3	4.67
Total/average scores	26	4.55

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.

The performance evaluation results of the preceding Board of Directors were submitted for review and improvement at the Board meeting on March 14, 2023. Information on the evaluation content, implementation status, and evaluation outcomes are also available on the corporate website and the annual report.

2022 External Performance Evaluation Improvement Plan for the Board of Directors

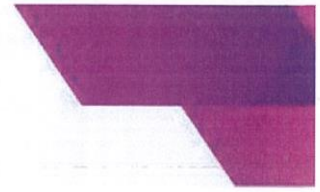
Item	External evaluation recommendation	Improvement plan and action
I	Plan for Board members to take diversified courses	<ul style="list-style-type: none"> ➤ Given the global pandemic and the prolonged overseas assignments of some Board members, an online diversity program will be made available to Board members as needed, assisting the directors in acquiring new knowledge and keeping up with the evolving functions and roles of the Board to enhance its effectiveness and achieve corporate governance targets.
II	Establish a system to guide new directors in swiftly familiarizing themselves with the company	<ul style="list-style-type: none"> ➤ In the event of future re-election of directors, we will plan industry-related seminars, briefings, and guided business tours for new directors. We will also provide the necessary written information for the directors' responsibilities, and invite them to participate in management meetings. This will assist new directors in swiftly familiarizing themselves with company's industry environment, operation direction, and Board operating model, allowing them to exert operational efficiency of the Board as early as possible.
III	Establish multiple communication channels to enhance stakeholder interaction and management	<ul style="list-style-type: none"> ➤ The Company has set up a stakeholder communication section on its corporate website to provide stakeholders with contact information for spokespersons and the corresponding windows, with dedicated personnel to respond appropriately. We also offer multiple communication channels, including meetings (online and physical), phone calls, emails, correspondence, etc., and regularly report our stakeholder communications to the Board of Directors in order to continually enhance stakeholder interaction and management.
IV	ESG issues can be incorporated into the Board strategic discussions, with regular reports on the implementation	<ul style="list-style-type: none"> ➤ In the future, when planning material decisions, the Board of Directors will incorporate the assessment of ESG sustainability objectives and related issues as needed to constantly enhance corporate sustainability and strengthening international competitiveness. ➤ Since 2022, the Sustainable Development Commission has been reporting to the Board of Directors regularly in the fourth quarter of each year on sustainability performance for the year and target setting for the following year.
V	Establish "intellectual property" and "trade secret" management procedures to reinforce the risk management function of the Board of Directors	<ul style="list-style-type: none"> ➤ The Company has established the "Regulations Governing Intellectual Property Management and Code of Conduct," which have been approved by the Board of Directors. The management department has assigned dedicated personnel to handle intellectual property management. The annual management plan and its implementation are regularly reported to the Board of Directors and made available on the official corporate website. ➤ It is planned to establish a "trade secret" management procedure in 2023.



TIRI

台灣投資人關係協會

Taiwan Investor Relations Institute



董事會績效評估證明

致 南緯實業股份有限公司：

社團法人台灣投資人關係協會(以下簡稱“本協會”)於民國 110 年 12 月 30 日受南緯實業股份有限公司(以下簡稱“貴公司”)之委託對貴公司執行董事會績效外部評估服務,評估資料期間為民國 110 年 1 月 1 日至 110 年 12 月 31 日。

本協會根據貴公司提供之董事會議事錄、內部現行政策、其他輔助文件及公開資訊,並結合貴公司董事自評問卷與實地訪評(本次係採線上訪評方式)結果,於 111 年 3 月 22 日出具貴公司之董事會績效評估報告。



社團法人台灣投資人關係協會
理事長 沈馥馥

依照分層負責規定
授權單位主管決行

中 華 民 國 1 1 1 年 3 月 2 2 日

(IV) The Remuneration Committee:

(1) Information about Remuneration Committee members

December 31, 2022

Identity (Note 1)	Qualifications		Independence (Note 3)	Number of other public companies in which the member concurrently serves as an remuneration committee member
	Name	Professional qualification and experience (Note 2)		
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 relevant years of work experience, professional qualifications, experience, and independence of each member of the Remuneration Committee in the table. For independent directors, please specify and note that relevant information can be found in Table 1 Directors and Supervisors Information (I) on page 16. Please describe the party's identity as director, or others (with additional remark for the role of convener, if any).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual members of the Remuneration Committee.

Note 3: Independence status: Specify if the members of the Remuneration Committee meet the criteria for independence, including but not limited to (1) whether the individual and spouse or relatives within the second degree of kinship thereof are serving as directors, supervisors, or employees of the Company or its affiliates; (2) the number of the Company's shares held by the individual or spouse or relatives within the second degree of kinship thereof (or by nominee arrangement) and percentage; (3) whether the individual is serving as a director, supervisor, or employee of a company with specific relations with the Company (refer to Article 6, paragraph 1, subparagraphs 5 to 8 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); (4) the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.

Identity (Note 1)	Qualifications Name	Meets one of the following professional qualification requirements, together with at least five years of work experience			Independence (Note 2)										Number of other public companies in which the member concurrently serves as a 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			√	√		√	√	√	√	√	√	√	√	√	-	
Independent Director	Li Mu-Jung		√	√	√		√	√	√	√	√	√	√	√	√	-	
Independent Director	Chu Hsing-Hua	√		√	√		√	√	√	√	√	√	√	√	√	-	

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 reject 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. The motion content and the resolution result of the Remuneration Committee for 2022

Date/Time	Contents of Motion
3rd meeting of 5th term November 9, 2022 (Wednesday)	1. 2022 promotion and salary increase for managers
	Approved unanimously upon the chair's inquiry with all present members.
4th meeting of 5th term December 15, 2022 (Thursday)	1. 2022 year-end bonus distribution criteria for managers
	Approved unanimously upon the chair's inquiry with all present members.

(5) 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?	✓		<p>The Company adheres to the vision and mission of the ESG policy. In 2016, we formed the "CSR Committee," which was later renamed the "Sustainable Development Commission" in 2022, acting as the top sustainability decision-making center within the company. The Group president, authorized by the Board of Directors, chairs this Commission and collaborates with senior executives from various departments to review our core operational capabilities and establish medium- and long-term sustainability plans.</p> <p>The "Sustainable Development Commission" serves as the cross-departmental communication platform for top-down integration and horizontal coordination. The Commission has five task forces that meet quarterly to identify sustainability issues that are of concern to corporate operations and stakeholders. These task forces formulate corresponding strategies and guidelines, prepare organizations' budgets related to sustainable development, plan and execute annual programs, and monitor implementation results to ensure the thorough integration of sustainable development strategies into the company's daily operations.</p> <p>The chairman of the "Sustainable Development Commission" reports to the Board of Directors in the fourth quarter of each year and from time to time on sustainability-related objectives, policy revisions, performance results for the year, and work plans for the following year. (Report date: November 9, 2022)</p> <p>The Board of Directors receives regular reports from the management team (including ESG-related issues). The management team is also responsible for proposing corporate strategies to the Board, which shall evaluate the likelihood of success of these strategies, frequently review their progress,</p>	No deviation, as explained above.

			and urge the management team to make adjustments when necessary.	
II. Does the Company, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 2)	✓		<p>1. The Company's risk assessment boundary is based on the main operating sites, including Taiwan, Vietnam, Mainland China, the United States, and Eswatini.</p> <p>2. The Sustainable Development Commission will conduct the analysis based on the materiality principle of the Sustainability Report. The Commission communicates with internal and external stakeholders, reviews research reports and literature, and integrates evaluation data across units. The information is used to evaluate material ESG topics, formulate effective risk management policies for identifying, measuring, assessing, supervising, and controlling risks, and to adopt specific action plans to mitigate the impact of associated risks.</p> <p>3. Based on the assessed risk, relevant risk management policies or strategies will be developed. For details, please refer to page 46~48 of the Company's 2022 annual report (https://www.texray.com/csr-tw/?lang=zh-hant)</p>	No deviation, as explained above.
III. Environmental issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		<p>1. The Company has formed the environmental sustainability taskforce under the Sustainable Development Commission. This taskforce is accountable for creating an environmental management system (as per ISO14001), devising a greenhouse gas (GHG) inventory (as per ISO14064-1), and establishing energy-saving and carbon-reducing indicators and action plans. We collaborate closely with our domestic and overseas factories to ensure compliance with customer specifications and environmental regulations specific to each country where our plants are located.</p> <p>2. The following international verification standards are validated by third-party accreditation: * ISO 14001 (valid until November 1, 2025 for Long An and Binh Duong plants in Vietnam) * Oeko-Tex 100 (valid until November 30, 2023 for Taipei headquarters in Taiwan) (valid until July 31, 2023 for Long An factory in Vietnam)</p>	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 actively promotes various energy-saving measures, prioritizes the procurement of energy-saving and carbon-reducing equipment with environmental protection labels, gradually replaces energy-consuming equipment or installs power-saving devices to enhance the production energy	No deviation, as explained above.

		<p>efficiency, and plans to install solar power generation systems at each factory site. With 2022 as the base year, the Company aims to reduce the energy consumption per unit product by 5% by 2027.</p> <p>The Company is committed to developing products and services with sustainable value through innovative ideas. The management approach originates at the Taiwan headquarters, which has implemented a green procurement policy and prioritizes the use of green-production office supplies such as recycled paper and biodegradable plastic bags. We recommend customers to adopt sustainable concepts during the product development by using raw materials such as yarn/fabric made from recycled PET bottles and BCI-certified cotton. Moreover, we incorporate waste recycling and utilization into our production process to reduce unnecessary resource wastage and collaborate with upstream and downstream partners in the value chain to seek waste reduction and reuse technology development.</p> <p>The detailed data, promotion measures, and performance tracking are disclosed in the Company's Sustainability Report.</p> <p>1. (https://www.texray.com/csreport/?lang=zh-hant)</p>	
(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?	✓	<p>The Company voluntarily responds to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The Sustainable Development Commission conducts an annual review, analysis, and disclosure of how climate change affects all aspects of the Company, including future strategies and actions. Regular reports on the implementation status and future plans will be submitted to the Board of Directors.</p> <p>The Company completed its latest climate risk assessment at the end of 2021, focusing on four major risks related to transition and physical risks respectively: greenhouse gas (GHG) emission control and international carbon pricing mechanisms, low-carbon technology transformation and development, rising environmental awareness among customers and markets, and corporate reputation; climatic effects of typhoons and rainstorms, shortages of water and electricity resources, rising temperatures, and reduced raw material production.</p> <p>To reduce the risk factors mentioned above, the Company has developed corresponding strategies and opportunities</p>	No deviation, as explained above.

		<p>identification to enhance organizational climate resilience and move toward sustainability. In terms of transition risks, the company plans to develop a process adjustment plan for renewable energy introduction, green production and innovation. In terms of physical risks, the company has formulated emergency response mechanisms and strengthened its infrastructure measures. To capitalize on opportunities, we will focus on developing products with sustainable concepts and seek for green supply chains to enhance product efficiency and promote low-carbon green production.</p> <p>The detailed explanation of the Company's analysis of climate change risks and opportunities is disclosed in the Company's Sustainability Report. https://www.texray.com/csreport/?lang=zh-hant</p>	
(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?	✓	<p>The Company adheres to the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" specifications on GHG disclosure timelines set by the Taiwan Stock Exchange. We plan to gradually include our overseas factories in the scope of inventory and external verification. Our goal is to complete the emissions inventory for Scope 1 and Scope 2 of all factories by 2026 and complete external verification by 2028. Over the past two years, our Taipei headquarters in Taiwan and the Vietnam factory have conducted Scope 1 and Scope 2 inventories in accordance with the ISO 14064-1 specification. Additionally, the Vietnam factory has completed third-party verification in 2022.</p> <p>With the base year of 2022, the Company aims to reduce the GHG emissions and water consumption per unit product by 5%, and the total amount of waste by 5% by 2027 in keeping with Tex-Ray Industrial Co., Ltd.'s commitment to a sustainable environment. The main measures to achieve the reduction target are as follows:</p> <ul style="list-style-type: none"> ● GHG emissions: The primary emission source is external purchased electricity, and at present, the main approach is to adopt low-energy consumption equipment, install natural energy devices, and cultivate employees' habits of sustainable living. ● Water consumption: Starting from the origin, we plan to improve the production process or technology, develop products that reduce water consumption during manufacturing processes, install water-saving equipment 	No deviation, as explained above.

		<p>in factories, and introduce a rainwater reclamation system.</p> <ul style="list-style-type: none"> ● Waste: We have implemented the recycling and reuse of waste generated during the production process and collaborated with upstream and downstream partners in the value chain to seek waste reduction and reuse technology development. <p>The data on GHG emissions, water consumption, and total waste weight generated in the past two years, as well as detailed management policies, initiatives, and performance tracking, are publicly disclosed in the Company's Sustainability Report. https://www.texray.com/csreport/?lang=zh-hant</p>	
<p>IV. Social issues (I) Does the Company develop its policies and procedures in accordance with laws and International Bill of Human Rights?</p>	<p>✓</p>	<p>The Company does comply with the Labor Standards Act and related laws and regulations. Following the "Core Conventions of the International Labour Organization," we have established human rights-related policies such as gender equality, prohibition of child labor, prohibition of forced labor, and employment discrimination, and provide a transparent grievance mechanism for employees.</p> <p>The Company regularly examines its operations, value chain, and other related activities by focusing on major social issues, data monitoring, and legal regulations to identify and evaluate potential human rights risks. Based on the potential risks, we develop human rights issue management policies and control plans and continuously monitor and improve plan execution results.</p> <p>Below is a summary of the Company's policies and plans for managing human rights.</p> <ol style="list-style-type: none"> 1. The Company strictly prohibits forced labor and ensures compliance with all local laws and regulations at every business location. Implemented the labor law leave system that encourages employees to find their work-life balance. 2. Establish a safe and healthy work environment Help employees maintain physical and mental health and achieve work-life balance. (To learn more about our efforts to promote sustainable development, please see page 67 of this annual report - Social Issue (III) “Providing a Safe and Healthy Work Environment for Employees.”) 	<p>No deviation, as explained above.</p>

		<p>3. Ensure a secure basic salary and offer various benefits: We have a systematic salary structure and promotion policy, along with assorted subsidies and bonuses. (To learn more about our efforts to promote sustainable development, please see page 65 of this annual report - Social Issue (II) "Employee Welfare Measures.")</p> <p>4. Implement human rights certification and educational training related to human rights protection. Each factory has been successively conducting international human rights verifications such as WRAP (Worldwide Responsible Accredited Production), SLCP (Social and Labor Convergence Program), or SMETA (Sedex Members Ethical Trade Audit), and obtaining relevant certificates and reports, and has implemented human rights-related training courses for employees at least once a year.</p>	
<p>(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?</p>	✓	<p><u>Employee welfare measures</u> The company has established the Employee Welfare Committee. Each year, we allocates a certain percentage of funds to handle various welfare matters for colleagues, including employee travel, wedding and funeral allowances, three festivals and birthday cash gifts, birthday parties, annual physical examinations, etc. Furthermore, the company offers several other welfare measures such as annual senior employee recognition, meritorious staff recognition, birthday books, employee group insurance, etc. In addition to the statutory labor insurance and health insurance for employees, we also provide colleagues with other insurance policies through group insurance, such as life insurance, medical (accidental and hospitalization), overseas emergency relief, disability insurance, etc., so as to ensure the well-being of our employees. As for the leave system, the Company has established relevant personnel management measures that cover working hours and leave in compliance with the regulations outlined in the Labor Standards Act. In the event that colleagues need an extended period of time off for situations such as childcare, major injuries and illnesses, or major accidents, they may also apply for leave of absence without pay to balance the needs of personal and family care.</p> <p><u>Workplace diversity and equality</u> The Company values stability and the recruitment and retention</p>	<p>No deviation, as explained above.</p>

		<p>of talented individuals. Meritocracy is the guiding principle for all human resources processes, including recruitment, hiring, and promotion. There shall be no discrimination on gender, nationality, race, religion, class, age, marital status, social status, or any other personal characteristic.</p> <p><u>Retirement system</u></p> <p>The Company has established a retirement management method for formal employees within the organization. For those who apply to the pension system under the "Labor Standards Act," the Company will contribute 2% of their total monthly salary as pension funds, which is deposited into an exclusive account in the name of the Labor Retirement Reserve Supervisory Committee at the Bank of Taiwan. The Committee members hold meetings from time to time to discuss relevant matters. 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 employees who apply to the "Labor Pension Act," 6% of their monthly salary is allocated as pension funds and deposited into individual accounts at the Bureau of Labor Insurance</p> <p><u>Business performance is reflected in employee remuneration</u></p> <p>According to the Articles of Incorporation, if profits are made in a given year, 2% shall be set aside for employee compensation. The distribution can be distributed in the form of stock or cash by resolution of the Board of Directors. At the same time, the company's remuneration policy reflects job contribution, individual competency, and performance, which is positively correlated with business performance.</p> <p>1. Through participating in market remuneration surveys, the Company adjusts remuneration in a timely manner based on economic trends and personal performance to maintain overall competitive remuneration. In 2022, the average annual salary increase was 2% for managers and non-managers in Taiwan, with a maximum of 18% for some individuals.</p>	
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<p>(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?</p>	<p>✓</p>	<p>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:</p> <ol style="list-style-type: none"> 1. Headquarters in Taipei: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (1) Daily inspections are conducted to ensure the proper implementation of health and safety measures on the production line. In case any deficiencies are found, the responsible unit is immediately notified to make necessary improvements. Then, the environmental safety and health unit tracks these improvements to ensure a safe working environment for all employees. (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 	<p>No deviation, as explained above.</p>
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			<p>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.</p> <p>5. All of our production sites around the world place emphasis on providing a safe and healthy work environment for our employees. To ensure this, we have successively obtained relevant international verifications such as WRAP (Worldwide Responsible Accredited Production), BetterWork, and WCA (Workplace Conditions Assessment).</p> <p>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.</p>	
(IV) Does the Company have an effective career capacity development training program established for employees?	✓		<p>The Company has established comprehensive job training for supervisors and associates at all levels, including orientation training, professional advancement training, managerial training, etc., to assist colleagues in continuing learning and growth through multiple learning methods. Starting in 2021, the Tex-Ray ProjectT has been launched to evaluate and develop employees with potential through systematic and standardized procedures. The project aims to assist potential talents within the company in career planning through mentorship, personal development plans, and departmental internship programs, ensuring a steady supply of talent for the organization. The Company conducts annual job performance reviews of its employees, which serves as crucial reference information for educational training. With reference to the employee career development and special task requirements outlined in their job descriptions, we plan a learning blueprint curriculum for employees. By integrating internal and external corporate resources, our goal is to build the capabilities required for employee future development and promotion. Detailed development training content and training hours are publicly disclosed in the Company's Sustainability Report.</p> <p>1. (https://www.texray.com/csreport/?lang=zh-hant)</p>	No deviation, as explained above.

<p>(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 services offered, and implement consumer or customer interest protection policies and grievance procedures?</p>	<p>✓</p>	<p>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 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 OEKO-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.</p> <p>1. 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.</p>	<p>No deviation, as explained above.</p>
<p>(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?</p>	<p>✓</p>	<p>The Company has established supplier management policies and regulations, that not only ensure the quality, price, delivery time, and goodwill of suppliers' goods and other basic evaluation criteria but also require them to comply with regulations and Tex-Ray Supplier Specification on environmental protection, occupational safety and health, and labor rights. Moreover, we have formulated corresponding supplier evaluations and guided suppliers to obtain relevant certifications according to the procurement nature in order to build a sustainable development partnership. Additionally, priority is given to suppliers with environmental certifications such as GRS, OEKO-TEX or ZDHC when it comes to procuring raw materials.</p> <p>The Company has a management mechanism for conducting pre-cooperation visits, pre-contract evaluations, and routine evaluations of suppliers. The Company will procure goods from suppliers rated as excellent based on the evaluation result as the first priority. Suppliers who score below 60 points in the evaluation and fail to improve within the specified period and communication between both parties is ineffective, the supplier will be removed from the qualified supplier list.</p> <p>The detailed implementation status is disclosed in the</p>	<p>No deviation, as explained above.</p>

			Company's Sustainability Report. 1. (https://www.texray.com/csrreport/?lang=zh-hant)	
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?	✓		The Company's Sustainability Report is prepared and disclosed in accordance with the latest GRI Standards released by the Global Reporting Initiative (GRI), with reference to the TCFD (Task Force on Climate-related Financial Disclosures), SASB (Sustainability Accounting Standards Board) industry standards, and the Regulations Governing the Preparation and Reporting of Sustainability Reports by TWSE Listed Companies. The Company's Sustainability Report has been uploaded to the Market Observation Post System (MOPS) and on the company website by September 30 of the evaluation year. At present, the report has not been verified by a third-party accreditation institution. To ensure its accuracy and meet stakeholder expectations, the financial data quoted in the report is based on financial statements certified by the CPA. All content can only be released to the public after being submitted to the Company's Chairman for approval by the Sustainable Development Committee of Tex-Ray Industrial Co., Ltd.	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.				

Climate-related Information of TWSE/TPEX Listed Companies

1 Implementation of Climate-Related Information

Item	Status
<p>1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long-term).</p>	<p>1. The Sustainable Development Commission will review, analyze, and disclose the impacts of climate change on the Company in all aspects, as well as future strategies and actions, and report regularly to the Board of Directors on the implementation and future plans.</p> <p>2. Based on the identified climate risks and opportunities, the Company has developed short, medium, and long-term response strategies.</p> <ul style="list-style-type: none"> ● Regarding physical risks, we have formulated emergency response mechanisms and strengthened infrastructure measures. (short-term) ● In terms of transition risks, we use eco-friendly raw materials and energy-saving equipment (short-term), establish green production through innovative processes (medium-term), and plan to introduce renewable energy (mid to long-term). ● In terms of opportunities, we develop products that meet the market's sustainable concept requirements to increase revenue (short-term), as well as establish a green supply chain to improve product efficiency and promote low-carbon and green production. (short, medium, and long-term)
<p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p>3. Extreme weather events and transition actions have increased financial risks related to R&D, business, procurement, production, and management costs. However, these events also present opportunities for revenue growth and are expected to result in reduced operating costs associated with hydroelectric power over the medium to long term.</p>
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>4. Based on the results of climate risk and opportunity identification, relevant countermeasures and targets are set, and major risk issues are regularly monitored by the Sustainability Development Commission. The environmental sustainability taskforce reports regularly to the Sustainability Development Commission and leads the Group in setting and implementing carbon reduction targets and strategies.</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be described.</p>	<p>5. None.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>6. None.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>7. None.</p>
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the</p>	<p>8. None.</p>

<p>source and quantity of carbon credits or the quantity of RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 below).</p>	<p>9. Please refer to point 1-1 greenhouse gas inventory and assurance status.</p>
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1-1 Greenhouse Gas Inventory and Assurance Status

Instructions for completing the table:

- 1、Scope 1 and Scope 2 information in this table shall be disclosed according to the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Scope 3 information may be voluntarily disclosed by the business.
- 2、The company may conduct the greenhouse gas (GHG) inventory in accordance with the following standards:
 - (1) Greenhouse Gas Protocol (GHG Protocol)
 - (2) ISO 14064-1 issued by the International Organization for Standardization.
- 3、The assurance body shall meet the provisions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.
- 4、The information for subsidiaries may be reported individually, or in aggregate (e.g., by country or by region), or on a consolidated basis (Note 1).
- 5、The intensity of GHG emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) should be disclosed (Note 2).
- 6、The proportion of total emissions from operating sites or subsidiaries not included in the inventory calculation shall not be more than 5%. Total emissions mentioned above refer to the quantity of emissions calculated according to the mandatory inventory scope specified in point 1 of the instructions for completing the table.
- 7、The description of assurance status shall summarize the content of the assurance report from the assurance body, and the complete assurance opinion shall be appended to the annual report (Note 3).

<p>The Company basic information</p> <ul style="list-style-type: none"> <input type="checkbox"/> Companies with a capital of over \$10 billion, the steel industry, and the cement industry <input type="checkbox"/> Companies with a capital of over \$5 billion and less than \$10 billion <input checked="" type="checkbox"/> Companies with a capital of less than \$5 billion 	<p>According to the regulations of Sustainable Development Roadmap for TWSE/TPEX Listed Companies, at least the following should be disclosed</p> <ul style="list-style-type: none"> <input type="checkbox"/> Parent company-only inventory <input type="checkbox"/> Consolidated financial report subsidiary inventory <input type="checkbox"/> Parent company-only assurance <input type="checkbox"/> Consolidated financial report subsidiary assurance
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Scope 1	Total emissions (tons CO2e)	Intensity (tons CO2e/ million dollars) (Note 2)	Assurance body	Assurance status (Note 3)
Parent	0		Expected to complete external verification by 2028	
Subsidiary				
Total				
Scope 2	Total emissions (tons CO2e)	Intensity (tons CO2e/ million dollars) (Note 2)	Assurance body	Assurance status (Note 3)
Parent	296		Expected to complete external verification by 2028	
Subsidiary				
Total				
Scope 3				

(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?	√		(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 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”?	√		(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 regulations to signify the punishment against any violators.	No deviation, as explained above.
(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?	√		(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	√		(I) The Company has adopted its ethical management best	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	
counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?			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.	
(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)?	√		(II) The Company designates the management department as the exclusively dedicated unit (hereinafter referred to as the Company's dedicated unit), which reports directly to the Board of Directors. This unit has adequate resources and competent personnel responsible for amending, implementing, interpreting, providing consultation services, filing the reporting content of relevant operations, and supervising the implementation of operating procedures and conduct guidelines. We will also include "ethical corporate management conduct" in the orientation training and consensus camps, and report on its execution status to the Board of Directors by the end of each year. In 2022, we conducted the planning and implementation of ethical corporate management training programs. The performance status was reported to the Board of Directors on November 9, 2022.	No deviation, as explained above.
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflict of interest?	√		(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?	√		(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) The employees of the Company continue to participate in relevant educational training. In 2022, we conducted three online education and training sessions through videos, with a total of 448 views. Course contents:	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	
			I. Corporate ethics animation - 173 views. II. Corporate integrity and ethical concepts video - 143 views III. Ethical corporate management microfilm: Happiness, walking firmly - 132 views	
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?	√		(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 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.	No deviation, as explained above.
(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?	√		(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	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	
(III) Does the Company have taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	√		<p>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 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.</p> <p>(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.</p>	No deviation, as explained above.
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?	√		The Company's Ethical Management Best Practice Principles have been disclosed on its website and the MOPS.	No deviation, as explained above.
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-				

Item	Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
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				
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.				

(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 material information that can enhance the understanding of the implementation of corporate governance: None.

(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 14, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

- 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 results of the determination in the preceding paragraph, the Company believes that as of Dec. 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the extent of operational effectiveness and efficiency goals achieved, reliability of reporting, and compliance with applicable laws, is effective and can reasonably assure the achievement of the foregoing 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. This statement was approved by the Company's Board of Directors on March 14, 2023. All eleven directors in attendance consented to the content expressed in this statement, and none objected to it. Therefore, we hereby declare it.

TEX-RAY INDUSTRIAL CO., LTD.

Chairman: Ray Lin (seal/signature)

President: Lin Tsung-Yi (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
June 15, 2022 Annual General Meeting	1. Adoption of the 2021 final accounting books.	Pass the motion per the resolution adopted based on voting results.
	2. Adoption of the 2021 deficit compensation table.	Pass the motion per the resolution adopted based on voting results.
	3. Approved the amendment to the Company's Articles of Incorporation.	The voting results have been approved by resolution, and the registration of changes to the Articles of Incorporation has also been completed on July 11, 2022 and updated on official corporate websites.
	4. Approved the amendment to the Procedures for Acquisition or Disposal of Assets.	The voting results have been approved by resolution and made public on both the MOPS and official corporate websites.

2. Important resolutions of the Board of Directors:

Date	Important resolution and execution status thereof
March 28, 2022	<ol style="list-style-type: none"> 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.
May 12, 2022	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements for the first quarter of 2022. 2. Approved the greenhouse gas inventory and verification schedule planning report. 3. Approved the proposal for bank credit loans. 4. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion.
	Status: Completed per the resolution of the Board of Directors.

Date	Important resolution and execution status thereof
August 12, 2022	Approved the proposal for bank loans submitted for discussion. Approved the proposal for loaning of funds to affiliated companies submitted for discussion. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion. The Company's consolidated financial statements for the first half of 2022, please proceed to discuss.
	Status: Completed per the resolution of the Board of Directors.
November 9, 2022	Approved the proposal for bank loans submitted for discussion. Approved the proposal for providing guarantees to affiliates' bank credit loans. Approved the proposal for the internal control plan. Approved the amendment to the "Risk Management Policies and Procedures." Approved the amendment to the "Rules of Procedure for the Board of Directors Meetings." Approved the consolidated financial statements for the third quarter of 2022. Approved the amendment to the "Procedures for Handling Internal Material Information." Approved the proposal for the change in spokesperson.
	Status: Completed per the resolution of the Board of Directors.
December 27, 2022	The Group's organizational restructuring, please proceed to discuss. Proposal for the establishment of general principles for non-assurance services pre-approval policy.
	Status: Completed per the resolution of the Board of Directors.
March 14, 2023	Approved the proposal for bank loans submitted for discussion. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion. Approved the proposal for evaluation on external auditors' independence submitted for discussion. Approved the proposal for the commissioning of the financial report audit certification. Approved the proposal for 2022 Statement on Internal Control. Approved the 2022 business report and financial statements. Approved the amendment to the Company's Articles of Incorporation. Approved the amendment to the rules and procedures for corporate governance. Approved the proposal for by-election of independent directors. Approved the proposal for determining the date and agenda of the 2023 Annual Shareholder's Meeting. Approved the proposal for 2022 remuneration amount to directors and managers.
	Status: Completed per the resolution of the Board of Directors.
March 28, 2023	Approved the proposal for bank loans submitted for discussion. Approved the proposal for loaning of funds to affiliated companies submitted for discussion. Approved the proposal for making of guarantee for affiliated company's bank loans submitted for discussion. Approved the amendment to the Company's "Approval Hierarchy Table." Approved the list of independent director candidates nominated by the Board of Directors. Approved the 2022 financial statements. Approved the 2022 deficit compensation table.
	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
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	January 1, 2022 ~ December 31, 2022	4106	30	4,136	
	Maggie Chang					

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	Maggie Chang	January 1, 2022 ~ December 31, 2022	

(II) CPA's Audit Fee Scale Table

Amount: NTD Thousand

Amount Scale	Item	Audit Fees	Non-Audit Fees	Total
1	Less than NT\$2,000 thousand		~	0
2	NT\$2,000 thousand (inclusive)~NT\$4,000 thousand		~	
3	NT\$4,000 thousand (inclusive)~NT\$6,000 thousand	4,136		4,136
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	4,136	0	30	0	0	0	January 1, 2022 ~ December 31, 2022	
	Maggie Chang								

(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 During the Most Recent Fiscal Year and up to the Publication Date of the Annual Report by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

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

Job title	Name	2022		As of April 11, 2023	
		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 (BVI) Limited liability company	-	-	-	-
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	(7,000)	-	-	-
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	11,000	-	-	-
Manager	Lin Tsung-Han	11,000	-	-	-
Manager	Wu Chien-Chung	-	-	-	-
Shareholder with a stake of more than 10 percent	Yueda Textile Financial Holding Limited (BVI) Limited liability company	-	-	-	-
Shareholder with a stake of more than 10 percent	Kuo Hsien-Yu	-	2,560,000	-	-

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

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. Relationship Information, if among the Ten Largest Shareholders, Anyone is a Related Party, a Spouse, or a Relative within the Second Degree of Kinship of Another as Defined in the Statement of Financial Accounting Standards (SFAS) No. 6

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	4,470,000	1.91	-	-	-	-	Ray Lin	Child	-
Lin Tsung-Han	4,470,000	1.91	-	-	-	-	Ray Lin	Child	-
Yao Wan-Kuei	3,830,239	1.64	93,945	0.04	-	-	-	-	Director
Tung Hsiang-Jung	3,479,000	1.49	-	-	-	-	-	-	
WU Ching Feng	2,009,400	0.86	-	-	-	-	-	-	Director

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

DEC 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)	46,042,722	100.00	—	—	46,042,722	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.	5,000,000	100.00	—	—	5,000,000	100.00
ZHENG-RAY INDUSTRIAL CO., LTD.	11,580,000	100.00	—	—	11,580,000	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	Capital increase by assets other than cash	Others
2006/03	10.62	194,900,000	1,949,000,000	138,723,092	1,387,230,920	Conversion of 7,532,940 convertible bonds	None	
2006/06	10.62	194,900,000	1,949,000,000	140,229,679	1,402,296,790	Conversion of 15,065,870 convertible bonds	None	
2006/09	10.06	194,900,000	1,949,000,000	142,416,554	1,424,165,540	Conversion of 21,868,750 convertible bonds	None	
2006/12	10.06	194,900,000	1,949,000,000	156,024,860	1,560,248,600	Conversion of 136,083,060 convertible bonds	None	
2007/03	10.06	194,900,000	1,949,000,000	164,911,530	1,649,115,300	Conversion of 88,866,700 convertible bonds	None	
2012/8	10	194,900,000	1,949,000,000	168,209,761	1,682,097,610	Allotment of 32,981,310 shares from earnings	None	
2014/4	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	
2018/12	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 11, 2023 Unit: shares

Shareholder structure	Government agencies	Financial institutions	Other juristic persons	Natural persons	Foreign institutions and foreigners	Total
Quantity						
Number of person	0	0	27	18,066	41	18,134
Shares held	0	0	248,749,610	160,726,364	48,023,342	233,624,667
Shareholding %	0.00	0.00	10.65	68.80	20.56	

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 11, 2023

Shareholding range	Number of shareholders	Shares held	Shareholding %
1 to 999	8,823	830,821	0.36
1,000 to 5,000	6,722	14,639,367	6.27
5,001 to 10,000	1,226	9,875,133	4.23
10,001 to 15,000	361	4,585,472	1.96
15,001 to 20,000	282	5,302,062	2.27
20,001 to 30,000	221	5,736,062	2.46
30,001 to 40,000	126	4,623,764	1.98
40,001 to 50,000	77	3,597,665	1.54
50,001 to 100,000	150	11,006,175	4.71
100,001 to 200,000	78	11,483,653	4.92
200,001 to 400,000	26	6,884,793	2.95
400,001 to 600,000	12	6,001,570	2.57
600,001 to 800,000	4	2,517,000	1.08
800,001 to 1,000,000	8	7,476,422	3.20
More than 1,000,001	18	139,064,708	59.52
Total	18,134	233,624,667	100.00

(IV) List of major shareholders:

April 11, 2023

Name of major shareholder	Shares	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		4,470,000	1.91
Lin Tsung-Han		4,470,000	1.91
Yao Wan-Kuei		3,830,239	1.64
Tung Hsiang-Jung		3,479,000	1.49
WU CHING FENG		2,009,400	0.86

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

Item		Year	2021	2022	For the year ending Mar. 31, 2023 (Note 8)
Market price per share (Note 1)	Highest		23.95	15.20	12.25
	Lowest		13.30	10.80	10.95
	Average		16.54	12.88	11.74
Net worth per share (Note 2)	Before distribution		12.56	13.10	—
	After distribution		12.56	13.10	—
EPS	Weighted average outstanding shares (in thousand shares)		233,625	233,625	233,625
	EPS (Note 3)		(0.13)	(0.16)	-
Dividend per share	Cash dividend		—	—	—
	Stock dividend	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)		—	—	—
	P/D ratio (Note 6)		—	—	—
	Cash dividend yield (Note 7)		—	—	—

Note:

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. Dividend Policy: The Company's Articles of Incorporation

Article 31: In the event that the Company generates any profits during a given year, 2% of said profits shall be allocated as employee compensation. The Board of Directors shall resolve whether to distribute in the form of shares or cash, and eligible recipients may include employees from subsidiary companies who meet specific criteria. Additionally, with approval from the Board of Directors, the Company may allocate up to 2% of said profits as the director compensation. Employees' and directors' remuneration distribution proposals shall be submitted to the shareholders' meeting for reporting. However, if the Company still has accumulated losses, it shall reserve the amount to make up for the losses first, then allocate employee and director compensation in proportion to the preceding paragraph.

Article 31-1: In case of profits after final accounts of the Company in the year, the Company shall firstly withhold the taxes, make up for the accumulated losses, set aside 10% as legal

surplus reserve, and then calculate or reserve special surplus reserve according to the applicable laws and regulations. In case of any surplus, the Board of Directors shall prepare a distribution proposal together with the undistributed profits of the previous years, and submit the proposal to the shareholders' meeting for resolution on distribution.

The Company's dividend policy, is to cope with the current and future development plans, while considering the investment environment, fund demands, and international and domestic competitions and the benefits of the shareholders. The amount of shareholders' bonus to be distributed every year shall not be lower than 10% of the current distributable earnings. The shareholders' bonus may be distributed in cash or shares; of which, the cash dividends shall not be lower than 10% of the total dividends.

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

The company's undistributed surplus at the beginning of 2022 was NT\$104,468,146 (the same below), the net loss for the period was NT\$38,383,098, other comprehensive gains and losses were NT\$5,661,014, and equity instruments measured at fair value through other comprehensive profits and losses were disposed of at NT\$10,682,174. The undistributed surplus at the end of the period was 82,428,236 yuan. Therefore, no dividends will be distributed 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:

No estimation and distribution are required for net loss after tax for the year.

(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 distributions of employee, director, and supervisor compensation for the previous year: No estimation and distribution are required for net loss after tax for the year.

(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 depository 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. Revenue contribution of main products in 2022.

Unit: NTD Thousand		
Product Name	business Ratio	Percentage (%)
Fabric & dyeing	529,738	8.64%
Metal fiber	491,044	8.01%
Garment	4,979,578	81.25%
Others	128,860	2.10%
Total	6,129,220	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 2022 Russia-Ukraine War continued to escalate, leading to a surge in global raw material and oil prices and causing an increase in energy costs. Coupled with the fact that global inflation has yet to be alleviated, market demand remains conservative. However, as we look towards 2023, there is a gradually declining trend in brand inventories, and the industry remains optimistic about the overall recovery.

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.

In 2022, Taiwan's textile export value was US\$8.84 billion, accounting for 1.8% of the total national exports (US\$479.522 billion), a 2% decline compared to the same period last year. The export volume was 1.4377 million tons, a decline of 11%, while the export unit price grew by 10%.

2022 Taiwan Export Overview:

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)	88.40	3,098.53	368.77	168.36	260.62	197.71	234.30
As percentage of total export value	1.8%	64.6%	7.7%	3.5%	5.4%	4.1%	4.9%
Compared with the same period	-2%	12%	0.2%	-16%	-13%	63%	0.1%

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

The main export of textiles is fabric, with an export value of US\$6.354 billion, accounting for 72% of the total export value, representing a 2% growth compared to the same period last year. The export volume was 652,900 tons, a decrease of 6%, while the export unit price grew by 8%.

Major export items of Taiwan textiles in 2022:

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	4.37	5	-14	32.45	-16	1.35	3
2. Yarn	11.62	13	-9	36.53	-15	3.18	7
3. Fabrics	63.54	72	2	65.29	-6	9.73	8
4. Apparel and Clothing Accessories	4.30	5	-9	1.89	-14	22.76	6
5. Miscellaneous Textiles	4.57	5	-10	7.61	7	6.00	-16
Total	88.40	100	-2	143.77	-11	6.15	10

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

According to the statistics on export orders from the Department of Statistics, Ministry of Economic Affairs, the accumulated order amount for 2022 was US\$12.434 billion, an increase of 0.5% over the same period last year.

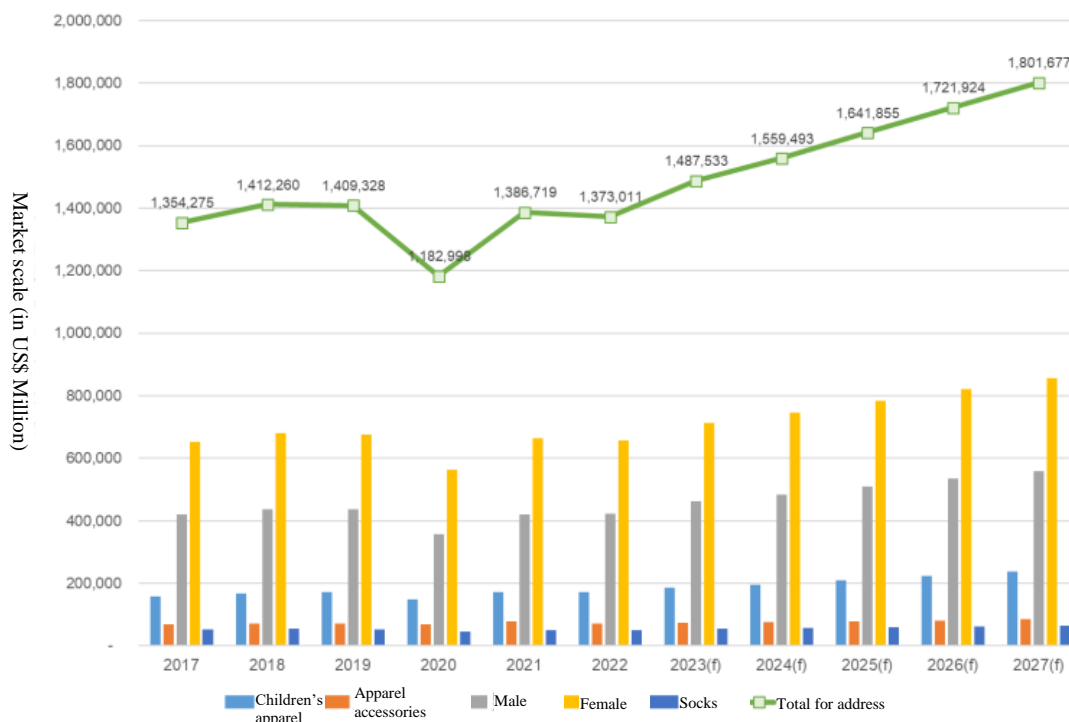
Taiwan textile export orders by region in 2022:
 Taiwan textile export orders by region in 2022:

Territory	Statistics on textile export orders by territory						
	Total	USA	ASEAN	China Hong Kong	Europe	Japan	Others
Export orders (US\$ in Hundred Million)	124.34	45.79	23.63	15.31	14.23	4.96	20.42
As percentage of textile export orders	100%	37%	19%	12%	12%	4%	16%
YoY (%)	0.5	-0.02	4	-10	6	4	1

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

Due to the Russia-Ukraine War, there have been impacts such as soaring energy prices and inflationary pressure worldwide. While the pandemic has eased and the economy is recovering, consumer purchasing behavior has returned to rationality.

In 2022, the global apparel market reached a scale of US\$1,373 billion, with a compound annual growth rate (CAGR) of 5.6% projected from 2022 to 2027. In the same year, the performance sportswear market grew by 2.6%, while the outdoor apparel market and sports fashion and casual apparel market grew by 2.11% and 1.01%, respectively. The CAGR of overall sportswear from 2022-2027 is 6.5%, outperforming the general apparel growth.



Data source: Euromonitor, compiled by the Taiwan Textile Federation (December 2022)

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. Over 70% of performance apparel worldwide was produced in Taiwan. In 2022, domestic textile factories maintained a growth trend, yet their operating performance was subject to product differentiation and competitive edge among companies. In addition, due to the change in order trends by global clothing brand factories, under the pressure of cost saving, inventory reduction, and risk diversification, the textile supply chain with centralized procurement, one-stop

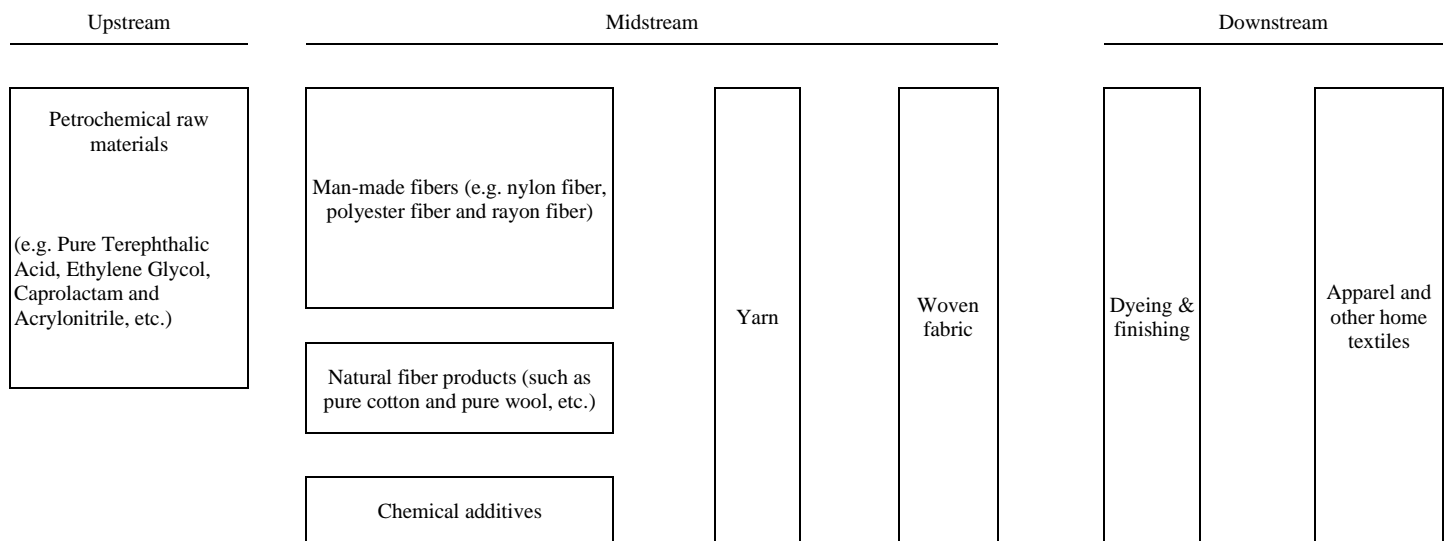
shopping, multiple production bases, and flexible scheduling for production and sales has become the mainstream of procurement.

Looking ahead to 2023, geopolitical developments such as the ongoing US-China trade conflict and technology competition, as well as the tense relationship between Ukraine and Russia, add a lot of uncertainty to global trade, affecting global energy prices and leading to rising costs. The issue of global climate change is also being addressed, with governments and businesses planning a net-zero carbon emissions schedule and committing to carbon reduction targets. As the textile industry and its customers adjust their supply chains, Taiwan's textile industry continues to gain more market share due to its swift response capability and larger scale.

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) The rise of new health consciousness, optimizing functional lifestyles: In response to COVID-19, Tex-Ray has joined the national pandemic prevention team to develop medical-grade PPE products and concurrently launched non-medical and anti-pandemic lifestyle

textiles that align with fashion concepts. 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 innovated a patented eco-friendly wet printing process that provides a modern environmental solution for the most energy-consuming printing and dyeing industry. In terms of products, we have integrated the RAYS performance textiles map and developed eco-friendly, energy-saving, carbon-reducing, and technology performance products, such as the RAYS HUE series with eco-friendly printing technology, the ECO-LOR® series with dope dyeing technology, and the temperature-regulating textiles 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, strengthens 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	2021	2022	Until March 31, 2022
R&D expenses	56,694	77,898	NA
Operating revenue	6,637,936	6,129,220	NA
Percentage (%)	0.85%	1.27%	NA

Note: The first quarter of 2023 has not been checked, and the information does not need to be disclosed

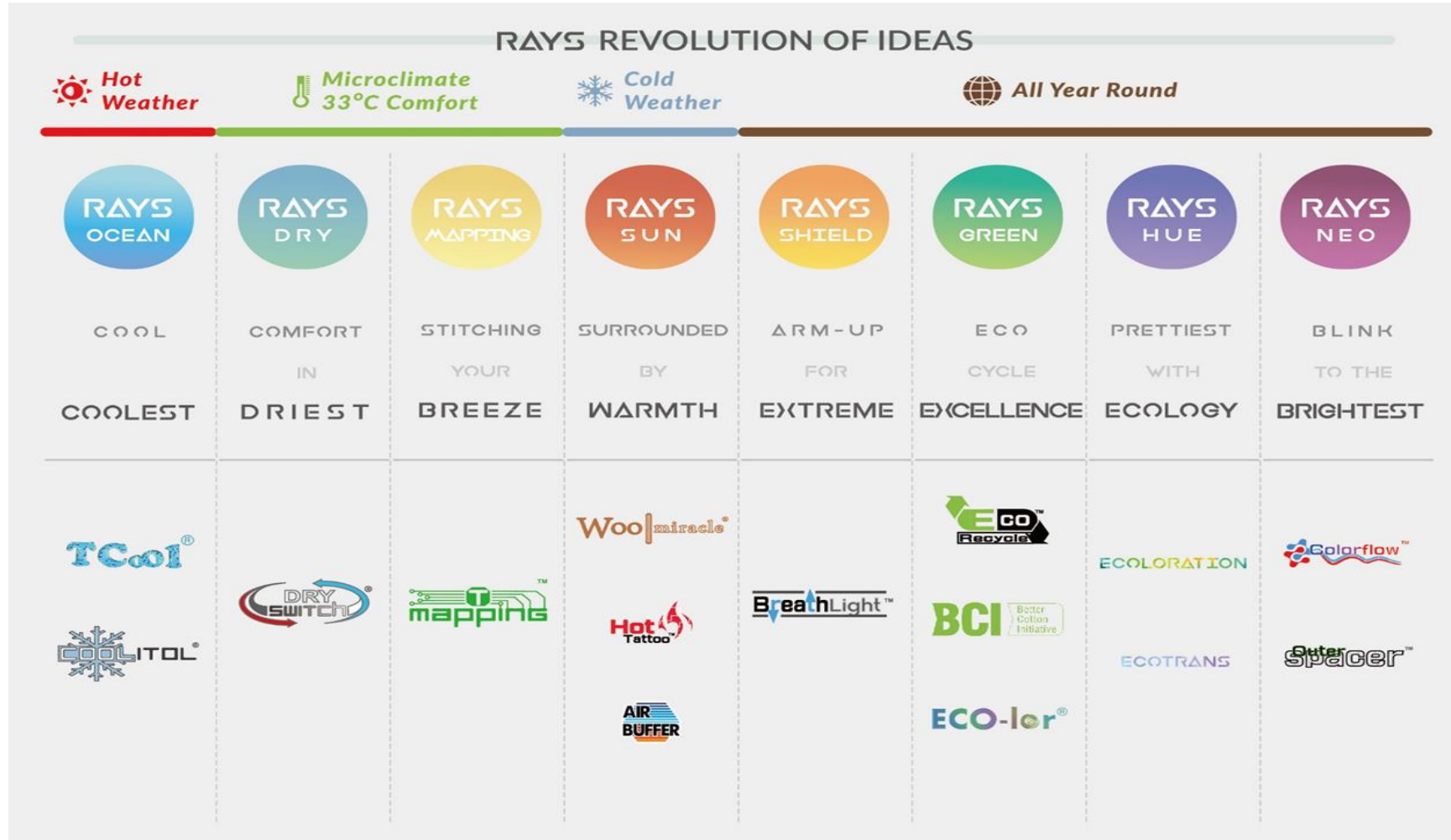
2. R&D results

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 HD 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.
 - (26) Revamped the performance fabric series of RAYS, including eight series of OCEAN, DRY, MAPPING, SUN, SHIELD, GREEN, HUE, and NEO.
 - (27) Developed an environmental steam-free printing transfer technology and created our own brand ECOTRANS, which is included in the RAYS HUE series.
 - (28) Developed eco-friendly printing-as-dyeing series and created our own brand ECOLORATION, which is included in RAYS HUE series.

According to product attributes and unique technology, Tex-Ray Industrial Co., Ltd. has made a series of adjustments to the RAYS performance textiles map in 2022 to accommodate new R&D technologies. The map includes eight series of OCEAN, DRY, MAPPING, SUN, SHIELD, GREEN, HUE, and NEO, which systematically demonstrates Tex-Ray Industrial Co., Ltd.'s efforts in developing eco-friendly, energy-saving, carbon-reducing, and technology 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		2021		2022	
Region		Sales value	%	Sales value	%
Export	Africa	1,561,853	23.53%	1,576,771	25.73%
	America	3,026,475	45.59%	2,551,940	41.64%
	Asia	1,597,656	24.07%	1,529,380	24.95%
	Others	215,466	3.25%	244,844	3.99%
Subtotal		6,404,061	96.44%	5,902,935	96.31%
Domestic marketing		236,486	3.56%	226,285	3.69%
Total		6,640,547	100.00%	6,129,220	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 ① performance sport 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 Pressure suit and related performance fabrics ⑧ Lightweight and abrasion-resistant textiles under the greenhouse effect. Environmentally sustainable, low-pollution, and low-energy consumption textiles.

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

Item	2021				2022				As of the first quarter of 2023			
	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	299,455	8.06	-	Supplier B	356,012	5.80	-	Supplier C	NA	-	-
	Others	3,418,154	91.94	-	Others	5,781,502	94.20	-	Others	NA	-	-
	Net procurement	3,717,609	100.00		Net procurement	6,137,514	100.00		Net procurement	NA	-	

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

Item	2021				2022				As of the first quarter of 2023			
	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	647,228	10.21	-	Supplier E	510,673	8.33	-	Supplier F	NA	-	-
	Others	5,990,708	89.79	-	Others	5,618,547	91.67	-	Others	NA	-	-
	Net sales	6,637,936	100.00		Net sales	6,129,220	100.00		Net sales	NA	-	

Note: The first quarter of 2023 has not been checked, and the information does not need to be disclosed

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

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

Unit: KG; Dozen in Thousand; NTD Thousand

Output	Year	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main product	Fabrics (KG)	Note 2	4,491,471	801,351,136	Note 2	5,693,911	1,092,420
	Garment (dozen in thousand)	Note 2	1,845	1,104,981,286	Note 2	1,449	1,041,102
	Total	-	4,493,316	1,906,332,422	-	5,695,360	2,133,522

- 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	2021				2022			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Fabrics (KG)	344,581	66,654	10,591,898	1,609,337	170,445	48,365	6,413,123	1,228,189
Garment (dozen in thousand)	15	56,775	2,884	4,405,615	15	32,541	2,268	3,809,468
Others (Note 2)		86,112		416,054		98,383		912,274
Total	344,596	209,541	10,594,782	6,428,395	170,460	179,289	6,415,391	5,949,931

- 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

Fiscal year		2021	2022	For the year as of March 31, 2023
Number of employees	Manager	63	72	73
	Production line employee	0	0	0
	General employee	187	168	163
	Total	245	240	236
Average age		45	44	44
Average years of service		11	11	11
Academic background distribution ratio	Ph.D.	0	0	0
	Master	23	19	20
	College	176	165	162
	Senior high school	36	44	42
	Below senior high school	10	12	12

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. Countermeasures: The Company's existing anti-pollution equipment operations conform to the testing standards set by the environmental protection agencies. The headquarters building has adopted energy conservation measures, including replacing all lighting with LED lights and implementing a midday lights-off policy. Internally, we prioritize the purchase of products labeled with the green mark and implement water-saving activities. 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.
4. The replacement of the water chiller for the headquarters building at the end of 2022 is expected to result in 20% energy savings.

V. Labor-Management Relations

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 has established the Tex-Ray Academy platform to offer comprehensive and effective educational training programs that align with our corporate management system. We aim to convey the business philosophy of continuous improvement and ongoing strengthening of employees' job skills to enhance human resource quality and thereby improve work performance and organizational core competence.

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 is committed to creating a friendly working environment that promotes work equality and diversity, and is free from discrimination based on gender, race, age, marital status, political stance, religious beliefs, nationality, and other factors. We prohibit workplace bullying, provide workplace safety measures, and foster a work environment of mutual respect and a sense of belonging.

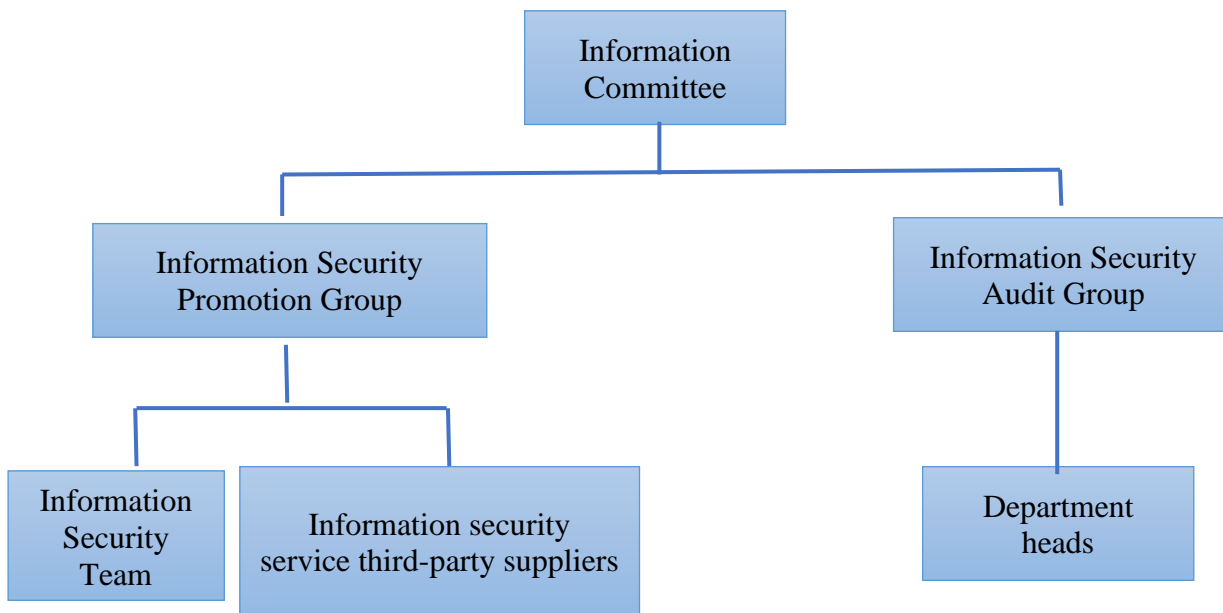
- A. According to the Act of Gender Equality in Employment, gender equality in right-to-work must be ensured. In the course of recruitment, appointment, assessment, promotion, education and training, welfare measures, etc., there shall be no discrimination based on gender in the treatment received.
- B. Sexual harassment is strictly prohibited. If any employee is interfered by verbal or physical conduct of a sexual nature or with an intent of gender discrimination, causing harm to their dignity, personal safety, and liberty, appropriate measures will be taken in accordance with the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" and other regulations to maintain gender equality in the workplace and provide a work environment free from sexual harassment for all employees and visitors.
- C. To safeguard employment opportunities for people with disabilities, we offer a fixed number of employment terms that comply with the People with Disabilities Rights Protection Act.

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. Cyber 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) Organizational structure and job description of the Information Committee

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.

(2) 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. A Information Security Team: Information security professionals work in teams to manage potential risks within a system, propose improvement suggestions, and implement information security operations.

B Information security service third-party suppliers: The information unit collaborates with cyber security vendors. In the event of a cybersecurity incident, they will follow standard operating procedures (SOP) to complete analysis, troubleshooting, and reporting to ensure the normal operation of each system.

(3) 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.

(4) Cyber security policies 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 inventory of internal information assets and report 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.
- Regularly commission a third-party information consultant to conduct network vulnerability detection and scanning.

(5) Resources allocated for cyber security management

Information Security Promotion Group: A cybersecurity team of five members and two vendor companies providing cybersecurity assistance

Information Security Audit Group: Three personnel deployed

Cyber security-related meeting held:

Meeting date	Meeting agenda
January 20, 2022	<ul style="list-style-type: none"> ● Confirmation of the cyber security working group. ● Adjustment of group responsibilities and job assignments.
April 8, 2022	<ul style="list-style-type: none"> ● Discussion on the enhancement of cyber security tools. ● Quarterly work review of the cyber security group. ● Implementation the IP Guard terminal management system.
July 10, 2022	<ul style="list-style-type: none"> ● Installation of cyber security tools. ● Quarterly work review of the cyber security group.
December 26, 2022	<ul style="list-style-type: none"> ● Cyber security change guidelines. ● Quarterly work review of the cyber security group.

(II) Any losses suffered by the Company in the most recent fiscal years and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. 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\$1.2 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 for the year as of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		4,223,367	3,766,623	4,274,305	4,553,513	4,563,640	NA
Property, plant and equipment		2,248,269	2,268,622	2,074,710	1,984,873	1,936,570	NA
Intangible assets		262,892	254,665	262,983	248,238	256,893	NA
Other assets		372,106	695,209	1,500,922	1,831,641	1,899,386	NA
Total assets		7,106,634	6,985,119	8,112,920	8,618,265	8,656,489	NA
Current liabilities	Before distribution	3,047,731	2,726,369	3,020,975	3,413,041	2,967,932	NA
	After distribution	3,047,731	2,726,369	3,184,512	3,413,041	Note 3	NA
Non-current liabilities		1,523,799	1,689,587	1,759,945	2,098,455	2,469,602	NA
Total liabilities	Before distribution	4,571,530	4,415,956	4,780,920	5,511,496	5,437,534	NA
	After distribution	4,571,530	4,415,956	4,944,457	5,511,496	Note 3	NA
Equity attributable to owners of the parent		2,412,607	2,445,524	3,188,038	2,934,682	3,059,692	NA
Capital shares		2,336,247	2,336,247	2,336,247	2,336,247	2,336,247	NA
Capital surplus		235,155	235,155	234,052	239,714	239,699	NA
Retained earnings	Before distribution	228,457	307,142	473,640	281,648	259,608	NA
	After distribution	228,457	307,142	310,103	281,648	Note 3	NA
Other equity		(387,252)	(433,020)	144,099	77,073	224,138	NA
Treasury stock		-	-	-	-	-	NA
Non-controlling equity		122,497	123,639	143,962	172,087	159,263	NA
Total equity	Before distribution	2,535,104	2,569,163	3,332,000	3,106,769	3,218,955	NA
	After distribution	2,535,104	2,569,163	3,168,463	3,106,769	Note 3	NA

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 earnings distribution proposal for 2022 is pending resolution of the Shareholders' Meeting.

Note 4: Not applicable for the first quarter of 2023.

(II) Condensed Balance Sheet - IFRSs

Unit: NTD Thousand

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information for the year as of March 31, 2023	
	2018	2019	2020	2021	2022		
Current assets	1,591,971	1,149,187	1,870,397	1,483,775	1,502,564	N/A	
Property, plant and equipment (Note 2)	547,726	536,906	436,000	429,264	420,896	N/A	
Intangible assets	9,846	5,387	17,732	11,843	10,332	N/A	
Other assets (Note 2)	2,946,760	3,089,191	3,656,406	3,882,295	4,367,675	N/A	
Total assets	5,096,303	4,780,671	5,980,535	5,807,177	6,301,467	N/A	
Current liabilities	Before distribution	1,383,941	1,018,455	1,138,028	1,396,385	1,482,600	N/A
	After distribution	1,383,941	1,018,455	1,301,565	1,396,385	Note 3	N/A
Non-current liabilities	1,299,755	1,316,692	1,654,469	1,476,110	1,759,175	N/A	
Total liabilities	Before distribution	2,683,696	2,335,147	2,792,497	2,872,495	3,241,775	N/A
	After distribution	2,683,696	2,335,147	2,956,034	2,872,495	Note 3	N/A
Capital shares	2,336,247	2,336,247	2,336,247	2,336,247	2,336,247	N/A	
Capital surplus	235,155	335,155	234,052	239,714	239,699	N/A	
Retained earnings	Before distribution	228,457	307,142	473,640	281,648	259,608	N/A
	After distribution	228,457	307,142	310,103	281,648	Note 3	N/A
Other equity	(387,252)	(433,020)	144,099	77,073	224,138	N/A	
Treasury stock	-	-	-	-	-	N/A	
Total equity	Before distribution	2,412,607	2,545,524	3,188,038	2,934,682	3,059,692	N/A
	After distribution	2,412,607	2,545,524	3,024,501	2,934,682	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 earnings distribution proposal for 2022 is pending resolution of the Shareholders' Meeting.

Note 4: Not applicable for the first quarter of 2023.

(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 for the year as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	7,417,890	6,949,284	8,598,587	6,637,936	6,129,220	NA
Gross profit	1,314,695	1,178,487	2,216,480	1,326,073	1,300,883	NA
Operating income	(63,188)	(60,858)	432,561	94,034	30,623	NA
Non-operating revenue and expense	113,582	21,632	(166,059)	(20,372)	14,680	NA
Net profit before tax	50,394	(39,226)	266,502	73,662	45,303	NA
Continuing departments net income for current period	(43,749)	(172,458)	164,775	(42,755)	(41,674)	NA
Loss from discontinued operations	-	-	-	-	-	NA
Net income (loss)	(43,749)	(172,458)	164,775	(42,755)	(41,674)	NA
Current other comprehensive income (net after tax)	(132,912)	201,547	575,900	(65,023)	168,103	NA
Current total comprehensive income	(176,661)	29,089	740,675	(107,778)	126,429	NA
Net income attributable to owners of the parent	(60,527)	(171,877)	168,120	(30,882)	(38,383)	NA
Net income attributable to the non-controlling equity	16,778	(581)	(3,345)	(11,873)	(3,291)	NA
Total comprehensive income attributable to owners of the parent	(190,157)	32,979	743,617	(95,481)	125,025	NA
Total comprehensive income attributable to the non-controlling equity	13,496	(3,890)	(2,942)	(12,297)	1,404	NA
EPS	(0.29)	(0.74)	0.72	(0.13)	(0.16)	NA

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

Note 2: Not applicable for the first quarter of 2023.

(IV) Condensed Income Statement-IFRSs

Unit: NTD Thousand (except EPS)

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information for the year as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	3,550,765	2,581,433	5,626,250	3,110,103	2,878,383	N/A
Gross profit	445,852	445,303	1,318,976	538,053	467,201	N/A
Operating income	29,322	60,555	405,436	61,147	(5,271)	N/A
Non-operating revenue and expense	(76,715)	(196,650)	(187,262)	(76,750)	(19,875)	N/A
Net profit before tax	(47,393)	(136,095)	218,174	(15,603)	(25,146)	N/A
Continuing departments net income for current period	(60,527)	(171,877)	168,120	(30,882)	(38,383)	N/A
Loss from discontinued operations	-	-	-	-	-	N/A
Net income (loss)	(60,527)	(171,877)	168,120	(30,882)	(38,383)	N/A
Current other comprehensive income (net after tax)	(129,630)	204,856	575,497	(64,599)	163,408	N/A
Current total comprehensive income	(190,157)	32,979	743,617	(95,481)	125,025	N/A
Net income attributable to owners of the parent	(60,527)	(171,877)	168,120	(30,882)	(38,383)	N/A
Net income attributable to the non-controlling equity	-	-	-	-	-	N/A
Total comprehensive income attributable to owners of the parent	(190,157)	32,979	743,617	(95,481)	125,025	N/A
Total comprehensive income attributable to the non-controlling equity	-	-	-	-	-	N/A
EPS	(0.29)	(0.74)	0.72	(0.13)	(0.16)	N/A

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

Note 4: Not applicable for the first quarter of 2023.

(V) Name of CPA and audit opinion given thereby

Year	CPA Firm	External Auditor	Audit Opinion
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
2022	KPMG in Taiwan	Kuo-Yang Tseng, Maggie Chang	Unqualified opinions

II. Financial Analysis for the Latest Five Years

(I) Consolidated financial analysis - IFRSs

Analysis items (Note 2)		Financial analysis for the most recent five years 析					For the year as of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure(%)	Liability to asset ratio	64.33	63.22	58.93	63.95	62.81	NA
	Ratio of long-term fund to property, plant and equipment	175.99	188.57	234.47	262.24	293.74	NA
Solvency (%)	Current ratio	138.57	138.16	141.49	133.42	153.76	NA
	Quick ratio	85.66	85.13	92.03	85.81	107.09	NA
	Interest coverage ratio	1.56	0.61	3.76	1.78	1.45	NA
Operational ability	Receivables turnover (times)	6.63	6.42	7.85	5.53	5.98	NA
	Average cash collection days	55.05	56.85	46.49	66.00	61.03	NA
	Inventory turnover (times)	4.62	4.22	4.83	3.76	3.52	NA
	Payables turnover (times)	8.15	7.73	8.97	6.42	6.80	NA
	Average inventory turnover days	79.00	86.49	75.57	97.07	103.69	NA
	Property, plant and equipment turnover (times)	3.22	3.08	3.96	3.27	3.13	NA
Profitability	Total assets turnover (times)	1.04	0.99	1.06	0.79	0.71	NA
	ROA (%)	0.40	(1.30)	3.21	0.40	0.44	NA
	ROE (%)	(1.75)	(6.76)	5.58	(1.33)	(1.32)	NA
	Income before tax to paid-in capital (%) (Note 6)	2.16	(1.68)	11.41	3.15	1.94	NA
	Profit margin (%)	(0.59)	(2.48)	1.92	(0.64)	(0.68)	NA
Cash flow	EPS (NT\$)	(0.29)	(0.74)	0.72	(0.13)	(0.16)	NA
	Cash flow ratio (%)	(3.42)	4.84	23.48	(9.67)	22.12	NA
	Cash flow adequacy ratio (%)	27.74	38.52	86.52	51.75	92.71	NA
Leverage	Cash reinvestment ratio (%)	(1.84)	2.40	2.49	(2.71)	10.03	NA
	Operating leverage	(2.40)	(3.32)	1.59	3.38	8.21	NA
	Financial leverage	0.41	0.38	1.29	(106.25)	(0.44)	NA

Please explain the reasons for changes in each financial ratio by 20% during the most recent two years:
1. Compared to 2021, the financial ratios for the current period, including operating ability, profitability, cash flow ratios, and leverage, have declined due to the increase in inflation and operating expenses in 2022.

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)		Financial analysis for the most recent five years 析					For the year as of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure(%)	Liability to asset ratio	52.66	48.85	46.69	49.46	51.44	N/A
	Ratio of long-term fund to property, plant and equipment	623.26	693.73	995.47	1,027.52	1,144.91	N/A
Solvency (%)	Current ratio	115.03	112.84	164.35	106.26	101.35	N/A
	Quick ratio	85.97	70.32	111.39	60.35	67.26	N/A
	Interest coverage ratio	(0.14)	(3.07)	7.40	0.51	0.25	N/A
Operational ability	Receivables turnover (times)	7.86	6.64	14.38	6.25	6.95	N/A
	Average cash collection days	46.43	54.96	25.38	58.40	52.51	N/A
	Inventory turnover (times)	12.94	10.61	13.14	5.73	6.15	N/A
	Payables turnover (times)	8.12	6.65	13.38	7.64	8.10	N/A
	Average inventory turnover days	28.20	34.40	27.77	63.69	59.34	N/A
	Property, plant and equipment turnover (times)	5.96	5.26	11.57	7.19	6.77	N/A
	Total assets turnover (times)	0.68	0.60	0.94	0.53	0.48	N/A
Profitability	ROA (%)	(0.52)	(2.94)	3.63	(0.09)	(0.19)	N/A
	ROE (%)	(2.53)	(7.08)	5.97	(1.01)	(1.28)	N/A
	Income before tax to paid-in capital (%) (Note 6)	(2.03)	(5.83)	9.34	(0.67)	(1.08)	N/A
	Profit margin (%)	(1.70)	(6.03)	2.99	(0.99)	(1.33)	N/A
	EPS (NT\$)	(0.29)	(0.74)	0.72	(0.13)	(0.16)	N/A
Cash flow	Cash flow ratio (%)	(15.04)	15.23	21.79	(13.39)	(24.33)	N/A
	Cash flow adequacy ratio (%)	106.83	178.94	174.14	87.78	159.07	N/A
	Cash reinvestment ratio (%)	1.56	3.86	3.83	(4.79)	9.41	N/A
Leverage	Operating leverage	2.06	1.58	1.07	1.52	(2.82)	N/A
	Financial leverage	(2.39)	2.23	1.09	2.10	0.14	N/A

Please explain the reasons for changes in each financial ratio by 20% during the most recent two years:
1. Compared to 2021, the financial ratios for the current period, including operating ability, profitability, cash flow ratios, and leverage, have declined due to the increase in inflation and operating expenses in 2022.

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. Audit Committee's Review Report on the Most Recent Fiscal Year's Financial Report: Please refer to Page 122.
- IV. Financial Statements for the Most Recent Fiscal Year: Please refer to Pages 138-215.
- V. Parent Company-Only Financial Statements for the Most Recent Fiscal Year, Certified by the CPA: Please refer to Pages 216 - 286.
- 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

The Company's 2022 financial statements, consolidated financial statements, 2022 business report, and profit and loss appropriation, submitted by the Board of Directors, have been audited by CPA Tseng Kuo Yang and CPA Maggie Chang of KPMG Taiwan. The Audit Committee has reviewed these documents and found no discrepancies. Therefore, in accordance with Article 219 of the Company Act, a report has been prepared for your verification.

To

2023 Annual Shareholders' Meeting of Tex-Ray Industrial Co., Ltd.

CO., LTD.

Audit Committee of TEX-RAY INDUSTRIAL

Convener: Tsai Chao-Lun

March 28, 2023.

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

Item \ Year	2021	2022	Variance	
			Amount	%
Current assets	4,553,513	4,563,640	10,127	0.22%
Property, plant and equipment	1,984,873	1,936,570	(48,303)	(2.43%)
Intangible assets	248,238	256,893	8,655	3.49%
Other assets	1,831,641	1,899,386	67,745	3.70%
Total assets	8,618,265	8,656,489	38,224	0.44%
Current liabilities	3,413,041	2,967,932	(445,109)	(13.04%)
Non-current liabilities	2,098,455	2,469,602	371,147	17.69%
Total liabilities	5,511,496	5,437,534	(73,962)	(1.34%)
Capital shares	2,336,247	2,336,247	-	-
Capital surplus	239,714	239,699	(15)	(0.01%)
Retained earnings	281,648	259,608	(22,040)	(7.83%)
Other equity	77,073	224,138	147,065	190.81%
Non-controlling equity	172,087	159,263	(12,824)	(7.45%)
Total shareholders' equity	3,106,769	3,218,955	112,186	3.61%
Description: Increase in other equity: Attributed to the recognition of a foreign exchange gain of \$151,107 thousand due to USD exchange rate fluctuations in 2022.				

II. Financial Performance:

Comparison and Analysis of Business Results

Unit: NTD Thousand

Item \ Year	2021	2022	Increase/decrease	Variance %
Operating revenue, net	6,637,936	6,129,220	(508,716)	(7.66%)
Operating cost	5,311,863	4,828,337	(483,526)	(9.10%)
Gross profit	1,326,073	1,300,883	(25,190)	(1.90%)
Operating expense	1,232,039	1,270,260	38,221	3.10%
Operating profit	94,034	30,623	(63,411)	(67.43%)
Non-operating revenue and expense	(20,372)	14,680	35,052	(172.06%)
Income from continuing operations	73,662	45,303	(28,359)	(38.50%)
Income tax expenses	116,417	86,977	(29,440)	(25.29%)
Net income	(42,755)	(41,674)	1,081	(2.53%)
Other comprehensive income (net after tax)	(65,023)	168,103	233,126	(358.53%)
Current total comprehensive income	(107,778)	126,429	234,207	(217.31%)
Net income attributable to owners of the parent	(30,882)	(38,383)	(7,501)	24.29%
Total comprehensive income attributable to owners of the parent company	(95,481)	125,025	220,506	(230.94%)
Description:				
1. Operating profit: In 2022, profits decreased compared to 2021 due to an increase in inflation and operating expenses.				
2. Non-operating income and expenses: Attributed to the recognition of a net gain of \$83,741 thousand from foreign exchange and a fair value adjustment of investment properties of \$(34,250) thousand in 2022.				
3. Other comprehensive income/loss: Attributed to the recognition of a foreign exchange gain of \$151,156 thousand on the financial statements of foreign operations in 2022.				
4. Analysis of net profit attributable to owners of the parent company: Attributed to the recognition of a foreign exchange gain of \$151,156 thousand on the financial statements of foreign operations in 2022.				

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
1,343,026	656,485	92,200	52,902	2,144,613	-	-
Description: 1. Analysis on changes of cash flow for the year: (1) Operating activities: 656,485 (2) Investing activities: (109,462) (3) Financing activities: 201,662 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
2,144,613	618,977	(308,313)	58,539	2,513,816	-	-

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal 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. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year: The Company has no significant investments in 2023 and has no plans for major investments in 2024.

VI. Risk Matters Should be Analyzed and Assessed for the Most Recent Fiscal Year and as of the Publication Date of the Annual Report as follows:

(I) Effect upon the Company's profits (losses) of changes in interest rate, exchange rate, and inflation, and response measures to be taken in the future:

1. Interest rate: The Company maintains a sound financial position, continues to deepen cooperation with banks, and constantly keeps track of interest rate trends to minimize the funding cost.

Countermeasures: Over the last two years, there has been a global tightening capital environment due to increasing interest rates. Despite that, the Company has managed to maintain a reasonable financial structure and obtain stable sources of funds by securing a \$1.2 billion bank syndicated loan and a \$1.25 billion mid to long-term loan from Sunny Bank.

2. Exchange rate

The Company's primary income and expenses are mainly in US dollars, with a natural hedging ratio exceeding 80%.

The corresponding measures are as follows:

(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. Inflation rate

The Company mainly operates by order-based outsourcing production, where inflationary cost risks can be reasonably passed on to suppliers or reflected in order prices. Meanwhile, we have also decentralized production through international procurement to effectively mitigate the impact of regional inflation.

The corresponding measures are as follows:

We will strengthen the customer and supplier partnerships and engage in international procurement to stabilize raw material costs.

(II) Policies for engaging in high-risk, highly leveraged investments, loans to others, endorsements/guarantees, and derivatives transactions, the main reasons for profit or loss, and future countermeasures:

1. The Company did not engage in high-risk, highly-leveraged investments and derivative trading in 2022.

2. The parties that received funding from the Company in 2022 were all affiliated companies in which the Company directly participated in business management and were in need of short-term working capital. 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 whom the Company provided endorsements/guarantees in 2021 were affiliated companies in which the Company directly participated in business management. The reasons for endorsements/guarantees were all related to the business needs of affiliated companies in applying for bank letters of credit and loan guarantee for working capital. 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 <ul style="list-style-type: none"> ● Sport performance series ● Eco-friendly series ● Medical treatment and protection series ● Smart textile series 	Operating revenue 0.5~1.5%
Professional team <ul style="list-style-type: none"> ● Upgrading of ODM team ● Establishment of TD technical team 	Internal training
Automated equipment evaluation and implementation <ul style="list-style-type: none"> ● Global pattern making and marking system integration ● Automated warehousing ● Automated label printer 	35,000,000
Information system <ul style="list-style-type: none"> ● Global ERP and production system optimization ● Group RPA implementation ● Information security system upgrading 	45,000,000

(IV) Impact of important domestic and foreign policy and legal changes on the company's financial operations and countermeasures:

The Company has a dedicated unit responsible for collecting and evaluating changes in domestic and foreign laws and regulations.

<p style="text-align: center;">Impact</p>	<ol style="list-style-type: none"> 1. The free trade agreements signed under bilateral relationships or regional economic integration involving the countries where the Company's operation bases, suppliers' export countries, and customers' import countries are located, such as PTPP, RCEP, EVFTA, USMCA, AGOA, R-CTFL, as well as the US-China trade war since the second half of 2018, may lead to competition in the export markets, opportunities in the domestic market, shifting of production bases, and tariff increases and decreases. 2. Amendments to regulations concerning human rights/labor safety, basic wages, and environmental pollution in the country where we operate may result in higher production and operating costs. 3. The enhancement of safety standards and quality inspection specifications for textiles in the global market and among customers may affect production and operating costs. 4. The Company operates in various regions, including Asia, Africa, and the Americas. Fluctuations in exchange rates play a crucial role in the Company's competitiveness in order taking, and currency fluctuations may result in exchange losses.
<p style="text-align: center;">Countermeasure</p>	<ol style="list-style-type: none"> 1. The Company has a dedicated unit responsible for collecting significant domestic and international policy/legal updates, the global market conditions of industry, politics, and economy, as well as the peer dynamics in the industry. The unit periodically/occasionally conducts consolidation analysis, risk assessments, and proposals for management to make decisions. 2. We have a multinational layout in Asia, North America, Africa, and Oceania to meet customers' various market demands. Each operating site has a management unit that promptly responds to changes in local law to ensure that operation and production comply with various regulations, such as human rights and environmental protection. 3. We will establish an evaluation system and communication mechanism with the supply chain through regular evaluation, occasional meetings and interviews, and other direct information transmission and communication. This will allow both parties to reach a stable and consistent consensus, ensuring that all products, from raw materials to finished products, meet the inspection standards, quality, safety, and other requirements of the importing country and customers. 4. We strive to supply the garment market through a regional economic model, with Africa and China regions focusing on the domestic market to avoid the impact of exchange rate fluctuations. As for the cross-border supply chain, the main revenues and expenses are in US dollars, with a natural hedge ratio of about 80%. Regarding the remaining parts, the company will adjust its exposure position as needed and adopt pre-sales approach for recurring hedging to reduce exchange rate risks.

(V) Impact of technological changes (including cyber security risks) and industrial changes on the company's financial operations and countermeasures: The Company has established information processing procedures (including cyber security) to implement internal control systems and maintain policies. Review and assessment of information processing procedures are conducted from time to time to ensure their appropriateness and effectiveness.

In recent years, the application of fabrics emphasizes performance and environmental protection, so the Company continues to focus on the development and application of new textile technologies. The garment industry is a labor-intensive industry; therefore, the Company will continue to strive for automation to improve production efficiency.

Impact	<ol style="list-style-type: none"> 1. The development of new materials includes basic performance fabrics such as those with heat and cool sensations, UV resistance, moisture management, deodorization, water repellency, and windproof features. Additionally, there has been a growing demand for eco-friendly materials in the market in recent years, such as natural fibers, recycled yarns, and eco-friendly printing, which have led to a broader range of applications for textile products. 2. Garment manufacturing is a labor-intensive industry, and the production process relies heavily on labor. Although there is currently no fully automated production line available to reduce labor costs, but some automated/smart equipment and auxiliary devices are used to help improve productivity and quality, as well as eco-friendly and energy-saving equipment to reduce production costs. 3. Through the use of information management tools, operational processes can be streamlined, reducing both the time and manpower required. Information systems can collect all kinds of data, enhancing the accuracy and efficiency of integrated analysis.
Countermeasure	<ol style="list-style-type: none"> 1. The Company is committed to investing in R&D of new materials, working closely with suppliers to develop them. These innovative materials are incorporated into eight different series of RAYS performance textiles. With ODM capabilities, we offer customers vertically integrated services and products that provide diverse added value. 2. The Company maintains good relationships with its suppliers, participates in textile-related seminars and exhibitions to attain the latest market trends, and consistently evaluates and invests in various automated/smart and environmentally energy-saving equipment. 3. The Company continues to implement various information systems and has a dedicated unit to periodically analyze and optimize system performance.

(VI) Impact on crisis management in the event of a change in corporate identity, and responsive measures:

The Company and its subsidiaries uphold the principles of prudence and steadfastness, maintaining a decent corporate image. By entering the capital market, we aim to attract more outstanding talents to join the Company, strengthen the management team, return the business results to shareholders, and fulfill our social responsibility. Therefore, there has been no occurrence of events that could jeopardize the corporate image or any risk of a business crisis.

(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, and mitigation measures being or to be taken:

Modern businesses rely on information systems and networks to carry out transactions and manage their operations. As a result, cyber security has emerged as a critical risk for companies.

Impact	<ol style="list-style-type: none"> 1. External threats come from frequent ransomware hacker attacks. 2. Internal threats come from information destruction, theft, and malicious sabotage.
Countermeasure	<ol style="list-style-type: none"> 1. Upgrading cyber security facilities through the acquisition of software and hardware. 2. Prior to introducing or activating new information equipment, a security assessment and testing should be conducted. 3. Strengthening employee education and training on cyber security to enhance awareness and blocking insecure links to prevent hackers from exploiting vulnerabilities. 4. Regular backup, off-site backups, and disaster prevention drills. 5. Personnel permission, access rules, and control of portable access devices. 6. Activity logs are kept. 7. Regularly commission a third-party information consultant to conduct network vulnerability detection and scanning.

In response to the COVID-19 pandemic, the Company has prioritized safe and steady development to safeguard the well-being of our colleagues while ensuring stable business operations.

1. Establishment of a pandemic response team: Reinforcing personnel management, environmental management, and information system planning under the scenario of working from home.
2. Strengthening personnel safety management: Implementing management mechanisms, including regular disinfection, temperature measurement, the establishment of a pandemic information notification system, reducing unnecessary gatherings, limiting business trips, establishing visitor rules, etc.
3. Raising the overall capital level as a principle to ensure the company's liquidity
4. Cost-cutting: Reducing or postponing unnecessary expenditures.

VII. Other Important Notes: None.

2. Basic information of affiliates

Name of Affiliate	Currency type	Paid-in capital (NT\$)	Territory	Principle business lines
Belize	USD	32,348,213	Belize	Holding Company
Cayman Islands	USD	46,042,722	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	50,000,000	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	13,013,584	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	5,026,000	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 (Representative)
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)	Director	Wu Chien-Chung (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	Yao Wan-Kuei (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	Yao Wan-Kuei (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	13,803,969	650	13,803,319	-	(4,928)	35,005	-
Cayman Islands	USD	15,348,534	650	15,347,884	-	(92,903)	(2,931,904)	-
TRM (Mexico)	PESOS	291,864,784	105,828,451	186,036,334	-	(233,235)	(6,221,042)	-
AMRAY (Mexico)	PESOS	151,731,656	320,378,625	(168,646,970)	191,098,122	(74,268,494)	(68,537,153)	-
TRLA	USD	1,793,509	459,735	1,333,774	3,595,691	(129,225)	(20,919)	-
Z-PLY	USD	14,428,998	3,925,678	10,503,320	31,722,053	91,671	111,281	-
King's Metal	TWD	892,592,049	517,345,284	375,246,765	388,380,547	84,088,732	68,734,373	-
FLYNN	USD	11,620,961	-	11,620,961	-	-	383,290	-
GREAT CPT INTERNATIONAL CO., LTD.	TWD	36,811,706	4,688,184	32,123,522	1,912,381	(7,731,618)	(7,563,196)	-
TRS	SZL	2,011,582	3,620	2,007,962	-	(774,264)	95,294	-
Tex-ray (Shanghai) Industrial Co., Ltd.	CNY	136,114,103	41,147,323	94,966,780	82,328,068	(2,470,790)	263,539	-
Tex-ray (Yencheng) Industrial Co., Ltd.	CNY	3,426,369	15,727,819	(12,301,450)	5,018,038	(1,119,316)	(1,117,980)	-
TEXRAY(BN)	USD	228,037	12,763,906	(12,535,869)	-	(176,404)	(7,571,146)	-
TEXRAY(VN)	VND	225,032,636,728	121,662,513,026	103,370,123,702	225,029,821,662	(24,314,128,722)	(21,667,583,116)	-
TRCA	USD	17,025	786,938	(769,913)	-	-	-	-
GOOD TIME	VND	36,739,583,558	34,450,165,308	2,289,418,250	112,433,934,322	11,817,563,835	12,716,802,126	-
KASUMI	SZL	264,151,967	52,275,394	211,876,573	102,462,884	(574,095)	(62,367)	-
TQM	SZL	998,762,326	345,868,402	652,893,924	815,457,755	88,721,352	75,300,626	-
UIW	SZL	11,177,428	1,360	11,176,068	-	(29,108)	67,812	-
JM	SZL	2,951,998	572,784	2,379,215	6,204,626	2,194,709	2,964,182	-
MSWATI	USD	713,249	17,420,390	(16,707,141)	-	(6,799)	(7,010,975)	-
TEX-RAY Yencheng	CNY	179,216,160	231,649,912	(52,433,752)	60,391,259	(11,584,996)	(33,205,255)	-
TEX-RAY Yencheng Apparel	CNY	85,046,602	127,324,732	(42,278,130)	162,186,281	(8,811,292)	(13,812,991)	-
ZHENG-RAY INDUSTRIAL CO., LTD.	TWD	108,521,285	206,136	108,315,149	-	(961,608)	(4,221,860)	-
TAIWAN SUPERCritical TECHNOLOGY CO., LTD.	TWD	199,152,416	124,407,250	74,745,166	105,621,582	1,786,106	5,049,907	-
Tai Chuang	HK	2,177,274	2,743,385	(566,111)	-	(388,970)	(388,163)	-
AIQ SMART CLOTHING INC.	TWD	63,262,511	61,816,580	1,445,931	11,501,448	(29,643,601)	(54,561,079)	-
Jingshi (Shanghai)	CNY	4,624,027	8,392,712	(3,768,685)	6,380,899	26,975	(4,702,139)	-
TEXRAY SA	ZAR	1,418,820,432	614,294,581	804,525,851	859,646,735	51,184,161	116,467,191	-
Yencheng inspection center	CNY	2,173,952	70,634	2,103,318	1,383,992	228,742	483,773	-
King's Metal in the Netherlands	EUR	1,530,147	1,080,709	449,438	4,873,448	46,635	36,815	-
Kunshan Dongyi	CNY	51,756,537	9,570,854	42,185,682	18,170,426	970,538	336,834	-
GOLDEN JUBLEE	SZL	37,617,904	14,166,946	23,450,958	42,730,826	4,027,111	2,997,551	-
AIQ (Zhejiang)	CNY	11,063,208	18,718,660	(7,655,452)	14,540,421	(4,066,801)	(4,717,215)	-
AiQ-S	GBP	682,427	778,098	(95,671)	113,982	(118,663)	(150,765)	-
Wiley Eco Print Industrial Co., Ltd.	TWD	116,327,301	145,749,430	(29,422,129)	2,957,956	(25,823,408)	(27,578,713)	-
HerbRay	TWD	8,296,907	12,054,912	(3,758,005)	472,899	(10,757,939)	(12,508,817)	-

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 factory premises.
- (2) The Company invested 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 SWAZILAND (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. and TEXRAY (VN) CO., LTD. indirectly via TEX-RAY (BN) INTERNATIONAL CO., LTD.: primarily responsible for overseas garment production bases in Vietnam.
- (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 2022 (from January 1, 2022 to December 31, 2022), the companies that must be included in preparing the consolidated financial statements covering affiliated companies under the “Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations” are entirely the same as those included in preparing the consolidated financial statements comprising the parent and its subsidiaries under IFRS 10 approved by the Financial Supervisory Commission. The required disclosures to be made in the consolidated financial statements covering affiliated companies are already made in the aforementioned consolidated financial report comprising the parent and its subsidiaries, hence the consolidated financial statements covering affiliated companies need not be prepared.

Hereby declared as above.

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

Responsible Person: Ray Lin

Date: March 28, 2023

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