Stock Code:1467

TEX-RAY INDUSTRIAL CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: 2F., No. 426, Linsen N. Rd., Jhongshan Dist., Taipei City
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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Table of contents

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of TEX-RAY INDUSTRIAL CO., LTD.("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that in our professional judgement, should be communicated are as follows:

1. Revenue recognition

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

   .

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of accounts receivable

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

Description of the key audit matter:

As of December 31, 2020, the accounts receivable of the Company was $447,377 thousand. We have considered that the Company’s trading partners are scattered in different industries and geographic regions, how the management control credit risk of its customer is thoroughly important. Therefore, the impairment assessment of accounts receivable has been identified as one of the key audit matters.

How the matter was addressed in our audit:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Ti-Nuan Chien.

KPMG

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

Notes to Readers

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

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

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

TEX-RAY INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents(Note 6(a))	$ 113,418	2	512,083	9
1110	Current financial assets at fair value through profit or loss(Note 6(b))	-	-	612	-
1150	Notes receivable, net(Notes 6(c))	-	-	500	-
1161	Notes receivable due from related parties(note 7)	96	-	-	-
1170	Accounts receivable, net(Notes 6(c))	447,377	8	338,837	6
1181	Accounts receivable due from related parties(Notes 7)	98,240	2	110,539	2
1200	Other receivables, net	5,197	-	5,932	-
1210	Other receivables due from related parties, net(Notes 7)	26,229	-	132,032	2
1310	Inventories, manufacturing business, net(Notes 6(d))	477,693	8	420,761	7
1410	Prepayments(Note 7)	163,299	3	181,993	3
1470	Other current assets	261	-	330	-
1476	Other current financial assets(Note 8)	151,965	3	166,778	3
		1,483,775	26	1,870,397	32
	Non-current assets:				
1550	Investments accounted for using equity method, net(Note 6(e))	2,708,459	48	2,518,050	42
1600	Property, plant and equipment(Note 6(f) and 8)	429,264	7	436,000	7
1755	Right-of-use assets(Notes 6(g))	26,603	-	32,845	1
1760	Investment property, net(Notes 6(h) and 8)	1,114,398	19	1,058,441	18
1780	Intangible assets	11,843	-	17,732	-
1840	Deferred tax assets(Note 6(o))	18,556	-	25,966	-
1960	Prepayments for investments	9,092	-	9,092	-
1980	Other non-current financial assets	5,187	-	9,879	-
1990	Other non-current assets	-	-	2,133	-
		4,323,402	74	4,110,138	68
	Total assets	$ 5,807,177	100	5,980,535	100

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings(Note 6(i))	$ 440,000	8	119,990	2
2110	Short-term notes and bills payable(Note 6(j))	299,584	5	249,660	4
2130	Current contract liabilities(Note 6(r))	556	-	17,908	1
2150	Notes payable	9,449	-	47,339	1
2160	Notes payable due to related parties(Note 7)	-	-	13	-
2170	Accounts payable	320,853	6	263,149	4
2180	Accounts payable due to related parties(Note 7)	5,924	-	26,963	-
2200	Other payables	96,853	2	311,490	5
2220	Other payables due to related parties(Note 7)	139	-	366	-
2230	Current tax liabilities	68,989	1	77,227	1
2280	Current lease liabilities(Note 6(l))	5,238	-	6,328	-
2320	Long-term liabilities, current portion(Note 6(k))	140,000	2	9,000	-
2300	Other current liabilities(Note 7)	8,800	-	3,916	-
2315	Other advance receipts(Note 7)	-	-	4,679	-
		1,396,385	24	1,138,028	18
	Non-current liabilities:				
2540	Long-term borrowings(Note 6(k))	1,256,179	23	1,424,189	24
2570	Deferred tax liabilities(Note 6(o))	177,699	3	177,699	3
2580	Non-current lease liabilities(Note 6(l))	21,821	-	26,810	1
2640	Net defined benefit liability, non-current(Note 6(n))	19,909	-	25,012	1
2670	Other non-current liabilities, others	502	-	759	-
		1,476,110	26	1,654,469	29
	Total liabilities	2,872,495	50	2,792,497	47
	Equity(Note 6(p)):				
3110	Ordinary share	2,336,247	40	2,336,247	39
3200	Capital surplus	239,714	4	234,052	4
3300	Retained earnings	281,648	5	473,640	8
3400	Other equity interest	77,073	1	144,099	2
	Total equity	2,934,682	50	3,188,038	53
	Total liabilities and equity	$ 5,807,177	100	5,980,535	100

See accompanying notes to parent company only financial statements.

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

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenues (Notes 6(r) and 7)**	$ 3,110,103	100	5,626,250	100
5000	**Operating costs (Notes 6(d), (n) and 7)**	2,572,050	83	4,310,188	77
5900	**Gross profit from operations**	538,053	17	1,316,062	23
5910	Less:Unrealized profit from sales	(13,236)	-	(7,336)	-
5920	Add:Realized profit on from sales	7,336	-	10,250	-
5950	**Gross profit from operations**	532,153	17	1,318,976	23
6000	**Operating expenses (Note 6(n) and (s)):**				
6100	Selling expenses	360,587	12	718,559	13
6200	Administrative expenses	102,848	3	181,733	3
6300	Research and development expenses	7,571	-	13,248	-
		471,006	15	913,540	16
6900	**Net operating income**	61,147	2	405,436	7
7000	**Non-operating income and expenses:**				
7010	Other income (Notes 6(t) and 7)	35,218	1	17,470	-
7020	Other gains and losses, net (Note 6(t))	18,786	1	(82,566)	(1)
7100	Interest income(Notes 6(t) and 7)	2,107	-	4,694	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(100,901)	(3)	(92,754)	(2)
7510	Interest expense (Note 6(t))	(31,960)	(1)	(34,106)	(1)
		(76,750)	(2)	(187,262)	(4)
	(Loss) profit before tax	(15,603)	-	218,174	3
7950	Less: Income tax expenses (Note 6(o))	15,279	-	50,054	1
	(Loss) profit	(30,882)	-	168,120	2
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gain (loss) on remeasurements of defined benefit plans	2,427	-	(1,622)	-
8312	Gains on revaluation surplus	59,893	2	873,576	16
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	-	(142)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	112,410	2
	Items that will not be reclassified subsequently to profit or loss	62,320	2	759,402	14
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(126,919)	(4)	(183,905)	(3)
8399	Income tax related to components of other comprehensive income that may be reclassified subsequently to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	(126,919)	(4)	(183,905)	(3)
8300	**Other comprehensive income**	(64,599)	(2)	575,497	11
8500	**Total comprehensive income**	**$ (95,481)**	**(2)**	**743,617**	**13**
	Basic earnings per share (Note 6(q))				
9750	Basic earnings per share (dollars)	**$ (0.13)**		**0.72**	
9850	Diluted earnings per share (dollars)	**$ (0.13)**		**0.72**	

See accompanying notes to parent company only financial statements.

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

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Total other equity interest	Total equity
Balance on January 1, 2020	$ 2,336,247	235,155	166,655	201,749	(61,262)	307,142	(664,266)	(36,362)	267,608	(433,020)	2,445,524
Profit	-	-	-	-	168,120	168,120	-	-	-	-	168,120
Other comprehensive income	-	-	-	-	(1,622)	(1,622)	(183,905)	(142)	761,166	577,119	575,497
Total comprehensive income	-	-	-	-	166,498	166,498	(183,905)	(142)	761,166	577,119	743,617
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	(1,103)	-	-	-	-	-	-	-	-	(1,103)
Balance on December 31, 2020	2,336,247	234,052	166,655	201,749	105,236	473,640	(848,171)	(36,504)	1,028,774	144,099	3,188,038
Loss	-	-	-	-	(30,882)	(30,882)	-	-	-	-	(30,882)
Other comprehensive income	-	-	-	-	2,427	2,427	(126,919)	-	59,893	(67,026)	(64,599)
	-	-	-	-	(28,455)	(28,455)	(126,919)	-	59,893	(67,026)	(95,481)
Appropriation and distribution of retained earnings:											
Reversal of special reserve	-	-	-	(201,749)	201,749	-	-	-	-	-	-
Legal reserve appropriated	-	-	10,523	-	(10,523)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(163,537)	(163,537)	-	-	-	-	(163,537)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5,164	-	-	-	-	-	-	-	-	5,164
Changes in ownership interests in subsidiaries	-	498	-	-	-	-	-	-	-	-	498
	-	5,662	10,523	(201,749)	27,689	(163,537)	-	-	-	-	(157,875)
Balance on December 31, 2021	**$ 2,336,247**	**239,714**	**177,178**	**-**	**104,470**	**281,648**	**(975,090)**	**(36,504)**	**1,088,667**	**77,073**	**2,934,682**

See accompanying notes to parent company only financial statements.

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

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from operating activities:			
(Loss) profit before tax	$	(15,603)	218,174
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		18,410	26,175
Amortization expense		7,319	6,264
Reversal of provision for expected credit loss		(60)	(1,010)
Loss on financial assets at fair value through profit or loss		(111)	128
Interest expense		31,960	34,106
Interest income		(2,107)	(4,694)
Dividend income		(21)	(22)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method		100,901	92,754
(Gain) loss on disposal of property, plan and equipment		(7,152)	2,780
Impairment loss on non-financial assets		-	4,000
Unrealized profit from sales		5,900	-
Realized profit from sales		-	(2,914)
(Gain) Loss on fair value adjustment of investment property		(21,048)	18,948
Other income		(2,203)	(1,649)
Other losses		-	605
Total adjustments to reconcile profit		131,788	175,471
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		723	485
Decrease in notes receivable		500	21,293
Increase in notes receivable due from related parties		(96)	-
(Increase) decrease in accounts receivable		(108,480)	(126,215)
Decrease (increase) in accounts receivable due from related parties		12,299	(11,539)
Decrease (increase) in other receivables		735	(2,418)
Decrease (increase) in other receivables due from related parties		105,803	(89,713)
(Increase) decrease in inventories		(56,932)	(185,641)
Decrease in prepayments		19,935	15,879
Decrease in other current assets		69	(90)
Decrease (increase) in other financial assets		4,692	(4,799)
Total changes in operating assets		(20,752)	(382,758)
Changes in operating liabilities:			
(Decrease) increase in contract liabilities		(17,352)	17,895
Increase in notes payable		(37,890)	(12,325)
Decrease in notes payable due to related parties		(13)	13
Increase in accounts payable		57,704	52,430
Decrease in accounts payable due to related parties		(21,039)	(9,348)
(Decrease) increase in other payables		(214,503)	220,478
Decrease in other payable due to related parties		(227)	(397)
(Decrease) increase in advance receipts		(4,679)	4,679
Increase in other current liabilities		4,884	713
Decrease in net defined benefit liability		(2,919)	(5,462)
Decrease in other operating liabilities		(257)	(541)
Total changes in operating liabilities		(236,291)	268,135
Total changes in operating assets and liabilities		(257,043)	(114,623)
Total adjustments		(125,255)	60,848
Cash (outflow) inflow generated from operations		(140,858)	279,022
Interest received		2,107	4,694
Dividends received		21	22
Interest paid		(32,094)	(34,173)
Income taxes paid		(16,108)	(1,614)
Net cash flows from operating activities		(186,932)	247,951

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

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(433,850)	(25,000)
Increase in prepayments for investments	-	(9,092)
Proceeds from liquidation of investments accounted for using equity method	-	20,000
Acquisition of property, plant and equipment	(4,590)	(5,954)
Proceeds from disposal of property, plant and equipment	9,084	18,221
Acquisition of intangible assets	(1,430)	(18,609)
Decrease in other financial assets	14,813	94,412
Increase in other non-current assets	-	(2,133)
Net cash flows from investing activities	(415,973)	71,845
Cash flows from (used in) financing activities:		
Increase in short-term loans	566,624	309,293
Decrease in short-term loans	(246,614)	(761,025)
Increase in short-term notes and bills payable	49,924	249,660
Proceeds from long-term debt	-	1,400,000
Repayments of long-term debt	(38,250)	(1,183,811)
Payment of lease liabilities	(6,720)	(7,275)
Decrease in other financial assets	-	110,143
Cash dividends paid	(163,537)	-
Issuance of preference shares by subsidiaries	26,435	-
Disposal of ownership interests in subsidiaries (without losing control)	16,378	-
Net cash flows from (used in) financing activities	204,240	116,985
Net (decrease) increase in cash and cash equivalents	(398,665)	436,781
Cash and cash equivalents at beginning of period	512,083	75,302
Cash and cash equivalents at end of period	**$ 113,418**	**512,083**

See accompanying notes to parent company only financial statements.

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

TEX-RAY INDUSTRIAL CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

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

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

(2) Approval date and procedures of the financial statements

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

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

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

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

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

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

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

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(4) Summary of significant accounting policies

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

(a) Statement of compliance

The financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

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

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

3) Investment property is measured at fair value, and

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

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) currencies transaction

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

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

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Foreign operation

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

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

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

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

An asset is classified as current when

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

(ii) The Company holds the asset primarily for the purpose of trading,

(iii) The Company expects to realize the asset within twelve months after the reporting period,

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

A liability is classified as current when

(i) The Company expects to settle the liability in its normal operating cycle,

(ii) The Company holds the liability primarily for the purpose of trading,

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

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

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(e) Cash and cash equivalents

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

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

(f) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

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

(Continued)

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

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

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Company's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

(Continued)

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

5) Impairment of financial assets

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

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

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

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

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

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

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

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

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

6) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

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4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Non-current assets held-for-sale

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

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

(i) Investment in associates

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

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

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

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

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

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

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

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

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

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(j) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(k) Investment property

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

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

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

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost includes any expenditure of acquiring assets. Self-built asset cost includes materials, direct labor, any other expenditure to make the asset usable, removement and recovery cost, and the loan cost meeting the criteria of capitalization. Besides, the cost also includes the software purchased to integrate related functions, which is capitalized as a part of the equipment.

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

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

1)	Buildings	5～55 years
2)	Machinery equipment	7～13 years
3)	Transportation equipment	3～ 6 years
4)	Office and Other equipment	1～20 years

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

(iv) Reclassification to investment property

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

(m) Leases

(i) Identifying a lease

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

(ii) As a leasee

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

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

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

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

1) fixed payments, including in-substance fixed payment,

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

(Continued)

3) amounts expected to be payable under a residual value guarantee, and

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

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

1) there is a change in future lease payments arising from the change in an index or rate, or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or

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

4) there is any lease modifications.

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

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

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

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

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

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic,

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

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

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

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

(Continued)

(iii) As a leasor

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

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

(n) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(o) Impairment of non-financial assets

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

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

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

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

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

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

(p) Revenue from contracts with customers

(i) Revenue from contracts with customers

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

1) Sale of goods

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

(Continued)

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

2) Financial components

The Company does not expect to have any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

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

(Continued)

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(r) Income taxes

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

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

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

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

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

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

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

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

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

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

(Continued)

1) the same taxable entity, or

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

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

(s) Earnings per share

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

(t) Operating segments

Please refer to the consolidated financial report of TEX-RAY INDUSTRIAL CO., LTD. for the years ended December 31, 2021 and 2020 for operating segments information.

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

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

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

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

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

(a) The loss allowance of trade receivables

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

(Continued)

(b) Valuation of inventories

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

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

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

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

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

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

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

Please refer to following notes for assumptions used in measuring fair value:

(a) Note 6(h), Investment property.

(b) Note 6(u), Financial instruments.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	$ 442	497
Check deposits	6,719	6,529
Demand deposits	18,793	778
Foreign currency deposits	76,688	53,255
Time deposits	10,776	451,024
Cash and cash equivalents in the statements of cash flows	**$ 113,418**	**512,083**

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

(b) Financial assets at fair value

The portfolio of the Company were as follows:

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Stocks listed on domestic markets	**$ -**	**612**

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

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

(iii) During 2021 and 2020, the Company sold its financial assets at fair value through profit or loss amounting to $723 thousand and $485 thousand, respectively.

(iv) Please refer to Note 6(u) for credit risk and market risk of the financial assets.

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

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(c) Notes and trade receivables

	December 31, 2021	December 31, 2020
Notes receivables from operating activities	$ -	500
Accounts receivable-measured at amortized cost	447,529	339,049
Less: Loss allowance	152	212
	$ 447,377	339,337

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

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Overdue under 90 days	$ 446,582	0%	-
Overdue 90 to 180 days	870	10%	87
Overdue 180 to 360 days	25	52%	13
Over 360 days past due	52	100%	52
	$ 447,529		152

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Overdue under 90 days	$ 338,447	0%	-
Overdue 90 to 180 days	984	10%	98
Overdue 180 to 360 days	9	56%	5
Over 360 days past due	109	100%	109
	$ 339,549		212

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

	For the years ended December 31	
	2021	2020
Balance on January 1	$ 212	1,222
Reversal of impairment losses	(60)	(1,010)
Balance on December 31	$ 152	212

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iii) The aforesaid receivables were not pledged as collateral.

(d) Inventories

	December 31, 2021	December 31, 2020
Raw materials	$ 21,159	13,649
Work in process	381,080	368,857
Finished goods	3,939	-
Merchandise	71,515	38,255
	$ 477,693	**420,761**

(i) As of December 31, 2021 and 2020, inventories recognized as cost of sales amounted to $2,586,134 thousand and $4,239,495 thousand, respectively. For the year ended 2021, the reversal of write-downs amounted to $14,084 thousand. For the year ended 2020, the write-down of inventories amounted to $70,693 thousand. The reversals and write-downs were included in cost of sales.

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

(e) Investments accounted for using equity method

A summary of the Company's investments accounted for using equity method at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	**$ 2,708,459**	**2,518,050**

(i) Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2021 and 2020.

(ii) Associate

(iii) The aforesaid investments accounted for using equity method were not pledged as collateral.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(f) Property, plant and equipment

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

		Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other facilities	Construction in progress	Total
Cost:									
Balance on January 1, 2021	$	193,016	290,117	137,058	1,906	43,054	75,271	-	740,422
Additions		-	1,331	2,758	-	501	-	-	4,590
Transfers		-	-	2,133	-	-	-	-	2,133
Disposals		-	-	(128,851)	(487)	(2,195)	(39,727)	-	(171,260)
Balance on December 31, 2021	$	**193,016**	**291,448**	**13,098**	**1,419**	**41,360**	**35,544**	**-**	**575,885**
Balance on January 1, 2020	$	231,506	372,815	225,907	6,858	42,069	87,107	-	966,262
Additions		-	3,313	1,227	-	1,008	406	-	5,954
Reclassification to investment property		(38,490)	(86,011)	-	-	-	-	-	(124,501)
Disposals		-	-	(90,076)	(4,952)	(23)	(12,242)	-	(107,293)
Balance on December 31, 2020	$	**193,016**	**290,117**	**137,058**	**1,906**	**43,054**	**75,271**	**-**	**740,422**
Depreciation and impairment loss:									
Balance on January 1, 2021	$	-	62,759	130,749	1,867	36,237	72,810	-	304,422
Depreciation for the period		-	5,826	2,496	108	2,176	921	-	11,527
Disposals		-	-	(126,939)	(627)	(2,195)	(39,567)	-	(169,328)
Balance on December 31, 2021	$	**-**	**68,585**	**6,306**	**1,348**	**36,218**	**34,164**	**-**	**146,621**
Balance on January 1, 2020	$	-	114,164	195,717	5,657	33,858	79,960	-	429,356
Depreciation for the period		-	7,070	8,024	637	2,202	1,567	-	19,500
Impairment loss		-	-	2,200	100	200	1,500	-	4,000
Reclassification to investment property		-	(58,475)	-	-	-	-	-	(58,475)
Disposals		-	-	(75,192)	(4,527)	(23)	(10,217)	-	(89,959)
Balance on December 31, 2020	$	**-**	**62,759**	**130,749**	**1,867**	**36,237**	**72,810**	**-**	**304,422**
Carrying amounts:									
Balance on December 31, 2021	$	**193,016**	**222,863**	**6,792**	**71**	**5,142**	**1,380**	**-**	**429,264**
Balance on December 31, 2020	$	**193,016**	**227,358**	**6,309**	**39**	**6,817**	**2,461**	**-**	**436,000**
Balance on January 1, 2020	$	**231,506**	**258,651**	**30,190**	**1,201**	**8,211**	**7,147**	**-**	**536,906**

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

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

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

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(g) Right-of-use assets

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

	Land	Buildings	Machinery equipment	Transportation equipment	Total
Cost:					
Balance on January 1, 2021	$ 33,980	693	-	6,190	40,863
Additions	-	641	-	-	641
Disposal	-	(693)	-	(1,038)	(1,731)
Balance on December 31, 2021	**$ 33,980**	**641**	**-**	**5,152**	**39,773**
Balance on January 1, 2020	$ 37,365	1,326	2,564	5,682	46,937
Additions	-	693	-	508	1,201
Disposal	(3,385)	(1,326)	(2,564)	-	(7,275)
Balance on December 31, 2020	**$ 33,980**	**693**	**-**	**6,190**	**40,863**
Accumulated depreciation:					
Balance on January 1, 2021	$ 4,245	480	-	3,293	8,018
Depreciation for the year	4,246	626	-	2,011	6,883
Disposal	-	(693)	-	(1,038)	(1,731)
Balance on December 31, 2021	**$ 8,491**	**413**	**-**	**4,266**	**13,170**
Balance on January 1, 2020	$ 4,149	560	1,524	1,109	7,342
Depreciation for the year	3,481	620	390	2,184	6,675
Disposal	(3,385)	(700)	(1,914)	-	(5,999)
Balance on December 31, 2020	**$ 4,245**	**480**	**-**	**3,293**	**8,018**
Carrying amounts:					
Balance on December 31, 2021	**$ 25,489**	**228**	**-**	**886**	**26,603**
Balance on December 31, 2020	**$ 29,735**	**213**	**-**	**2,897**	**32,845**
Balance on January 1, 2020	**$ 33,216**	**766**	**1,040**	**4,573**	**39,595**

(h) Investment property

The movement of the investment property were as follows:

	Land and improvement	Buildings	Total
Book Value:			
Balance on January 1, 2021	$ 963,693	94,748	1,058,441
Change in fair value	48,177	7,780	55,957
Balance on December 31, 2021	**$ 1,011,870**	**102,528**	**1,114,398**

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	Land and improvement	Buildings	Total
Balance on January 1, 2020	$ 42,559	86,160	128,719
Transfer from property, plant, and equipment	38,490	27,536	66,026
Change in fair value	882,644	(18,948)	863,696
Balance on December 31, 2020	**$ 963,693**	**94,748**	**1,058,441**
Carrying amounts:			
Balance on December 31, 2021	**$ 1,011,870**	**102,528**	**1,114,398**
Balance on December 31, 2020	**$ 963,693**	**94,748**	**1,058,441**
Balance on January 1, 2020	**$ 42,559**	**86,160**	**128,719**

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

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

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

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Contract Terms	Building No. 6576, Sec. 3, Zhongshan Dist., Taipei City	
	December 31, 2021	December 31, 2020
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2021	December 31, 2020
Fair value by external independent appraiser(s)	$70,970 thousand	$64,090 thousand

Contract Terms	Land No. 38, and buildings in Dehui Sec. 4, Zhongshan Dist., Taipei City	
	December 31, 2021	December 31, 2020
Contract terms	1.Rental:$39 thousand /month 2.Period:12 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$14 thousand/year	1.Rental:$42 thousand /month 2.Period:12 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$16 thousand/year
Rent at local market rate (note)	$1,150 /Py /month	$1,100 /Py /month
Current market rent for comparable properties in similar locations and condition	$1,105～$1,182 /Py /month	$900~$1,300 /Py /month
Current status	In use	In use
Capitalization rate	2.19%	2.14%
Discount rate	2.02%	2.02%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2021	December 31, 2020
Fair value by external independent appraiser(s)	$13,730 thousand	$12,980 thousand

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Contract Terms	Land No. 868, and buildings in Zhenquian Sec. Changhua County	
	December 31, 2021	**December 31, 2020**
Contract terms	1.Rental:$200 ～$309 thousand /month 2.Period:36 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$154 thousand/year	1.Rental:$200 thousand /month 2.Period:36 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$181 thousand/year
Rent at local market rate (note)	$300～$400 /Py /month	$190/Py /month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	In use	In use
Capitalization rate	3.50%	3.25%
Discount rate	3.00%	2.00%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2021	December 31, 2020
Fair value by external independent appraiser(s)	$95,545 thousand	$61,386 thousand

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Contract terms	Land No. 228-240, 240-1, 241, 531, 531-1, 533-535 and buildings located at Shengli Sec., Rende Dist., Tainan City, total in twenty items.	
	December 31, 2021	December 31, 2020
Rent at local market rate (note)	$187~$214/Py /month	$171~$218 /Py /month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	Available for leasing	Available for leasing
Capitalization rate	1.754%	1.755%
Discount rate	3.29%	3.29%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	CHINA PROPERTY APRAISING CENTER CO., LTD.	CHINA PROPERTY APRAISING CENTER CO., LTD.
Appraiser name(s)	Dian-Jing Hsieh、Xiang-Ling Chiu	Dian-Jing Hsieh、Xiang-Ling Chiu
Appraisal date	Appraisal date	June 30 and December 31, 2020
Fair value by external independent appraiser(s)	$ 934,513 thousand	$ 920,654 thousand and $920,913 thousand respectively

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

In accordance with Article 34 of the Regulations on Real Estate Appraisal, the procedures of the income approach include estimating the effective gross income and total expenses, computing the net operating income, determining the capitalization rate or discount rate, and computing the income. The attributes used by the Company for the estimations above were the last three years' data from the subject property and comparable properties which have similar characteristics, and these data were assessed and adjusted based on their persistency, stability, and growth to ensure the availability and reasonableness of these data. The movement of income (cash inflows) and expenditure (cash outflows) for future periods was based on the vacancies or losses, existing or future cash flow plans of the Company, and historical cash flows from the subject property, identical properties, or properties in the same industry. The estimation and computation of the net income were based on the highest and best use of the subject property and have taken into consideration the income generated from comparable properties in the same location based on their highest and best use.

(Continued)

The discount rate is determined by the risk premium method, which takes into consideration of the bank time deposit interest rate, government bond interest rate, the risk of real estate investment, currency changes and the trend of real estate prices, etc., and is selected to represent the general property return. The rate is a benchmark, and it is determined after adjusting the difference between the investment property and the individual characteristics of the target. The discount rate is based on the mobile interest rate of the two-year postal fixed rate of small deposit issued by Chunghwa Post Co., Ltd., plus no less than 75 basis points of percentage. Factors such as the underlying income situation, liquidity, risk, value-added and ease of management are also taking account. As of December 31, 2021 and 2020, the discount rates were determined to be 2.02%~3.29% with risk premium added up. The estimation of capitalization rates refer to the weighted average returns which is calculated by dividing the net income of the comparative targets by the prices.

(ii) The Company' s Tainan dyeing factory was expected to be leased or sold, thus it was transferred from plant, plant and equipment to investment property on June 16, 2020. The Company recognized the value-added amounting to $873,576 thousand between the fair value and book value at the time of the transfer, and the impairment loss of building amounted to $18,948 thousand (recorded under other gains and losses). The value-added after deducting the amount of provision of land value increment tax equaled to $761,166 thousand, and was recognized under other equity.

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

(i) Short-term borrowings

	December 31, 2021	**December 31, 2020**
Letters of credit	$ -	9,990
Secured bank loans	70,000	-
Unsecured bank loans	370,000	110,000
Total	**$ 440,000**	**119,990**
Unused credit line	**$ 20,000**	**187,010**
Range of interest rates	**1.00% ~ 1.25%**	**1.00% ~ 1.35%**

The Company had pledged assets as collateral for short-term borrowing, please refer to Note 8.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(j) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 300,000	250,000
Less: Discount on short-term notes and bills payable	(416)	(340)
Net	**$ 299,584**	**249,660**
Range of interest rates	**1.31%**	**1.3%**
Guarantee institution	CHANG HWA Bank and other ten syndicated banks	CHANG HWA Bank and other ten syndicated banks

The Company had pledged assets as collateral for short-term notes and bills payable, please refer to Note 8.

(k) Long-term borrowings

The details were as follows:

	December 31, 2021	December 31, 2020
Secured bank loans	$ 1,400,000	1,438,250
Less: current portion	(140,000)	(9,000)
borrowing fees	(3,821)	(5,061)
Net	**$ 1,256,179**	**1,424,189**
Unused credit line	**$ -**	**-**
Range of interest rates	**2%**	**1.4%~2%**
Maturity	**2025.01**	**2025.01~2028.03**

(i) The Company entered into a five-year syndicated loan agreement of $2 billion with 11 banks including Changhua Commercial Bank LTD. on January 8, 2020. The funds obtained in the syndicated loan are used to settle the outstanding balance of the previous syndicated loan agreement and to supplement the operating turnover. According to the agreement, the Company shall calculate and maintain its current ratio, interest protection multiples and debt ratio based on the annual and semi-annual consolidated financial reports audited or reviewed by auditors during the loan period. On December 31, 2021, the Company did not violate the loan agreement.

(ii) Please refer to Note 8 for details of the related assets pledged as collateral.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(l) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 5,238	6,328
Non-current	$ 21,821	26,810

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2021	
	2021	2021
Interest on lease liabilities	$ 565	674
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 181	448
Covid-19-related rent concessions (Recognized as deduction of rent expenses)	$ -	916

The amounts recognized in the statement of cash flows for the Company were as follows：

	For the years ended December 31, 2021	
	2021	2020
Total cash outflow for leases	$ 7,466	7,481

(m) Operating lease

Please refer to Note 6(h) for information about the operating leases of property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2021	December 31, 2020
Less than one year	$ 11,023	8,839
One to two years	8,605	2,857
Two to three years	7,767	2,857
Three to four years	720	2,143
Four to five years	720	-
More than five years	960	-
Total undiscounted lease payments	$ 29,795	16,696

For the information of rent revenue from operating lease, please refer to Note 6(t).

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined obligation at present value and asset at fair value were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ (52,634)	(55,352)
Fair value of plan assets	32,725	30,340
Net defined benefit liabilities	**$ (19,909)**	**(25,012)**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Company set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $32,725 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Defined benefit obligation, January 1	$ (55,352)	(76,828)
Current service costs and interest cost	(191)	(676)
Remeasurements of the net defined benefit liability		
—Experience adjustments	(306)	1,066
—Actuarial gains (losses) arose from changes in demographic assumptions	(57)	(2)
—Actuarial gains (losses) arose from changes in financial assumption	2,010	(3,567)
The effect of plan reduction	-	23,544
Benefits paid by the plan	1,262	1,111
Defined benefit obligation, December 31	**$ (52,634)**	**(55,352)**

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Fair value of plan assets, January 1	$ 30,340	47,332
Interests revenue	92	361
Remeasurements of the fair value of plan assets		
—Return on plan asset excluding interest income	538	1,525
Contributions made	3,017	3,370
Benefits paid by the plan	(1,262)	(1,111)
Settlement payment of plan asset	-	(21,137)
Fair value of plan assets, December 31	**$ 32,725**	**30,340**

4) Movements of the effect of the asset ceiling: None.

5) Expenses recognized in profit or loss

The Company's pension expenses that should be recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Current service costs	$ 27	106
Net interest of net liabilities for defined benefit obligations	72	209
Service cost of prior period	-	(2,407)
	$ 99	**(2,092)**

The actual expenses recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Operating costs	$ -	61
Selling expenses	58	(1,261)
Administration expenses	24	(892)
Prepayment	17	-
	$ 99	**(2,092)**

Due to a number of employees agreeing to a curtailment as of December 31, 2020, the Company has reduced the defined benefit retirement obligations by $23,544 thousand and recognized the reduction in benefits in the income statement.

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.70 %	0.30 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $2,086 thousand.

The weighted average lifetime of the defined benefits plans is 9 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2021		
Discount rate (change 0.25%)	$ (1,208)	1,253
Future salary increasing rate (change 0.25%)	1,233	(1,196)
December 31, 2020		
Discount rate (change 0.25%)	(1,363)	1,416
Future salary increasing rate (change 0.25%)	1,389	(1,344)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates the regulated percentage of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $8,188 thousand and $8,997 thousand for the years ended December 31, 2021 and 2020, respectively.

(o) Income taxes

(i) Tax expense

The components of income tax for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Current income tax expense		
Current period	$ -	70,627
Prior years income tax adjustment	2,768	(491)
Additional tax on undistributed earnings	5,101	-
Deferred income tax expense		
Origination and reversal of temporary differences	7,410	(20,082)
Tax expense	**$ 15,279**	**50,054**

The amount of income tax recognized in other comprehensive income was as follows:

	For the year ended December 31	
	2021	**2020**
Items that will not be reclassified subsequently to profit or loss		
Real estate revaluation surplus	**$ -**	**112,410**

The reconciliation of tax expense and income before tax for the years ended December 31, 2021 and 2020 were as followed:

	For the years ended December 31	
	2021	**2020**
(Loss) profit before tax	$ (15,603)	218,174
Income tax expense at domestic statutory tax rate	$ (3,121)	43,635
Tax-exempt income	(4)	(4)
Recognition of investment loss under the equity method	20,180	18,551
Realized investment loss	(4,400)	-
Prior years income tax adjustment	2,768	(491)
Gains on financial assets at fair value through profit or loss	(22)	-
Origination and reversal of temporary differences	7,410	(20,082)
Others	(7,532)	8,445
	$ 15,279	**50,054**

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Recognized deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

1) Deferred tax asset:

		Unrealized loss of inventory valuation	Unrealized sales margin	Unrealized exchange loss	Others	Total
Balance on January 1, 2021	$	17,062	1,467	6,193	1,244	25,966
Recognized in profit or loss		(2,817)	1,180	(5,569)	(204)	(7,410)
Balance on December 31, 2021	**$**	**14,245**	**2,647**	**624**	**1,040**	**18,556**
Balance on January 1, 2020	$	2,924	2,066	-	894	5,884
Recognized in profit or loss		14,138	(599)	6,193	350	20,082
Balance on December 31, 2020	**$**	**17,062**	**1,467**	**6,193**	**1,244**	**25,966**

2) Deferred tax liabilities:

		Defined benefit plan	Provision for land value increment tax	Total
Balance on January 1, 2021	$	654	177,045	177,809
Balance on December 31, 2021	**$**	**654**	**177,045**	**177,809**
Balance on January 1, 2020	$	654	64,635	65,398
Recognized in other comprehensive income		-	112,410	112,410
Balance on January 1, 2020	**$**	**654**	**177,045**	**177,808**

(iii) The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(p) Capital and other equity

(i) Ordinary shares

A resolution was passed by the general meeting of shareholders held on 27 June, 2013, for the issuance of 42,052 thousand ordinary shares for cash under private placement, with par value of $10 per share, amounting to $420,524 thousand. The date of capital increase was on 28 April, 2014, which was approved on 23 April, 2014 by the Board. The relevant statutory registration procedures have been completed.

A resolution was passed by the temporary meeting held on December 4, 2018 for the issuance of 23,362 thousand ordinary shares for cash under private placement, with par value of $10 and issuance price of $10.16 per share, amounting to $237,363 thousand. The date of capital increase was on December 12, 2018. The relevant statutory registration procedures have been completed.

As of December 31, 2021 and 2020, the number of authorized shares were each $3,000,000 thousand, respectively, with par value of $10 per share and divided into 300,000 thousand shares. All of the aforementioned shares are ordinary shares, and the number of issued shares was 233,625 thousand shares. All proceeds from the shares have been collected.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to article 43-8 under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private-placed securities, and after applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The components of the capital surplus were as follows:

		December 31, 2021	December 31, 2020
Share capital	$	121,485	121,485
Conversion of bonds		14,648	14,648
Treasury stock transactions		3,949	3,949
Difference between consideration and carrying amount of subsidiaries acquired or disposed		95,847	90,683
Changes in equity of subsidiaries under equity method		3,531	3,033
Donated surplus		254	254
	$	**239,714**	**234,052**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes or salary. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors to be submitted to the stockholders' meeting for approval.

The Company adopts a residual dividend policy. According to the Company's future budget plan and the future annual funding needs measured, the Company reserved the funds needed for the retained earnings financing. In order to avoid excessive dilution, the stock dividend is not higher than 50% of the current year's distribution, and the rest can be distributed by cash dividend.

(Continued)

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

When the Company first adopted the International Financial Reporting Standards endorsed by the FSC, it chose to apply the exemption item of IFRS 1 "First-time Adoption of International Financial Reporting Standards". Hence, the unrealized revaluation and accumulation accounted for shareholders' equity amounted to $216,408 thousand, resulting in a decrease in retained earnings. Since the net reduction of retained surplus on the conversion date was due to the initial adoption of IFRSs based on FSC's regulations, the Company need not apply for a special surplus reserve for the amount reclassified to retained earnings on January 1, 2013.

The Company chose the fair value model for subsequent measurement of its investment property. According to the regulations of the FSC, the net increase in special surplus reserve amounting to the net increase in fair value of investment property measured by the fair value model adopted for the first time should be applied. Also, the special surplus reserve shall be taken in the following order when the Company distribute its annual earnings:

a) The fair value model is used in calculating the special reserve amounting to the net for subsequent measurement of investment property from undistributed earnings of current period and prior year. When distributing the FY 2019 earnings in 2020, an amount equals to the special surplus reserve shall be recorded from net income and retained earnings. When distributing the FY2020 earnings in 2021, an amount equals to the special surplus reserve shall be recorded from net income, plus other items recorded in retained earnings, excluding net income and retained earnings. If the cumulative net increase in fair value in the previous period, the amount of the special surplus reserve of the same amount from the undistributed surplus in the previous period cannot be distributed; when the accumulated net increase in fair value of the investment real estate is subsequently reduced or the investment real estate is disposed of, the surplus may be reverted to distribute the surplus based on the reduction or the disposal situation.

b) The special surplus reserve calculated based on the shareholding ratio, which amounts to the difference between the market value and the book value of the parent company's stock held by the subsidiary company at the end of the period, shall not be distributed. If there is any rebound in the market price thereafter, the amount of that part must be converted to a special surplus reserve based on the shareholding ratio.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

c) A portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. When distributing the FY 2019 earnings in 2020, an amount equals to the special surplus reserve shall be recorded from net income and retained earnings. When distributing the FY 2020 earnings in 2021, an amount equals to the special surplus reserve shall be recorded from net income, plus other items recorded in retained earnings, excluding net income and retained earnings. The amount to be reclassified should equal the total net reduction of other shareholders' equity for the current period. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2021 was decided by the resolution adopted at the general meeting of shareholders held on July 12, 2021; the earning distributions for 2020 was decided by the resolution adopted (without distributable earnings) at the general meeting of the shareholders held on June 16, 2020. For more information, please refer to the website of Market Observation Post system.

(q) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follow:

(i) Basic earnings per share

	For the years ended December 31	
	2021	**2020**
Basic earnings per share		
(Loss)/profit attributable to ordinary shareholders	$ **(30,882)**	**168,120**
Weighted-average number of ordinary shares (thousand shares)	**233,625**	**233,625**
(Loss)/profit attributable to shareholders per share	$ **(0.13)**	**0.72**

(ii) Diluted earnings per share

	For the years ended December 31	
	2021	**2020**
Basic earnings per share		
(Loss)/profit attributable to ordinary shareholders	$ **(30,882)**	**168,120**
Weighted-average number of ordinary shares (basic)	233,625	233,625
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	-	163
Weighted average number of ordinary shares (diluted)	**233,625**	**233,788**
(Loss)/profit attributable to ordinary shareholders (diluted)	$ **(0.13)**	**0.72**

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

		For the years ended December 31 2021	2020
Primary geographical markets:			
Taiwan	$	951,970	535,882
America		1,463,148	1,560,611
Asia		444,165	3,330,891
Europe		13,938	14,384
Africa		223,421	184,482
Other countries		13,461	-
	$	3,110,103	5,626,250

(ii) Contract balances

		December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	$	556	17,908	13

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Employee compensation and directors' remuneration

According the amended Company' s Articles of Incorporation, remuneration of employees is appropriated at 2% of profit settled by cash or shares decided by the board of directors. The recipients of cash and shares may include the employees of the Company's affiliated companies who meet certain conditions. Remuneration of directors is appropriated at no more than 2% of the profit. Remuneration of employees and directors is submitted to general meeting of the shareholders. However, accumulated deficit from prior years is first offset before any appropriation of profit.

For the year ended December 31, 2021, he Company suffered an operating loss, hence, no remuneration to employees and directors were estimated. For the year ended December 31, 2020, the remuneration to employees and directors, both amounting to $3,235 thousand, were estimated on the basis of the Company's net profit before tax, excluding the remuneration to employees and directors of each period, and multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation.

There was no difference between the amounts approved by Board of Directors and recognized for the years ended December 31, 2021 and 2020. For further information, please refer to Market Observation Post System website.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(t) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the years ended December 31	
	2021	2020
Rent income	$ 10,168	9,338
Management service revenue	6,224	2,340
Dividend income	21	22
Commission revenue	13	118
Overdue payment income	10,359	-
Others	8,433	5,652
	$ 35,218	**17,470**

(ii) Other gains and losses

The details of other gain and losses were as follows:

	For the years ended December 31	
	2021	2020
Gains (losses) on disposal of property, plant and equipment	$ 7,152	(2,780)
Gains (losses) on remeasurement of investment property	21,048	(18,948)
Foreign exchange losses	(11,058)	(59,703)
Gains (losses) on financial asset at fair value through profit or loss	111	(128)
Impairment loss of non-financial asset	-	(4,000)
Other income	1,533	3,563
Other expenses	-	(570)
	$ 18,786	**(82,566)**

(iii) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2021	2020
Interest income		
Bank deposits	$ 739	2,823
Interest subsidy	20	27
Loans	1,348	1,844
	$ 2,107	**4,694**

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iv) Interest expenses

The details of interest expenses were as follows:

	For the years ended December 31	
	2021	2020
Loans and borrowings	$ 31,395	33,432
Lease liabilities	565	674
	$ 31,960	**34,106**

(u) Financial instruments

(i) Categories of financial instruments

1) Financial asset

	December 31, 2021	December 31, 2020
Mandatory measured at fair value through profit or loss	$ -	612
Measured at amortized cost (deposits and receivables)		
Cash and cash equivalents	113,418	512,083
Notes, accounts receivable, and other receivables	577,139	587,840
Other current financial assets	151,965	166,778
Other non-current financial assets	5,187	9,879
Subtotal	847,709	1,276,580
Total	**$ 847,709**	**1,277,192**

2) Financial liabilities

	December 31, 2021	December 31, 2020
Financial liabilities carried at amortized cost		
Short-term borrowings	$ 440,000	119,990
Short-term notes and bills payable	299,584	249,660
Accrued payables	433,218	649,320
Long-term borrowing, current portion	140,000	9,000
Long-term borrowings	27,059	33,138
Total	**$ 2,596,040**	**2,485,297**

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to the credit risk. The amounts of maximum credit risk exposure of the Company on December 31, 2021 and 2020, were $847,709 thousand and $1,277,192 thousand, respectively.

2) The customers of the Company are concentrated in the retail and wholesale of textile or garments. In order to reduce credit risk, the Company continuously evaluates the financial status of customers, conducts individual assessment based on the signs of impairment of accounts receivable and credit risk characteristics, handles accounts receivable insurance policy for some customers. On December 31, 2021 and 2020, the top five customers comprised 79% and 85%% of the balances of accounts receivable, resulting in the concentration of credit risk.

3) For credit risk exposure of notes and trade receivables, please refer to Notes 6(c).

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Secured loans	$ 1,470,000	1,542,014	153,797	82,717	163,333	1,142,167	-
Unsecured loans	370,000	370,532	370,532	-	-	-	-
Short-term notes and bills payable	299,584	300,000	300,000	-	-	-	-
Accrued payables	433,218	433,218	433,218	-	-	-	-
Lease liabilities	27,059	28,573	3,092	2,616	4,573	13,719	4,573
	$ 2,599,861	**2,674,337**	**1,260,639**	**85,333**	**2,490,358**	**2,594,118**	**4,573**
December 31, 2020							
Non-derivative financial liabilities							
Secured loans	$ 1,438,250	1,539,088	18,760	18,728	1,183,000	1,220,871	-
Unsecured loans	110,000	110,444	110,444	-	544,000	545,546	-
Letters of credit	9,990	10,023	10,023	-	61,722	61,920	-
Short-term notes and bills payable	249,660	250,000	250,000	-	-	-	-
Accrued payables	649,320	649,320	649,320	-	-	-	-
Lease liabilities	33,138	35,243	3,590	3,292	39,883	42,619	9,146
	$ 2,490,358	**2,594,118**	**1,042,137**	**22,020**	**2,227,141**	**2,269,492**	**9,146**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iv) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposures to foreign currency risk were as follow:

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
NTD:USD	$ 28,440	27.680	787,230	27,278	28.095	766,377
Financial liabilities						
Monetary items						
NTD:USD	8,017	27.680	221,924	16,421	28.095	461,341

2) Sensitivity analysis

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, other financial assets, loans, trade and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Company's functional currency as of December 31, 2021 and 2020 would have increased (decreased) the net income for the years ended December 31, 2021 and 2020 by $5,653 thousand and $3,050 thousand, respectively.

3) Foreign exchange gains or losses on monetary item

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange losses (including realized and unrealized portions) amounted to $11,058 thousand and $59,703 thousand, respectively.

(v) Interest rate analysis

The book values of the financial assets and financial liabilities exposed to the interest rate risk on the reporting date were as below:

	Book value	
	December 31, 2021	December 31, 2020
Fixed interest rate instruments：		
Financial assets	$ 162,741	617,783
Financial liabilities	$ (299,854)	(249,660)
Variable interest rate instruments ：		
Financial assets	$ 95,481	54,053
Financial liabilities	$ (1,836,179)	(1,553,179)

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The Company's internal management reported the change of interest rate and the exposure to changes in interest rate of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate had increased / decreased by 1% basis points, the Company's interest expenses would have increased / decreased by $17,407 thousand and $14,991 thousand for the years ended December 31, 2021 and 2020 respectively, with all other variable factors remaining constant. The is mainly due to variable-rate loans.

(vi) Other market price risk

If the security price of domestic stocks measured at fair value through profit or loss held by the Company changes, the impact to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the years ended December 31	
	2021	**2020**
Price of securities at reporting date	**Net income (loss)**	**Net income (loss)**
Increasing 7%	$ -	43
Decreasing 7%	-	(43)

(vii) Information of fair value

1) Classification of financial instruments and fair value hierarchy

The book value of the financial assets and liabilities was close to the fair value. The fair value of the financial assets measured at fair value through profit and loss and those measured at fair value through other comprehensive income was estimated on a recurring basis of level 1 and 3, respectively.

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost (including debt investment that has no active markets).

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

The Company's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

a) The financial instrument that have standard terms and are traded in an active market, such as listed stocks, the fair value is determined by quoted prices.

b) Measurements of fair value of financial instruments without an active market

i) Using discounted cash flow analysis to measure its fair value. The main assumption is investors' expected standard profit which is manipulated by capitalization rate that reflects investment risk.

ii) Using observable market data at the reporting date to measure its fair value. The main assumption is based on comparable price-book ratio, which is adjusted by offsetting the impact of discount for lack of marketability and minority interest.

c) The fair values of financial assets and financial liabilities other than those aforesaid are determined in accordance with discounted cash flow analysis which is generally accepted.

4) Transfers between Level 1 and Level 2

There are no transfers from each level for the years ended December 31, 2021 and 2020.

(v) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For further information, please refer to the relevant notes to the financial statement.

(ii) Structure of risk management

The financial management department of the Company provides intercompany services for various businesses, coordinates the operation of entering the domestic and international financial markets, and supervises and manages the financial risks related to the operation of the Company by analyzing the internal risk report according to the degree and breadth of the risk. Internal auditors continue to review compliance with policies and the risk limit. The Company did not trade financial instruments (including derivative financial instruments) for speculative purposes.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in equity investment.

1) Trade and other receivables

The policy adopted by the Company is to only trade with reputable customers and obtain collateral when necessary to reduce the risk of financial losses from default. The Company only trades with companies rated equivalent to the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Company will use other publicly available financial information and transaction experience to rate major customers. The Company continues to monitor the credit risk insurance level and the credit rating of the counterparty, and distributes the total transaction amount to those with qualified credit ratings, and controls the credit risk through the credit limit that is reviewed and approved annually.

The accounts receivable is comprised from vast customers base, which is scattered in different industries and geographic regions. The Company continues to evaluate the financial status of customers.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company' s policy is to provide financial guarantees only to wholly owned subsidiaries. On December 31, 2021 and 2020, no other guarantees were outstanding.

(iv) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the operation and ease the impact of cash flow fluctuation. The management supervises the unused credit lines and ensures the compliance of loan contracts.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company' s reputation.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Bank loans were important resource of liquidity risk for the Company. The unused credit line of the Company on December 31, 2021 and 2020 were $20,000 thousand and $187,010 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk arising from sales, purchases and borrowings that are not denominated in functional currencies of the Group's main operating entities. The functional currency of the Group is primarily the New Taiwan Dollars (NTD), as well as US Dollars (USD), Euro (EUR) Chinese Yuan (CNY) and South African Rand (ZAR). The currencies used in these transactions are denominated in NTD, EUR, USD, CNY and ZAR.

The loan interest is denominated in the same currency as principal. Generally, borrowings are denominated in the same currencies that generates operating cash flows of the Company, mainly in NTD, as well as in USD and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company borrowed funds in the fixed and variable rate simultaneously, resulting in fair value change risk and cash flow risk. The Company manage the interest rate risk through maintaining a proper combination of fixed and variable rate.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in domestic listed stocks. The Company does not actively trade these investments, and the management continuously monitor the price risk and assess the portfolio.

(w) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

(Continued)

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings and other equity plus net debt.

As of December 31, 2021, the Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2021 and 2020, were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 2,872,495	2,792,497
Less: cash and cash equivalents	(113,418)	(512,083)
Net debt	2,759,077	2,280,414
Total Equity	2,934,682	3,188,038
Adjusted equity	**$ 5,693,759**	**5,468,452**
Debt-to-equity ratio	**48.46%**	**41.70%**

(7) Related-party transactions

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company' s subsidiaries during the periods covered in the financial statements.

Name of related party	Relationship with the Company
TEX-RAY INDUSTRIAL CO., LTD. (BELIZE)	Subsidiary
TEX-RAY (BN) INTERNATIONAL CO., LTD.	Subsidiary
FLYNN INTERNATIONAL LTD.	Subsidiary
KING'S METAL FIBER LTD.	Subsidiary
TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.	Subsidiary
GREAT CPT INTERNATIONAL CO., LTD.	Subsidiary
KASUMI APPARELS SWAZILAND (PTY) LTD. (KASUMI (SWAZILAND))	Subsidiary
T.Q.M. TEXTILE SWAZLAND (PTY) LTD. (T.Q.M. (SWAZILAND))	Subsidiary
UNION INDUSTRIAL WASHING (PTY) LTD. (U.I.W. (SWAZILAND))	Subsidiary
TEX-RAY (SA) (PTY) LTD. (TEX-RAY (SA))	Subsidiary
J.M. Rotary Print Industrial Co., Ltd.	Subsidiary

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of related party	Relationship with the Company
GOLDEN JUBILEE APPAREL (PROPRIETARY LIMITED)	Subsidiary
ZHENG-RAY Industrial CO.,LTD.	Subsidiary
WEI LI TEXTILE CO., LTD.	Subsidiary
TEX-RAY INDUSTRIAL CO., LTD. (TEX-RAY (CAYMAN))	Subsidiary
TEX-RAY INDUSTRIAL CO., LTD. (SHANGHAI) (TEX-RAY (SHANGHAI))	Subsidiary
TRLA GROUP, INC.(TRLA GROUP)	Subsidiary
Z-PLY CORPORATION(Z-PLY (NY))	Subsidiary
TEXRAY SWAZILAND PTY LTD.	Subsidiary
GOOD TIME(VIETNAM) ENTERPRISE CO.,LTD. (GOOD TIME)	Subsidiary
MSWATI HOLDINGS LTD.	Subsidiary
TEXRAY (VN) CO., LTD. (TEXRAY (VN))	Subsidiary
T.R.C.A GARMENT CO., LTD. (TRCA GARMENT)	Subsidiary
TEXRAY MEXICO S.A. DE C.V. (TEXRAY (MEXICO))	Subsidiary
AMRAY S.A. DE C.V.(AMRAY (MEXICO))	Subsidiary
KING'S METAL FIBER TECHNOLOGIES B.V.	Subsidiary
ELITETOP TECHNOLOGY INC.	Subsidiary (which went through liquidation in June 2020)
TEX-RAY INDUSTRIAL CO., LTD. (YANCHENG)	Subsidiary
AIQ SMART CLOTHING INC.(AIQ)	Subsidiary
AIQ SMART CLOTHING (Zhejiang) CO.,LTD.	Subsidiary
KING'S METAL FIBER (SHANGHAI) CO., LTD.	Subsidiary
TRYD APPAREL CO., LTD.(TRYD APPAREL)	Subsidiary
JIANGSU TRYD TEXTILE TECHNOLOGY CO., LTD.	Subsidiary
TEXRAY (KUNSHAN) CO., LTD.	Subsidiary
Taiwan Innovation Technology Co., Limited (HK)	Subsidiary
AIQ SYNERTIAL LTD.	Subsidiary

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of related party	Relationship with the Company
Yancheng Wei-Da Textile Testing Service Co., Ltd.	Subsidiary
ESWATRADING (PTY) LIMITED	Subsidiary (which went through liquidation in June 2020)
HUAI WEI BIOTECHNOLOGY CO., LTD.	Subsidiary
SEN JEWEL TECHNOLOGY CO., LTD.	Same president with the Company
TAI CHAM TECHNOLOGY CO., LTD.	The entity's chairman is the vice chairman of the Company

(b) Significant transactions with related parties

(i) Sales

The amounts of sales to the related parties were as follows:

	For the years ended December 31	
	2021	**2020**
Subsidiary－Z-PLY(NY)	$ 605,314	477,276
Subsidiaries	244,837	235,699
Other related parties	150	-
Associates	32	1,604
	$ 850,333	**714,579**

The payment terms ranged from one to three months, which were no difference from the those given to other customers. The pricing cannot be compared due to the specifications and styles of the orders.

(ii) Purchase

1) The amounts of inventory purchases from related parties were as follows:

	For the years ended December 31	
	2021	**2020**
Subsidiary－TEX-RAY (SHANGHAI)	$ 82,976	-
Subsidiary－TRYD APPAREL	46,087	512,046
Subsidiaries	4,761	240,625
	$ 133,824	**752,671**

The payment terms ranged from one to three months, which were no difference from those given by other vendors. The pricing cannot be compared due to the specifications and styles of the orders.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

2) The amount of processing service purchases from related parties were as follows:

	For the years ended December 31	
	2021	2020
Subsidiary－GOOD TIME	$ 96,384	98,932
Subsidiary－TEXRAY (VN)	297,207	446,064
Subsidiaries	17,524	37,535
	$ 411,115	**582,531**

The Company's outsourcing processing transactions with related parties are based on the content of the customer's order. The prices and payment terms are negotiated, and if necessary, the advance payment may be made based on the operational needs of the related parties.

(iii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Notes receivable from related parties	Subsidiary	$ 96	-
Accounts receivable due from related parties	Subsidiary-Z-PLY(NY)	388	23,234
Accounts receivable due from related parties	Subsidiary-T.Q.M. (SWAZILAND)	96,821	73,898
Accounts receivable due from related parties	Subsidiaries	873	11,723
Accounts receivable due from related parties	Other related parties	158	-
Accounts receivable due from related parties	Associates	-	1,684
		$ 98,240	**110,539**

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Account	Relationship	December 31, 2021	December 31, 2020
Other receivables due from related parties	Subsidiary-TEX-RAY (MEXICO)	$ -	3,971
〃	Subsidiary TEX-RAY(SHANGHAI)	995	-
Other receivables due from related parties	Subsidiary-AMRAY (MEXICO)	1,194	2,529
Other receivables due from related parties	Subsidiaries	1,518	6,952
Other receivables due from related parties	Other related parties	200	295
		$ 3,907	13,747

(iv) Payables to related parties

Account	Relationship	December 31, 2021	December 31, 2020
Notes payable due to related parties	Subsidiary	$ -	13
Accounts payable due to related parties	Subsidiary-TEX-RAY (SHANGHAI)	$ -	21,827
Accounts payable due to related parties	Subsidiaries-TRYD APPARAL	4,344	-
Accounts payable due to related parties	Subsidiaries	1,580	5,136
		$ 5,924	26,963
Other payable due to related parties	Subsidiary	$ 139	366

(v) Prepayments

The prepayments of the Company to related parties were as follows：

	December 31, 2021	December 31, 2020
Subsidiary-TEXRAY (VN)	$ 69,145	110,947
Subsidiary-TRCA GARMENT	23,797	23,837
Subsidiary-GOOD TIME	40,169	21,901
Subsidiary-TEX-RAY(SHANGHAI)	696	-
	$ 133,807	156,685

(Continued)

(vi) Receipts under custody (accounted as other current liabilities)

The receipts of the Company for related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiary	$ 2,580	42

(vii) Financing provided to related parties (accounted as other receivables due from related parties)

Balances of financing provided by the Company to related parties were as follows：

	December 31, 2021	December 31, 2020
Subsidiary-AMRAY (MEXICO)	$ -	28,095
Subsidiary-TEX-RAY (MEXICO)	-	56,190
Subsidiary-AIQ	19,000	34,000
Subsidiary-AIQ-S	3,322	-

The financing provided to related parties was unsecured. The interest charged by the Company to its subsidiaries is ranging from 2.5%～4%. The interest incomes in 2021 and 2019 were $1,348 thousand and $1,844 thousand, respectively.

(viii) Endorsement guarantee

1) The balances of endorsement guarantee provided to the subsidiaries, which was due to bank borrowings and material purchase borrowings, were as follows (expressed in thousands of each currency)：

December 31, 2021	December 31, 2020
USD 36,300	USD 34,200
NTD 61,000	NTD 30,000
CNY 72,000	CNY 72,000

2) As of December 31, 2021 and 2020, the assets pledged by the Company as collateral for subsidiaries' outstanding loans were $298,133 thousand and $278,384 thousand, respectively.

(ix) Leases

The Company leased its factory buildings and offices to subsidiaries, associates and other related parties in lease terms of a year. The rental income was paid on a monthly basis. For the years ended December 31, 2021 and 2020, the rental income was $7,060 thousand and $5,900 thousand, respectively.

(x) Property transaction

1) In 2020, The Company sold machinery and transportation equipment to subsidiaries and other related parties in the amount of $7,419 thousand and $1,519 thousand, respectively. The gains on disposal were $3,670 thousand and $576 thousand, respectively.

(xi) Others

1) Management service income

The amount of management service income from related party received by the Company (accounted as other income under non-operating income and expenses) was as follows:

	For the years ended December 31	
	2021	**2020**
Subsidiary	**$ 6,224**	**2,340**

2) Commission income

The amounts of commission income (accounted as other income under non-operating income and expenses) received by the Company for purchasing raw materials for related parties were as follows:

	For the years ended December 31	
	2021	**2020**
Subsidiaries	**$ 13**	**13**

The commission income was charged based on 1% of the purchase price.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	**2020**
Short-term employee benefits	$ 26,159	25,401
Post-employment benefits	723	702
	$ 26,882	**26,103**

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2021	December 31, 2020
Other financial assets－current and non-current	Collateral for borrowings (including guarantee for subsidiaries)	$ 151,965	166,778
Property, plant and equipment	Collateral for borrowings and short-term notes and bills payable	253,916	258,411
Investment property	Collateral for long-term borrowings	1,100,668	1,045,461
		-	-
		$ 1,506,549	1,470,650

(9) Commitments and contingencies

(a) Significant commitments and contingencies were as follows:

Outstanding standby letter of credit

	December 31, 2021	December 31, 2020
USD	$ 12,036	12,558
NTD	$ -	22,827

(b) Significant contingent liability: None.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	For the years ended December 31					
	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	-	152,380	152,380	40,357	188,925	229,282
Labor and health insurance	-	16,703	16,703	2,743	14,978	17,721
Pension	-	8,270	8,270	971	5,934	6,905
Remuneration of directors	-	8,818	8,818	-	14,333	14,333
Others	-	9,750	9,750	1,713	15,103	16,816
Depreciation	-	18,410	18,410	9,512	16,663	26,175
Depletion	-	-	-	-	-	-
Amortization	-	7,319	7,319	-	6,264	6,264

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

For the years ended December 31, 2021 and 2020 , the additional information on the number of employees and employee benefits of the Company was as follows:

	For the years ended December 31	
	2021	**2020**
Number of employees	**247**	**305**
Number of directors (non-employed)	**9**	**7**
Average employee benefit expense	$ **786**	**908**
Average employee salary expense	$ **640**	**769**
Change in percentage of average employee benefit	**(16.78)%**	**37.32 %**
Supervisor's remuneration	$ **-**	**-**

The Company's salary and remuneration policies (including directors, managers and employees) are as follows:

The Company has formulated the "Board of Directors and Functional Committee Performance Evaluation Measures", which is used as the basis for performance evaluation of independent directors and directors. It is considered that Company's overall operating performance, future operating risks and industry development trends, the achievement rate of individual performance and the contribution on the Company as well. Reasonable remuneration will be granted after comprehensive consideration.

The managers of the Company have the responsibility of performing group operations and management, function. To provide reasonable remuneration, their remuneration structure is based on salary and allowance. The bonus is based on the overall operating performance, and takes into account the target achievement rate, profitability, operating efficiency and contribution of each manager, as well as the peer industry standards.

The employee's salary includes monthly salary and bonuses distributed by the Company based on annual profitability. The amount assigned to each employee depends on their position, contribution, and performance.

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TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance Loss	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	TRYD TEXTILE	Other accounts receivable-related party	Yes	85,500	83,040	-	2.50%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AMRAY (MEXICO)	″	Yes	27,985	-	-	2.5-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	TEX-RAY (MEXICO)	″	Yes	$ 57,000	-	-	2.5-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AIQ	″	Yes	75,000	40,000	19,000	4.00%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
0	The Company	AIQ-S	″	Yes	3,342	3,322	3,322	2.5%-4%	2	-	Operating turnover	-	-	-	1,173,873	1,173,873
1	Z-PLY(NY)	AMRAY (MEXICO)	″	Yes	28,500	27,680	27,680	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
1	Z-PLY(NY)	TEX-RAY (MEXICO)	″	Yes	57,000	55,360	-	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
1	Z-PLY(NY)	TRYD TEXTILE	″	Yes	111,400	110,720	83,040	2.5%	2	-	Operating turnover	-	-	-	279,543	419,315
2	TEX-RAY (SHANGHAI)	AIQ (Zhejiang)	″	Yes	48,011	47,864	39,162	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
2	TEX-RAY (SHANGHAI)	TRYD APPAREL	″	Yes	87,292	87,026	-	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
2	TEX-RAY (SHANGHAI)	TRYD TEXTILE	″	Yes	261,876	261,078	226,267	6.00%	2	-	Operating turnover	-	-	-	412,082	618,123
3	TEX-RAY (MEXICO)	AMRAY (MEXICO)	″	Yes	67,678	67,678	40,607	2.5%	2	-	Operating turnover	-	-	-	243,389	365,084
4	GREAT CPT	AIQ	″	Yes	10,000	-	-	4%	2	-	Operating turnover	-	-	-	7,825	7,825
5	ZHENG-RAY	GREAT CPT	″	Yes	10,000	-	-	3.00%	2	-	Operating turnover	-	-	-	47,015	47,015
6	TEX-RAY (CAYMAN)	TEX-RAY (MEXICO)	″	Yes	114,000	110,720	107,122	2.5-4%	2	-	Operating turnover	-	-	-	447,399	671,099
6	TEX-RAY (CAYMAN)	AMRAY (MEXICO)	″	Yes	208,500	207,600	179,920	2.5-4%	2	-	Operating turnover	-	-	-	447,399	671,099
7	KING’S METAL FIBER (SHANGHAI)	AIQ (Zhejiang)	″	Yes	872	-	-	6.00%	2	-	Operating turnover	-	-	-	-	-

Note 1: Nature of the loan:

1) The borrower calls for loan arrangement.

2) The borrower has short-term financing necessities.

Note 2: The maximum financing amount is limited to not more than 40% of the company's net value, therefore, the calculation is based on the net value of the latest financial report. The ceiling on loan limit is $2,934,682 thousand NTD × 40% = $1,173,873 thousand NTD.

Note 3: The maximum financing amount to individual company is limited to no more than 40% of the company's net value, therefore the calculation is based on the net value of the latest financial report. The ceiling on loan is $2,934,682 thousand NTD × 40% = $1,173,873 thousand NTD.

Note 4: The maximum limit of financing is limited to 40% of the net value of the financial report of the lender company. However, the maximum limit of loans between 100% held foreign subsidiaries is limited to 150% of the lender company’s net value.

Note 5: The maximum financing amount to individual company shall not exceed 40% of the subsidiary’s net value. However, the loans between 100% held foreign subsidiaries shall not exceed 100% of the net value of the lender subsidiary.

Note 6: The endorsement guarantee provided by KING'S METAL (SHANGHAI) to AIQ(Zhejiang) had been cancelled in June 2021.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	GOOD TIME	2	1,467,341	34,200	-	-	-	- %	2,934,682	Y	N	N
0	The Company	TEX-RAY(VN)	2	1,467,341	83,955	55,360	-	-	1.89 %	2,934,682	Y	N	N
0	The Company	TEX-RAY (SHANGHAI)	2	1,467,341	104,750	104,431	85,503	-	3.56 %	2,934,682	Y	N	Y
0	The Company	TRYD APPAREL	2	1,467,341	195,475	193,760	160,181	62,538	6.60 %	2,934,682	Y	N	Y
0	The Company	TRYD TEXTILE	2	1,467,341	941,921	936,846	539,720	221,780	31.92 %	2,934,682	Y	N	Y
0	The Company	TST	2	1,467,341	48,500	47,680	8,000	-	1.62 %	2,934,682	Y	N	N
0	The Company	WEI LI TEXTILE	2	1,467,341	10,000	-	-	-	- %	2,934,682	Y	N	N
0	The Company	AIQ	2	1,467,341	41,000	41,000	41,000	13,815	1.40 %	2,934,682	Y	N	Y
1	TEX-RAY (SHANGHAI)	TEX-RAY (KUNSHAN)	2	412,082	43,646	43,513	31,764	-	10.56 %	618,123	N	N	Y

Note 1: The relationships between the guarantee and the guarantor are as follows:
1. The company with which it does business.
2. The company directly or indirectly holds more than 50% of voting right.
3. A companies directly or indirectly hold more than 50% of voting rights of the public company.
4. Companies in which the public company directly or indirectly holds more than 90% of voting right may make endorsement / guarantees for each other.
5. Where a public company fulfills its obligations by providing mutual endorsements / guarantees for other company in the same industry or for joint builders for purposes of undertaking a construction project.
6. Where all capital contributing shareholders make endorsement / guarantees for the jointly invested company in proporation to their shareholding percentages.

Note 2: The maximum limit of endorsement / guarantee is limited to not more than 100% of the net value of the company, therefore the calculation is based on the net value of the latest financial report. The ceiling on endorsement / guarantee is $2,934,682 thousand NTD × 100% = $2,934,682 thousand NTD.

Note 3: The maximum limit for a single enterprise endorsement / guarantee is not more than 50% of the net value of the company. Therefore, the calculation is based on the net value of the latest financial report. The ceiling on endorsement / guarantee is $2,934,682 thousand NTD × 50% = $1,467,341 thousand NTD.

Note 4: The amount of the endorsement / guarantee provided to a single enterprise with which the company does business shall not exceed the total amount of transactions in twelve months before the endorsement.

Note 5: The maximum limit of overseas subsidiary endorsement / guarantee is no more than 150% of the net value of the subsidiary's net value calculated based on the latest financial statement, and the limit of endorsement / guarantee for individual is not more than 100% of the net value of each subsidiary' calculated based on the latest financial statement.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	SHIN ERA TECHNOLOGY CO., LTD.	-	Non-current financial assets at value through other comprehensive income	68	-	1.88 %	-	
The Company	Cayman iMaker Technlogy Inc.	-	Non-current financial assets at value through other comprehensive income	800	-	8.80 %	-	
The Company	TAIWAN UNITED OUTDOOR GROUP, INC.	-	Non-current financial assets at value through other comprehensive income	500	-	15.67 %	-	

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	PHYSICLO, Inc.	-	Non-current financial assets at value through other comprehensive income	51	-	5.00 %	-	
AIQ	Joiiup Technology Co., Ltd.	-	Non-current financial assets at value through other comprehensive income	333	-	5.71 %	-	
ZHENG-RAY	SEN JEWEL TECHNOLOGY CO., LTD.	-	Non-current financial assets at value through other comprehensive income	950	9,500	19.00 %	9,500	
KING'S METEL FIBER (SHANHAI)	Shenzhen Titanium Investment Development Partnership.	-	Non-current financial assets at value through other comprehensive income	274	1,189	7.648 %	1,189	

Note: The stocks of private companies have no active market price, so they are evaluated at the net equity value multiplied by the percentage of ownership or equity evaluation report for reference.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Z-PLY(NY)	Sub-subsidiary	Sale	(605,314)	(19.46) %	45 days	-	-	388	0.07%	
The Company	T.Q.M.(SWAZILAND)	Sub-subsidiary	Sale	(219,601)	(7.06) %	60 days	-	-	96,821	17.74%	
TRYD APPAREL	TEX-RAY (SHANGHAI)	Affiliated company	Sale	(151,547)	(15.51) %	60 days	-	-	59,975	19.42%	
TRYD APPAREL	Z-PLY(NY)	Affiliated company	Sale	(185,577)	(18.99) %	90 days	-	-	39,888	12.92%	
T.Q.M(SWAZILAND)	TEX-RAY(SA)	Parent company	Sale	(1,390,795)	(96.52) %	75 days	-	-	1,050,389	99.43%	
KASUMI(SWAILAND)	T.Q.M(SWAZILAND)	Affiliated company	Sale	(204,857)	(99.76) %	60 days	-	-	368,585	99.96%	
TEX-RAY(VN)	The Company	Ultimate Parent company	Sale	(304,904)	(98.66) %	60 days	-	-	-	-%	
TEX-RAY (SHANGHAI)	Z-PLY(NY)	Affiliated company	Sale	(126,209)	(23.68) %	60 days	-	-	13,631	3.30%	
KMT	KMBV	Subsidiary	Sale	(126,263)	(35.44) %	90 days	Fixed profit margin	-	26,350	43.92%	
GOOD TIME	The Company	Ultimate Parent company	Sale	(102,191)	(93.28) %	60 days	-	-	-	-%	
Z-PLY(NY)	TRYD APPAREL	Affiliated company	Purchase	185,577	20.01 %	45 days	-	-	(39,888)	(77.30)%	
The Company	TEX-RAY(VN)	Sub-subsidiary	Purchase	304,904	17.14 %	60 days	-	-	-	-%	
The Company	GOOD TIME	Sub-subsidiary	Purchase	102,191	5.74 %	60 days	-	-	-	-%	
Z-PLY(NY)	The Company	Ultimate Parent company	Purchase	605,314	65.28 %	45 days	-	-	(388)	(0.75)%	
Z-PLY(NY)	TEX-RAY (SHANGHAI)	Affiliated company	Purchase	126,209	13.61 %	90 days	-	-	(13,631)	(26.42)%	
T.Q.M(SWAZILAND)	The Company	Ultimate Parent company	Purchase	219,601	32.05 %	60 days	-	-	(96,821)	(16.63)%	

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
T.Q.M(SWAZILAND)	KASUMI(SWAILAND)	Affiliated company	Purchase	204,857	29.90 %	60 days	-	-	(368,585)	(63.29)%	
TEX-RAY (SHANGHAI)	TRYD APPAREL	Affiliated company	Purchase	151,547	31.65 %	60 days	-	-	(59,975)	(54.78)%	
KMBV	KMT	Parent company	Purchase	126,263	99.40 %	90 days	Fixed profit margin	-	(26,350)	(99.57)%	
TEX-RAY(SA)	T.Q.M(SWAZILAND)	Subsidiary	Purchase	1,390,795	100.00 %	75 days	-	-	(1,050,389)	(100.00)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
T.Q.M.(SWAZILAND)	TEX-RAY(SA)	Parent company	1,050,389	1.41	-	-	239,637	-
KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	Affiliated company	368,585	0.55	-		30,175	-
TEXRAY(KUNSHAN)	TRYD APPAREL	Affiliated company	104,784	0.86	-		-	-
TEX-RAY (SHANGHAI)	TRYD TEXTILE	Affiliated company	226,267	Note	-	-	-	-
TEX-RAY(CAYMAN)	TEX-RAY(MEXICO)	Subsidiary	107,122	Note	-	-	-	-
TEX-RAY(CAYMAN)	AMRAY(MEXICO)	Subsidiary	179,920	Note	-	-	-	-

Note : Loan provided by the related party.

(ix) Trading in derivative instruments: None

(b) Information on investees

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	TST	TAIWAN	Printing and dyeing finishing, machinery and equipment manufacturing and wholesale, etc.	$ -	68,067	-	- %	-	449	922	Note
The Company	Great CPT	TAIWAN	Overseas investment holding	104,370	104,370	4,500,000	100.00 %	54,627	(9,092)	(9,186)	Subsidiary
The Company	KMT	TAIWAN	Non-woven fabrics, copper secondary processing and fabric retailing, etc	83,002	84,881	12,924,963	59.22 %	196,427	55,969	33,901	Subsidiary
The Company	ZHENG-RAY	TAIWAN	Trading and manufacturing of spinning and weaving	63,000	5,000	11,580,000	100.00 %	73,975	404	(393)	Subsidiary
The Company	WLT	TAIWAN	Wholesale trade	27,440	21,000	2,744,000	68.60 %	(1,247)	(19,218)	(13,183)	Subsidiary
The Company	FLYNN (SAMOA)	SAMOA	Overseas investment holding	310,613	310,613	9,100,000	100.00 %	462,479	33,475	33,475	Subsidiary
The Company	TEX-RAY (BELIZE)	BELIZE	Overseas investment holding	1,063,287	1,063,287	32,348,213	100.00 %	413,132	4,921	4,921	Subsidiary
The Company	TEX-RAY (BN)	SAMOA	Overseas investment holding	1,756,813	1,756,813	60,579,330	100.00 %	(157,854)	(273,852)	(273,852)	Subsidiary
The Company	TEXRAY (SA)	SOUTH AFRICA	Marketing and trading	102,704	102,704	39,651,771	100.00 %	1,190,276	247,386	247,386	Subsidiary
The Company	TEX-RAY (CAYMAN)	CAYMAN	Overseas investment holding	1,353,739	1,057,841	42,042,722	100.00 %	447,399	(87,080)	(87,080)	Subsidiary
The Company	AIQ	TAIWAN	Wholesale trade	163,512	90,000	11,503,200	70.44 %	29,245	(59,612)	(37,812)	Subsidiary
The Company	Unigym Global	CAYMAN	Electronic Information Supply Service Industry	9,092	9,092	-	- %	-	-	-	Prepayments for investments
TEX-RAY (BN)	GOOD TIME	VIETNAM	Garment processing	227,750	227,750	-	100.00 %	(1,101)	(30,147)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	MSWATI	MAURITIUS	Overseas investment holding	1,160,125	1,160,125	-	100.00 %	(293,371)	(216,328)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TEXRAY (VN)	VIETNAM	Garment processing	423,990	423,990	-	100.00 %	151,613	(23,248)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TRCA GARMENT	CAMBODIA	Garment processing	63,564	63,564	-	100.00 %	(21,311)	(1)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	TRLA GROUP	USA	Marketing and trading	18,384	18,384	2,936,000	100.00 %	37,498	(12,320)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	Z-PLY (NY)	USA	Marketing and trading	260,443	260,443	200	100.00 %	424,886	45,795	Exempt from disclosure	Sub-subsidiary
Great CPT	TEXRAY (SWAZILAND)	ESWATINI	Garment processing	158,524	158,524	12,417,938	100.00 %	3,327	382	Exempt from disclosure	Sub-subsidiary

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value			
Great CPT	YIHONG CO.,LTD	TAIWAN	Dyeing and finishing industry	-	6,000	-	- %	-	-	Exempt from disclosure	Investment accounted for using equity method
TST	HUAI WEI BIOTECHNOLOGY CO.,LTD	TAIWAN	Biotechnology Service	-	12,000	-	- %	-	(10,162)	Exempt from disclosure	Sub-subsidiary
ZHENG-RAY	HUAI WEI BIOTECHNOLOGY CO.,LTD	TAIWAN	Biotechnology Service	9,540	-	1,200,000	60.00 %	5,250	(10,162)	Exempt from disclosure	Sub-subsidiary
ZHENG-RAY	TST	TAIWAN	Printing and dyeing finishing, machinery and equipment manufacturing and wholesale, etc.	68,067	-	5,067,217	75.63 %	52,796	449	Exempt from disclosure	Sub-subsidiary
KMT	KMBV	NETHERLANDS	Marketing and trading	7,950	7,950	200,000	100.00 %	8,355	2,306	Exempt from disclosure	Sub-subsidiary
AIQ	AIQ-S	UK	Development of smart clothing technology	15,419	15,419	396,266	50.00 %	1,028	(1,991)	Exempt from disclosure	Sub-subsidiary
AIQ	Taiwan Innovation (HK)	HONG KONG	Machine marketing and trading	390	390	100,000	100.00 %	(632)	(1,457)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	TEXRAY (MEXICO)	MEXICO	Dyeing	1,168,882	1,168,882	-	100.00 %	243,389	(12,161)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	AMRAY (MEXICO)	MEXICO	Garment processing	178,119	178,119	-	100.00 %	(135,504)	(75,820)	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	KASUMI (SWAZILAND)	ESWATINI	Trading and manufacturing of dyeing, finishing, woven fabrics and garments	43,461	43,461	1,657,400	100.00 %	368,710	15,070	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	T.Q.M. (SWAZILAND)	ESWATINI	Dyeing	569,316	569,316	132,525,183	100.00 %	1,004,839	150,435	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	U.I.W.(SWAZILAND)	ESWATINI	Garment processing	47,508	47,508	12,031,000	100.00 %	19,325	118	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	J.M. Rotary Print Industrial Co.,Ltd.	ESWATINI	Dyeing and finishing of fabrics, clothing sales	12,908	12,908	5,618,729	100.00 %	(1,018)	(1,012)	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	GOLDEN JUBILEE	ESWATINI	Garment processing	10,800	10,800	5,000,000	100.00 %	35,583	12,089	Exempt from disclosure	Sub-subsidiary
T.Q.M. (SWAZILAND)	ESWT (SWAZILAND)	ESWATINI	Sale of agricultural products	-	1,822	-	- %	-	(379)	Exempt from disclosure	Third-tier company

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

(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
TEX-RAY (SHANGHAI)	Operating textile storage, trading, distribution, display and technology development	282,574	(2)	282,574	-	-	282,574	5,018	100.00%	5,018	412,082	-
TEX-RAY (YANCHENG)	Manufacturing and sales of textiles, clothing, shoes and hats	45,527	(3)	-	-	-	-	524	100.00%	524	(48,663)	-
TEXRAY(KUNSHAN)	Development of composite fabrics	168,268	(3)	-	-	-	-	7,484	100.00%	7,484	182,097	-
TRYD TEXTILE	Garment processing and engaged in spinning, weaving, highend fabrics, bleaching and dyeing, printing and garment production	1,749,139	(2)	1,235,108	-	-	1,235,108	(103,873)	100.00%	(103,873)	(84,605)	-
TRYD ARRAREL	Knitted garment processing	164,220	(2)	86,711	-	-	86,711	(109,656)	100.00%	(109,656)	(123,860)	-
KING'S METAL FIBER (SHANGHAI)	Wholesale of glass products, high-efficiency insulation materials, textiles, clothing, apparel and accessories	51,221	(2)	51,221	-	-	51,221	(24,369)	70.44%	(15,457)	(15,114)	-

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
AIQ (Zhejiang)	System development, production and sales of smart devices	10,318	(3)	-	-	-	-	(23,095)	70.44%	(14,649)	(16,335)	-
TRYD ARRAREL (HENAN) (Note 3)	Garment processing	-	(2)	46,494	-	-	46,494	-	-%	-	-	-
TRYD TEXTILE RESEARCH INSTITUTE (Note 4)	Technology research and development of polymer composite materials and new textile material	49,149	(2)	-	-	-	-	-	-%	-	-	-
Wei-Da Testing	Testing service and environmental assessment	31,065	(2)	-	-	-	-	96	100.00%	96	7,047	-
SHANGHAI JIN PEILI (Note 5)	Weaving, dyeing and finishing of high-end fabrics, sales of products of the company	111,088	(2)	14,321	-	-	14,321	-	-%	-	-	-
JIANAN TEXTILE (Note 6)	Weaving, dyeing and finishing of high-grade fabrics	29,613	(2)	29,613	-	-	29,613	-	-%	-	-	-

Note 1: Three types of investment method are as follows:

1. Directly investing in the mainland area.
2. Investing in the mainland through companies in another country (Please refer to Noter 4(c) of consolidated financial statement for the year ended December 31, 2021.)
3. Other methods.

Note 2: The investment gains and losses recognized at the equity method are based on the financial information of the mainland investee companies, which was audited by the auditors of parent company during the same fiscal period.

Note 3: The business was deregistered in November 2015, and the share capital was remitted back to the upper parent company MSWATI in March 2016.

Note 4: The business was liquidated in October 2019.

Note 5: The business was liquidated in December 2012.

Note 6: The business was sold in June 2012, and the returns of original investment was remitted back to the upper parent company MSWATI.

Note 7: The numbers listed above are presented in NTD rounded to nearest thousand, according to the currency rate on December 31, 2021. (USD: 27.6800, CNY: 4.344)

(ii) Limitation on investment in Mainland China

The Company had obtained the certification letter of the operating headquarters from the Ministry of Economic Affairs on July 12, 2021. The validity period is from June 29, 2021 to June 28, 2024, and there is no such restriction of ceiling on investment in Mainland China.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China are disclosed in “Business relationships and significant intercompany transactions”.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
YUE-DA TEXTILE HOLDINGS, LTD B.V	42,052,440	17.99 %
Xian-Yu, Guo	23,680,000	10.13 %
SUXHOU WEIDE CO., LTD.	23,362,466	9.99 %
Feng-Ying, Yeh	14,280,000	6.11 %

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2021.

TEX-RAY INDUSTRIAL CO., LTD.

Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash		$ 442
Check accounts and demand deposits		25,512
Foreign currency deposits	USD 2,776 thousand	76,688
Time deposits	USD 390 thousand	10,776
		$ 113,418

Statement of accounts receivables.

Name of customers	Description	Amount	Note
Customer A	Sales of inventories	$ 199,623	
Customer B	Sales of inventories	63,360	
Customer C	Sales of inventories	44,149	
Customer D	Sales of inventories	24,891	
Customer E	Sales of inventories	22,477	
Customer F	Sales of inventories	20,827	
Customer G	Sales of inventories	18,121	
Customer H	Sales of inventories	10,062	
Customer I	Sales of inventories	8,107	
Others	Sales of inventories	35,912	The balances of each customers did not exceed 2% of the account.
		447,529	
Less：Loss allowance		(152)	
Net amount		**$ 447,377**	

TEX-RAY INDUSTRIAL CO., LTD.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

		Amount		
Items	**Description**	**Cost**	**Net realizable value**	**Note**
Raw materials	Weaving	$ 21,857	21,159	Replacement cost
	Obsolete	10,399	-	Replacement cost
	Subtotal	32,256	21,159	
Work in process	Weaving	32,432	30,281	Net realizable value
	Garment	350,802	350,799	Net realizable value
	Obsolete	55,608	-	Net realizable value
	Subtotal	438,842	381,080	
Finished goods	Garment	3,939	3,939	Net realizable value
	Obsolete	2,320	-	Net realizable value
	Subtotal	6,259	3,939	
Merchandise	Weaving	474	474	Net realizable value
	Garment	67,825	67,795	Net realizable value
	Color fabric and general administration office	3,246	3,246	Net realizable value
	Obsolete	19	-	Net realizable value
	Subtotal	71,564	71,515	
		548,921	**477,693**	
Less:Allowance		(71,228)		
Net amount		**$ 477,693**		

TEX-RAY INDUSTRIAL CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increase in the current period		Decrease in the current period					Ending balance				
Name	shares	amount	shares	amount	shares	amount	Investment profit and loss	Difference of foreign operating agency financial report conversion	Others	shares	% Ownership	Amount	Net value of equity	Condition of providing guarantee or pledge
TST	7,487,381	$ 43,039	-	-	7,487,381	43,967	922	-	6	-	- %	-	-	None
GREAT CPT	4,500,000	64,786	-	-	-	-	(9,186)	(318)	(655)	4,500,000	100.00 %	54,627	54,627	None
KMT	13,217,428	191,331	-	-	292,465	4,372	33,901	(744)	(23,689)	12,924,963	59.22 %	196,427	196,427	None
ZHENG-RAY	500,000	5,771	11,080,000	110,813	-	-	(393)	-	(42,216)	11,580,000	100.00 %	73,975	73,975	None
AIQ	4,015,112	788	7,488,088	73,512	-	-	(37,812)	(72)	(7,171)	11,503,200	70.44 %	29,245	29,245	None
WLT	2,100,000	5,162	644,000	6,440	-	-	(13,183)	-	334	2,744,000	68.60 %	(1,247)	(1,247)	None
FLYNN (SAMOA)	9,100,000	435,689	-	-	-	-	33,475	(6,685)	-	9,100,000	100.00 %	462,479	462,479	None
TEX-RAY (CAYMEN)	33,542,722	251,223	10,500,000	295,898	-	-	(87,080)	(12,642)	-	44,042,722	100.00 %	447,399	447,399	None
TEX-RAY (BELIZE)	32,348,213	403,529	-	-	-	-	4,921	4,682	-	32,348,213	100.00 %	413,132	413,132	None
TEX-RAY(BN)	60,579,330	57,235	-	-	-	-	(273,852)	(1,130)	59,893	60,579,330	100.00 %	(157,854)	(157,854)	None
TEX-RAY(SA)	39,651,772	1,059,497	-	-	-	-	247,386	(110,010)	(6,597)	39,651,772	100.00 %	1,190,276	1,190,276	None
		$ 2,518,050		486,663		48,339	(100,901)	(126,919)	(20,095)			2,708,459	2,708,459	

Note：The increase in the current period is due to the total amount of capital increase in cash and share exchange of $433,850 thousand and $52,813 thousand, respectively.

TEX-RAY INDUSTRIAL CO., LTD.

Statement of changes in property, plant and equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(f) for related information.

Statement of changes in investment property

Please refer to Note 6(h) for related information.

Statement of short-term borrowings

December 31, 2021

Type of loan	Bank	Ending balance	Contract period	Interest rate range	Mortgage or guarantee	Note
Mortgage loan	Bank A	$ 70,000	2021/11/09~2022/06/10	1.20%	Land and Buildings	
Credit loan	Bank B	100,000	2020/12/04~2021/3/24	1.25%	None	
Credit loan	Bank C	80,000	2020/8/06~2021/02/06	1.20%	None	
Credit loan	Bank D	100,000	2020/10/16~2021/06/01	1.10%	None	
Credit loan	Bank E	20,000	2021/08/05~2022/01/25	1.00%	None	
Credit loan	Bank F	70,000	2021/12/28~2022/02/21	1.25%	None	
		$ 440,000				

TEX-RAY INDUSTRIAL CO., LTD.

Statement of short-term notes and bills payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(j) for related information.

Statement of long-term borrowings

Creditor	Description	Amount	Contract period	Interest rate	Mortgage or guarantee	Note
Bank G	Mortgage loan	$ 1,400,000	2020/01/20~2025/01/20	2.00 %	Land and buildings	
Less: Current portion		(140,000)				
Less: Fee		(3,821)				
		$ 1,256,179				

TEX-RAY INDUSTRIAL CO., LTD.

Statement of accounts payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of clients	Description	Amount	Note
Company A	Payment for goods	$ 92,033	
Company B	Payment for goods	30,085	
Company C	Payment for goods	20,224	
Company D	Payment for goods	17,568	
Others	Payment for goods	160,943	The balances of each company did not exceed 3% of the account.
		$ 320,853	

Statement of operating revenue

For the year ended December 31, 2021

Items	Quantities	Amount	Note
Sales revenue of garments	3,617,087 pieces	$ 651,446	
Sales revenue of fabrics	1,275,018Y, 65,160KG	107,090	
Sales revenue of merchandise	4,116,437 pieces, 14 sets,	64,238	
Sales of raw yarn and colored yarn	1,683,508KG	172,398	
Garments revenue	13,333,193 pieces	1,928,880	
Weaving revenue	689,853KG	183,671	
Dyeing revenue	8,250KG	711	
Others		1,669	
		$ 3,110,103	

TEX-RAY INDUSTRIAL CO., LTD.

Statement of operating costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Amount	Note
Merchandising		
Beginning balance of inventory	$ 38,318	
Add：Purchase	1,116,311	
Less：Ending balance of inventory	(71,564)	
Loss on physical count of merchandise	(337)	
Merchandising costs	1,082,728	
Manufacturing		
Beginning balance of raw material	26,094	
Add：Purchase	724,533	
Less：Sales	(1,002)	
Transfer to expenses	(602)	
Ending balance of raw materials	(32,256)	
Raw material used	716,767	
Manufacturing overhead	792,845	
Manufacturing costs	1,509,612	
Add：Beginning balance of work in process	432,513	
Less：Ending balance of work in process	(438,842)	
Cost of finished goods	1,503,283	
Add：Beginning balance of finished goods	9,148	
Ending balance of finished goods	(6,259)	
Transfer to expenses	(3,768)	
Other －Sales of raw material	1,002	
Costs of goods sold	1,503,406	
Add：Gain on valuation of inventories	(14,084)	
Operating costs	$ **2,572,050**	

TEX-RAY INDUSTRIAL CO., LTD.

Statement of operating expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Selling expenses	Administrative expenses	Research and development expenses	Total
Salary expense	$ 125,387	37,825	4,807	168,019
Commission expense	22,458	10	-	22,468
Traveling expenses	1,193	758	-	1,951
Utility bill	1,873	1,748	131	3,752
Sample fee	7,388	467	(111)	7,744
Insurance expense	14,102	9,548	512	24,162
Shipping fee	36,792	304	-	37,096
Depreciation expense	6,306	11,434	670	18,410
Amortization expense	4,985	2,293	41	7,319
Service fee	1,327	8,456	30	9,813
Pension expense	5,540	2,451	279	8,270
Import and export expense	102,452	3	-	102,455
Miscellaneous expenses	10,880	6,414	152	17,446
Other expenses	19,904	21,137	1,060	42,101
Total	$ **360,587**	**102,848**	**7,571**	**471,006**

Statement of the net amount of other revenues and gains and expenses and losses

Please refer to Note 6(t) for related information.