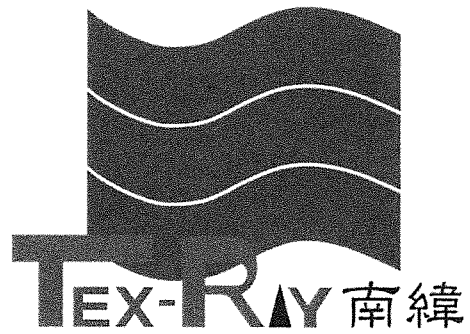


Common Stock Code: 1467



TEX-RAY INDUSTRIAL CO., LTD.

2021 Regular Shareholders' Meeting

Meeting Handbook

Jun.24, 2021

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## Chapter 1. Meeting Agenda

# TEX-RAY INDUSTRIAL CO., LTD.

## Agenda of 2021 Regular Shareholders' Meeting

Time: 9:00 a.m., Jun. 24, 2021

Place: 9/F, No.111, Sec. II, North Zhongshan Road, Zhongshan District, Taipei City

Call Meeting to Order:

Chairman's Address:

### 1.Report Items:

- (1) Business Report of 2020
- (2) Review Report of Audit Committee on 2020 Final Account Report
- (3) Report on Distribution of Remuneration for Employees and Directors of 2020
- (4) Report on Endorsements, Guarantees and Loans in 2020
- (5) Amendment to Rules of Procedure for the Board of Directors
- (6) Amendment to the Code of Ethical Conduct

### 2.Adoptions:

- (1) Ratification of 2020 Business Report and Financial Statements
- (2) Ratification of 2020 Profit Distribution

### 3.Discuss Matters (I):

- (1) Amendment to the "Procedures for Endorsement and Guarantees"

### 4.Election Matters: Proposal for Election of the 16th Directors [Election of 11 Directors (including 3 Independent Directors)]

### 5.Discuss Matters (II): Proposal for Release of Non-competition of Directors

### 6.Other Proposals and Extempore Motions

### 7.Meeting Adjournment

## **I. Report Items:**

### 1. 2020 Business Report

#### Description:

Please refer to Attachment 1 on #Page 12# for the Company's 2020 Business Report.

### 2. Review Report of Audit Committee on 2020 Final Account Report

#### Description:

(1) The Company's 2010 Financial Accounts have been audited by the certified public accountants, and reviewed by the Audit Committee, for which the Audit Report and the Review Report have been issued respectively. Please refer to Attachment 2 on #Page 18#.

(2) The Audit Committee is required to declare the Review Report.

### 3. Report on Distribution of Remuneration for Employees and Directors of 2020

#### Description:

(1) In accordance with Article 31 of the Articles of Incorporation, the Company shall make up for aggregate losses with the pre-tax income of the year before deducting the remuneration to the employees and directors. 2 % of any remainder shall be allocated as the employee's remuneration, and no more than 2% shall be allocated as the director's remuneration.

(2) The Company's allocation for the employee's remuneration and director's remuneration in 2020 shall be based on the amount stipulated in the Articles of Incorporation and the profits audited by the accountants. The employee's remuneration amounted to NT\$ (the same below) 3,235,188 and the director's remuneration amounted to NT\$ 3,235,188 were calculated and distributed in cash.

### 4. Endorsements, Guarantees and Loans for 2020

#### Description:

- (1) As at Dec.31, 2020, the Company's liability limit under the endorsements and guarantees was NT\$ 3,188,038 thousand, and the actual aggregate amount of endorsements and guarantees was NT\$1,300,546 thousand.
  - (2) As at Dec.31, 2020, the Company's aggregate limit of the loans was NT\$ 1,275,215 thousand, and the total amount of the released loans was NT\$ 159,285 thousand.
  - (3) The proposal is hereby submitted to the shareholders' meeting according to the procedures for endorsements and guarantees.
5. Subject: Amendment to Rules of Procedure for the Board of Directors.
- Description:
- (1) The Company amended the Rules of Procedure for the Board of Directors in accordance with the TWSE Letter TZZL No. 1090009468 dated Jun. 3, 2020.
  - (2) For the comparison table of the amendment to the Rules of Procedure for the Board of Directors, please refer to Attachment 3 on #Pages 19 to 27#.
6. Subject: Amendment to the Code of Ethical Conduct
- Description:
- (1) The Company amended the Code of Ethical Conduct in accordance with TWSE Letter TZZL No. 1090009468 dated Jun. 3, 2020.
  - (2) For the comparison table of the original and amendment to the Code of Ethical Conduct, please refer to Attachment 4 on #Pages 28 to 32#.

## II. Ratifications :

1. Subject: 2020 Business Report and Financial Statements (Proposed by the Board of Directors)

### Description:

- (1) The Company's 2020 Business Report and financial statements have been audited by the CPA Zeng Guoshang and CPA Jian Dinuan from KPMG International, and have been submitted to the Audit Committee for approval. Please refer to #Page 12# of Attachment 1 and #Page 33 to 50# of Attachment 5 for the above documents and Business Report.
- (2) The proposal is hereby submitted for ratification.

### Resolution:

2. Subject: Ratification of 2020 Profit Distribution. (Proposed by the Board of Directors)

### Description:

- (1) The Company's deficit to be compensated at the beginning of 2020 was NT\$61,263,411. The net profit for the current period is NT\$168,119,512, and other comprehensive losses are NT\$1,621,417. The total profit available for distribution for the current period is NT\$105,234,684.
- (2) The Company has set aside legal reserve of NT\$10,523,468 and reversed the special reserve of NT\$201,749,194 in accordance with the law.  
The profit available for distribution for the year is NT\$296,460,410. The Company proposed to issue cash dividends of NT\$163,537,267. Based on the Company's current 233,624,667 outstanding shares, the cash dividend per share is NT\$0.7. The cash dividends are rounded down to nearest NT dollar, and the Chairman is authorized to appoint specific persons to adjust amount of the remaining cash dividends. After this proposal is approved by the shareholders' meeting, the Board of Directors will be authorized to set a record date for distribution of dividends.
- (3) However, if the Company's percentage of the cash dividends is affected by the changes in the number of outstanding shares due to conversion of the

corporate bonds, the repurchase of treasury stocks, or the transfer of treasury stocks, once the number of outstanding shares is determined, the Board of Directors is authorized to make a resolution and announcement accordingly.

(4) Please refer to Attachment 6 on page 51 for the profit distribution statement.

(5) The proposal is hereby submitted for ratification.

Resolution:

### **III. Discuss Matters (I):**

1. Subject: Amendment to the Company's "Procedures for Endorsements and Guarantees". Please proceed to discuss. (Proposed by the Board of Directors)

Description:

(1) The Company amended the Procedures for Endorsements and Guarantees in accordance with the letter of the Financial Supervisory Commission (Letter No.: 1090338980) dated May 29, 2020. The comparison table of the original and amendment is set out in Attachment 7 on #Pages 52 to 58#.

(2) Please proceed to discuss.

Resolution:

### **IV. Election Matters:**

Subject: Re-election of the 16th directors [Election of 11 directors (including 3 independent directors)]. Please proceed to discuss. (Proposed by the Board of Directors)

Description:

(1) The term of office of the Company's incumbent directors expires on Jun. 25, 2021. Given that the 2021 Regular Shareholders' Meeting is convened for election, the term of office of the incumbent directors immediately expires at the end of election at the 2021 Regular Shareholders' Meeting.

- (2) The Company has established the Audit Committee in accordance with Article 17 of the Articles of Incorporation. At 2021 Regular Shareholders' Meeting, 11 directors will be elected (including 3 independent directors). Directors shall be elected from the list of the nominated candidates for a 3-year term from Jun. 24, 2021 to Jun. 23, 2024.
- (3) The list of the new director candidates have been examined by the Company's Board of Directors on Mar. 26, 2021. The list of the director candidates (including independent directors) is as follows:

Title	Name	Academic Background	Experience	Shareholding
Director	Lin Zui Yeh	Master of Science in Management from Baker College	Chairman of TEX-RAY INDUSTRIAL CO., LTD.	6,120,000
Director	Yao Wan Kuei	Enterprise Manager Class of University of Politics	Vice Chairman of TEX-RAY INDUSTRIAL CO., LTD.	3,830,239
Director	Wang Lianchun Representative of B.V.I Yue Da Textile Holdings Limited	Graduate Student from Provincial Party School of Jiangsu	Chairman of Jiangsu Yueda Group Co., Ltd.	42,052,440
Director	Dai Jun Representative of B.V.I Yue Da Textile Holdings Limited	Master from Fudan University	Chairman of Jiangsu Yueda Textile Group Co., Ltd.	42,052,440
Director	Ho Yu	International Business Management Department of Kennedy University, California	Chairman of Qiming	80,912
Director	Kuo Wen Yen	Department of Information Management, Nanhua University	Manager of Sunliker Wedding Cakes Co., Ltd.	0
Director	Yang Chia Yin Legal Representative of Serendipity Co., Ltd.		Director of Suzhou Degao Trade Co., Ltd.	23,362,466
Director	Wu Ching Feng	Graduate from High School	Chairman of Beijing Fiber Co.	2,009,400
Independent Director	Lee Mu Jung	Graduate from Department of Accounting, Tokai University EMBA, National Taiwan University Chinese Certified Public Accountant	Vice Chairman & General Manager of Fujian Putian Shiquan Real Estate Development Co. Ltd. President of Taiwanese Chamber of Commerce of Putian City	409
Independent Director	Tsai Chao Lun	MBA from University of Wisconsin, USA	Chairman of FORMOSTAR GARMENT CO., LTD. Director of BES Engineering Corporation	0
Independent Director	Chu, Hsin-Hua	Master from Institution of Textile Engineering, Feng Chia University	Deputy Director General, Intellectual Property Office, Ministry of Economic Affairs Director of Synthetic Research Institute of Textile Industry Adjunct Associate Professor of Oriental Institute of Technology	0

(IV) The proposal is hereby submitted for re-election.

Election results:

**V. Discussion Matters (II):**

Subject: Release of Non-competition of Directors. (Proposed by the Board of Directors)

Description:

- (1) In accordance with Paragraph One of Article 209 of the Company Act, a director who acts himself or on behalf of others within the scope of the Company's business shall explain to the shareholders' meeting the essential contents of such act, and secure approval. Furthermore, the elected directors shall be released from non-competition from the date when they take office without prejudice to the Company's interest.
- (2) The proposal is hereby submitted to the shareholders' meeting for approving release of non-competition for the newly elected directors from the date when they take office.
- (3) Please proceed to discuss.

Title	Name	Concurrent Position(s) and Competitive Enterprises
Director	Lin Zui Yeh	Chairman of Great CPT International Co., Ltd. Chairman of Zheng-Ray Industrial Co., Ltd. Chairman of Taiwan Supercritical Technology Co., Ltd. Chairman of Tex-Ray (Shanghai) Industrial Co., Ltd. Chairman of King's Metal Fiber Technologies Co., Ltd. Chairman of AIG Smart Clothing Inc. Chairman of Wei-Li Textile Co., Ltd. Chairman of Huai-Wei Biotechnology Co., Ltd. Chairman of Sen Jewel Technology Co., Ltd. Chairman of Grandness Medical Co., Ltd. Chairman of Taiwan Top Technology Corp.
Director	Wang Lianchun	Chairman of Jiangsu Yueda Group Co., Ltd. Chairman of Jiangsu Yueda Investment Co., Ltd. Chairman of Dongfeng Yueda Kia Motors Co., Ltd. Vice Chairman of Catarc Automotive Proving Ground Co., Ltd. Vice Chairman of Jiangsu Jinghu Expressway Company Limited Vice Chairman of Yancheng International Women's

		Fashion Co., Ltd. Director of Shanghai Yueda New Industrial Group Co.,Ltd. Chairman of Jiangsu Yueda Automobile Research Institute Co., Ltd. Director of Yueda Health Industry Development Co., Ltd.
Director	Dai Jun	Chairman of Jiangsu Yueda Textile Group Co., Ltd. Chairman of Jiangsu Ouhua Textile Co., Ltd. Chairman of Jiangsu Yueda Cotton Spinning Co., Ltd. Chairman of Jiangsu Yueda Life Technology Co., Ltd. Director of Jiangsu Yueda Home Textile Co., Ltd.
Director	Yao Wan Kuei	Chairman of Jiangsu Tex-ray Fiber Technology Co., Ltd. Chairman of Jiangsu Tex-ray Clothing Co., Ltd. Director of Tex-Ray (Shanghai) Industrial Co., Ltd. Chairman of Tai Cham Technology Co., Ltd.
Director	Ho Yu	Chairman of Seven Pyramid Enterprise Co., Ltd. Chairman of Seven Praise Optical Industry Co., Ltd. Chairman of Free Time Digital Wine Company Limited
Director	Yang Chia Yin	Chairman of Zeno Apparel Co., Ltd. Chairman of Serendipity Co., Ltd. Chairman of Cian Co., Ltd. Director of Skye Textile Co., Ltd Taiwan Branch (BVI)
Director	Kuo Wen Yen	Manager of Sunliker Wedding Cakes Co., Ltd. Chairman of Xian-Wen-Ming Co., Ltd.
Independent Director	Lee Mu Jung	Vice Chairman of Fujian Putian Shiquan Real Estate Development Co. Ltd. President of Taiwanese Chamber of Commerce of Putian City, Fujian
Independent Director	Tsai Chao Lun	Chairman of FORMOSTAR GARMENT CO., LTD. Director of BES Engineering Corporation
Independent Director	Chu,Hsin-Hua	Director of Synthetic Research Institute of Textile Industry

Resolution:

## **VI.Other Proposals and Extempore Motions:**

## **VII.Meeting Adjournment**

## Chapter 2. Attachments

Tex-ray Industrial Co., Ltd.

Business Report

I. Operating Guidelines

The year of 2020 was a disaster for the world. The COVID-19 pandemic ravaged the world and infected more than 100 million people worldwide. Countries have taken strong measures to control the pandemic. In the spring of 2020, the first wave of pandemic peak impacted parts of Europe severely. In comparison, other countries were spared the worst. As Italy, Spain, France, the United Kingdom, and some other regions were impacted by the pandemic hardest at the time, they implemented strict lockdowns, border blockades, and other restricted anti-pandemic measures. As a result, they all suffered tremendous economic costs even though various pandemic indicators had decreased drastically. In the summer, as various places began to relax their pandemic prevention and control measures, non-essential shops, restaurants, and bars began to resume the business, and travel began to return to normal. In August, the number of infections and deaths rose again, and the rising trend accelerated significantly after the Mid-Autumn Festival, and some countries that escaped the last peak attack, including the Czech Republic and Poland, were also hit hard this time. The most parts of the entire Europe had witnessed alarming infection rates. As the prior lockdowns had caused severe damage to the economies, countries adopted more flexible policies to control the increase in the number of infections at this time. Even so, economic activities still dealt a blow. Although Taiwan has been barely affected by the pandemic, and the performance of information and communications and electronic products continued to surge, the traditional industry had faced strong headwinds. With the impact of the pandemic on exports, the appreciation of the New Taiwan dollars has also increased the pressure on the export-oriented traditional industry.

Faced with many unfavorable external environmental factors, the Company is still actively undertaking transformation to re-arrange its global strategic layout. First, faced with a wave of factory closures in Taiwan's textile industry, Tah Tong Textile Co., Ltd., Tainan Spinning Co.,

Ltd., and Yi Jinn Industrial Co., Ltd. have withdrawn their production from Taiwan, and Taiwan's textile industry is already undergoing a supply chain disruption. In response to this industrial crisis, the Company had no choice but suspend the production of the Tainan Plant. Secondly, due to the pandemic, Cambodia's pandemic prevention effort was not successful in the initial period. Subsequently, the Cambodian government launched measures to restrict the number of workers in each factory and restrictions on entry into the country, making it difficult for the Company to manage the business, and the operating costs rose. Therefore, the Company withdrew its production from Cambodia and concentrated its efforts on its production sites in Vietnam. Thirdly, due to the pending trade war between the U.S. and China, the Company had no choice but move part of the production sites out of China, leaving only the production sites for the China's market.

Although there are many difficulties and challenges, the Company still actively participates in the development and manufacturing of anti-pandemic products, including face masks, protective clothing, quarantine suits, and respirators in cooperation with the government's pandemic prevention policy as a member of the national anti-pandemic team. With the production license obtained, the Company has tapped into its garment production lines to produce protective clothing, quarantine suits, and other anti-pandemic products, creating an outstanding performance last year. Furthermore, as the pandemic continues to escalate, Taiwan's textile industry with an annual output value of NT\$360 billion is plunged into a recession. Among the two largest international garment brands "J.CREW" and "GAP", and the world's second largest department store channels "JCPenney" and "KOHL'S", J.CREW and JCPenney have filed for bankruptcy protection, and GAP and KOHL'S have conducted massive layoffs due to operational difficulties. Every cloud has a silver lining. With the integration of internal resources and the ODM capabilities developed from the past, the Company has supplied its products through multiple production and sales channels and supply networks in a flexible model while managing and controlling the risks effectively to mitigate

the risks to the tolerable range. The Company has also taken over the orders from those brands and distributors in crisis, which has gradually led to new business opportunities, while making them potential partners when the Company conducts business expansion in the coming years. With its existing ODM capabilities, the Company has provided partners with more choices to effectively increase its business value. The Company has also enhanced designs with market value and engaged in research and development and market expansion, so as to create more valuable new products and services. The efforts have begun to pay off.

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

Looking ahead to the future, the year of 2021 will still be a challenging year. In addition to maintaining the Texray Seamless Value Added Chain model adopted by the Company's management team as throughout the past to leverage its strengths in competition, the Company will reorganize its subsidiaries to reduce management costs, streamline the management processes, strengthen communication and synergy across different production sites, effectively reduce operating costs, and improve quality and efficiency comprehensively so as to create the maximum value and benefits for its shareholders.

## II. Implementation Overview and Results

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

(1) The Taiwan headquarters aims to enhance its advantages in global operations, continue to

develop new categories of customers, increase profits and expand the scale of operations, strengthen the efficiency of internal production and sales coordination, increase procurement bargaining power, and expand the development and business of functional products, to enhance the overall profit of the Company.

- (2) To respond to the continuous growth of the domestic market for textiles and garment in China, the Company has actively adjusted its product categories and updated machinery and equipment. The Company has not only actively developed the domestic market but gradually adjusted the existing export business to produce products with better profitability in China, while allocating and increasing production capacity to strive for business opportunities in China's domestic market.
- (3) As for the production sites in Africa, the Company has successfully developed the domestic market in Africa through the steady weaving and dyeing capabilities, vertical integration of the processes for ready-made garments, and featured products. The Company has also continued to purchase and update machinery and equipment to diversify product categories with distinctive features and to provide customers with more high-quality choices, while continuing to expand the customer base and increase the market share. Also, it has set up production lines for the export to the European and the U.S markets so as to enhance its competitiveness.
- (4) To make good use of Vietnam's abundant and competitive human resources, the Company has terminated the business of the Cambodian plant and concentrated its resources in Vietnam, and will continue to increase its production capacity to stabilize quality.
- (5) In terms of the production sites in the U.S. and Mexico, the Mexican factory's production capacity for ready-to-wear has further increased. Because of its location, it has become a tariff-free and quick supply site for the U.S. market; as such, it can achieve a balanced growth in production and sales due to its quick supply so as to make a profit.
- (6) For other businesses, in addition to King's Metal Fiber Technologies Co., Ltd., the

Company has begun to invest in new businesses and reorganize its existing affiliates.

Through the allocation of the group-wide resources and investment, the Company expects to cultivate more "small golden chickens", and to prosper by depending on the business of its investees.

### III. The operating revenue and expenditure and budget execution

The Company did not prepare financial forecasts for 2021.

### IV. Profitability Analysis

Despite the daunting challenges in the textile and garment industry in 2020, the Company has developed new businesses, including anti-pandemic products with the collective of all employees in addition to focusing on its core business. As the global pandemic has changed the entire consumer market, the global economy has almost come to a standstill, the business of physical garment stores has been suspended due to lockdowns, and major brands have delayed or even cancelled their orders. However, under such circumstances, the Company reorganized its business and manufacturing units, and spared no effort to break through difficulties and develop new businesses within the scope of controllable risks, and therefore achieved good results in 2020

### 5. Research and development status

As the global population is aging and concentrated in cities, climate change has directed attention to environmental sustainability issues, and the pandemic has plunged the global economic into recession, most distribution channels and brands are on the verge of bankruptcy. In line with the global trend, the Company has adopted technological innovation, safety protection, comfortable and functional, and sustainable environmental protection as its main direction in product development. To respond to the pandemic in 2020, the Company joined the national anti-pandemic team to develop medical-grade PPE products. Moreover, with the increased consumer needs for protection, the Company seized new business opportunities for health and developed T-FRESH®C&C (Cooling & Cleaning) photocatalyst

and antibacterial metal fiber series products as solutions to optimize the quality of life in the post-pandemic era, to create a sense of security during the period of uncertainty. Moreover, with the continuous emphasis on environmental protection and green energy issues around the world, international brands have issued green declarations and paid more attention to whether the textile industry is equipped with a new generation of eco-friendly and non-toxic production processes and has the potential for research and development and production of textiles. The Company has created a patented eco-friendly wet print technique for the process as a modern eco-friendly solution in the printing and dyeing industry that consumes the most energy. On the front of products, it has brought together the RAYS functional textile product map to develop eco-friendly, energy saving, carbon reduction, and functional products, including the ECO-LOR® series through the dope dyeing process as well as the temperature-regulating textiles, such as T-Cool and T-Hot series. In the future, the Company will continue to invest resources and focus its research and development efforts on sustainable and eco-friendly products. Thirdly, with the growing global aging population and rising awareness of health, the market's demand for health care and sports and fitness products has increased; meanwhile, the rapid development of information technology and the global Internet of Things has led to a growth in the demand for smart wearable garment. As the Company has been devoted to sports and fitness products and long-term care since its early days, it continues to lead the industry in technology and patents. By combining the advantages in electronics, textiles, and other relevant industries, the Company will engage in collaboration with different industries to develop new functional products, and develop diverse applications of textiles for different industries.

Chairman: Lin Zui Yeh      Manager: Yang Weihan      Accounting Supervisor: Wu Jianzhong

Attachment 2

Audit Committee's Report

To the 2020 Annual General Meeting of Cheng Shin Rubber Ind. Co., LTD.:

The Audit Committee has completed the review of the 2020 financial statements, the consolidated financial statements, 2020 Business Report and profit distribution statement produced by the Board of Directors and audited by CPAs Zeng Guoshang and Jian Dinuan from KPMG International, and found no inconsistencies. Please review the Report which has been prepared in accordance with Article 219 of the Company Act.

Sincerely,

2021 Regular Shareholders' Meeting of TEX-RAY INDUSTRIAL CO., LTD.

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

Convener: Lee Mu Jung

May. 11 2021

Attachment 3

Comparison Table of Amendment to Rules of Procedure for the Board of Directors of  
TEX-RAY INDUSTRIAL CO., LTD.

No.	Amended Provisions	Current Provisions	Description
Article 3	<p>The Company's Board meeting shall be convened at least once every quarter.</p> <p>The reasons for calling a board of Directors meeting shall be notified to each Director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</p> <p>With consent of the shareholders, the aforementioned notice of meeting may be served by electronic methods.</p> <p>...</p>	<p>The Company's Board meeting shall be convened at least once every quarter.</p> <p>The reasons for calling a board of Directors meeting shall be notified to each Director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</p> <p><u>The meeting of the Board of Directors shall be convened by giving a notice to each director in writing, or by e-mail or fax.</u></p> <p>With consent of the shareholders, the aforementioned notice of meeting may be served by electronic methods.</p> <p>...</p>	<p>Amend the text as appropriate so as to comply with the legal systems.</p>
Article 7	<p>The following matters shall be submitted to the Board of Directors for discussion:</p> <p>I. The Company's Business Plan.</p> <p>II. The annual financial reports and the Q2 financial report that must be audited and certified by the CPAs.</p> <p>...</p> <p>At least one independent director shall attend in person any meeting of the Board. With respect to a matter prescribed in Paragraph 1 that must be approved by resolution at a Board meeting, all independent directors shall attend the meeting in person or appoint another independent director to attend the meeting as a proxy. Any objection or reservation any independent director may have shall be specified in the proceedings of the Board meeting. If any independent director wishing to express his or her objection or reservation can not attend the Board meeting, a written statement shall be provided and included in the proceedings of the Board meeting unless there is good reason to do otherwise.</p>	<p>The following matters shall be submitted to the Board of Directors for discussion:</p> <p>I. The Company's Business Plan.</p> <p>II. Annual and <u>semi-annual financial reports. With the exception of semiannual financial reports which, under relevant laws and regulations, need not be audited or attested by a CPA.</u></p> <p>...</p> <p><u>If the Company has Independent Directors</u>, at least one Independent Director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the Board of Directors under Paragraph 1, all Independent Directors shall attend the Board meeting in person; if an Independent Director is unable to attend the Board meeting in person, he or she shall appoint another Independent Director as his or her proxy. Any objection or reservation any independent director may have shall be specified in the proceedings of the Board meeting. If any independent director wishing to express his or her objection or reservation can not attend the Board meeting, a written statement</p>	<p>I. In conjunction with Article 14-5 of the Securities and Exchange Act, amend Paragraph 2 of Section I.</p> <p>II. Amend the text as appropriate so as to comply with the legal systems.</p>

No.	Amended Provisions	Current Provisions	Description
		shall be provided and included in the proceedings of the Board meeting unless there is good reason to do otherwise.	
Article 11	<p><u>When the Board meeting is convened, the unit designed by the Board of Directors responsible for the meeting shall have the relevant data ready and available to the attending directors for reference at any time.</u></p> <p>When convening a directors' meeting, the Company may, in view of the meeting agenda, notify personnel of the relevant departments or subsidiaries to attend the meeting as guests.</p> <p>When necessary, the company may also invite certificated public accountants, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements. Provided, however, that they shall leave the meeting when discussion or voting takes place.</p> <p>When the time of a meeting has arrived and over one-half all Board directors are present, the meeting chair may announce convening of the meeting.</p> <p>When the time of a meeting has arrived and one-half of all Directors are not present, the meeting chair may postpone the meeting time. Two postponements at most can be made. If the quorum is still not met after two such delays, the meeting chairperson shall re-call the meeting following the procedures provided in Article 3, paragraph 2.</p> <p>...</p>	<p>When convening a directors' meeting, the Company may, in view of the meeting agenda, notify personnel of the relevant departments or subsidiaries to attend the meeting as guests.</p> <p>When necessary, the company may also invite certificated public accountants, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements. Provided, however, that they shall leave the meeting when discussion or voting takes place.</p> <p>When the time of a meeting has arrived and over one-half all Board directors are present, the meeting chair may announce convening of the meeting. When the time of a meeting has arrived and one-half of all Directors are not present, the meeting chair may postpone the meeting time. Two postponements at most can be made. If the quorum is still not met after two such delays, the meeting chairperson shall re-call the meeting following the procedures provided in Article 3, paragraph 2.</p> <p>The term "all directors" in the foregoing paragraph and Paragraph 2 of Section II of Article 16 shall be counted as the actual number of the persons currently holding those positions.</p> <p>...</p>	<p>I. Add pursuant to Announcement TZSZ No. 095010391 9</p> <p>II. Adjustment to item number</p>
Article 12	<p>...</p> <p>During the period of the Board meeting, if the number of present directors is less than 50% of the number of the directors in attendance, the Chair shall declare meeting adjourned as proposed by the present directors, and apply Paragraph 5 of Article 11.</p>	<p>...</p> <p>During the period of the Board meeting, if the number of present directors is less than 50% of the number of the directors in attendance, the Chair shall declare meeting adjourned as proposed by the present directors, and apply Paragraph 2 of Article 11.</p>	Adjustment to the numbering applied mutatis mutandis

No.	Amended Provisions	Current Provisions	Description
Article 13	<p>...</p> <p>The chair shall decide to adopt which of the following voting methods. In case of a dissent by an attendee, the voting method shall be decided by a majority of the attending directors.</p> <p>I. Vote by raising hands  II. By voicing votes.  III. Vote by ballot.  <u>IV. Vote by method selected at the Company's discretion.</u>  <u>All directors present at the meeting as mentioned in the preceding two paragraphs shall exclude the directors who are not entitled to exercise the voting power pursuant to Paragraph 1 of Article 15.</u></p>	<p>...</p> <p>The chair shall decide to adopt which of the following voting methods. In case of a dissent by an attendee, the voting method shall be decided by a majority of the attending directors.</p> <p>I. Vote by raising hands  II. By voicing votes.  III. Vote by ballot.</p>	Amended in conjunction with Announcement TZSZ No. 0971701351.
Article 15	<p>...</p> <p>The resolution of this company's board of directors shall follow Article 206-4 of the Company Act and in accordance to Article 180-2 in regards to director with no voting rights.</p>	<p>...</p> <p>Where a director is prohibited by the two preceding paragraphs from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, Paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, Paragraph 4 of the same Act.</p>	Amend the text as appropriate so as to comply with the legal systems.
Article 16	<p>...</p> <p>II. Matters that have not been approved by the Company's Audit Committee but have been passed by more than two thirds of all Directors.</p>	<p>...</p> <p>II. <u>If the Company has established the Audit Committee</u>, matters that have not been approved by the Company's Audit Committee but have been passed by more than two thirds of all Directors.</p>	Amended in conjunction with Announcement TZSZ No. 0950103919.
Article 19	Establishment and amendment of these Rules shall be subject to consent of the Board and raised to report at a Shareholders' Meeting.	Establishment and amendment to the Rules of Procedure shall be approved by the Board of Directors.	Amended in conjunction with the Announcement TZSZ No. 0971701351 and the Company's governance policy so that the shareholders are able to participate in and understand the contents of the Rules of Procedure

Attachment 3 (Before Amendment)

**TEX-RAY INDUSTRIAL CO., LTD.**

**Rules of Procedure for the Board of Directors**

The Rules of Procedure are approved by the Board of Directors on Mar. 27, 2020

- Article 1 In order to establish a good governance system, improve the supervisory capabilities and enhance the management functions of the Company's Board of Directors, these Rules are adopted and promulgated pursuant to the Regulations Governing Procedure for the Board of Directors of Public Companies.
- Article 2 Meeting regulations, the main agenda, operational procedures, particulars to be specified in the meeting minutes, public announcements, and other compliance matters shall be handled in accordance with the Rules and Procedures of Directors' Meetings.
- Article 3 The Company's Board meeting shall be convened at least once every quarter.  
The reasons for calling a board of Directors meeting shall be notified to each Director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.  
The meeting of the Board of Directors shall be convened by giving a notice to each director in writing, or by e-mail or fax.  
With consent of the shareholders, the aforementioned notice of meeting may be served by electronic methods.  
All matters set out in Article 7 paragraph 1 shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.
- Article 4 A Board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding Board meetings.
- Article 5 The General Management Office of the Company is designated to handle the administrative matters related to Board meetings.  
The agenda working group shall prepare agenda items for Board meetings and provide comprehensive meeting materials, to be sent together with the notice of the meeting.  
If the meeting materials are deemed inadequate, a director may request the unit-in-charge to provide more information. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 6 The agenda items of regular Board meetings shall include at least the following matters:
- I. Report Items:
    - (I) Minutes of the last meeting and actions taken.
    - (II) Important financial and business matters.
    - (III) Report of internal audit findings.
    - (IV) Report of other important matters.
  - II. Discuss Matters:

- (I) Items for continued discussion from the last meeting.
- (II) Items to be discussed at this meeting.

III. Extempore Motions.

Article 7 The following matters shall be submitted to the Board of Directors for discussion:

- I. The Company's Business Plan.
- II. Annual and semi-annual financial reports. With the exception of semiannual financial reports which, under relevant laws and regulations, need not be audited or attested by a CPA.
- III. Establishment or amendment to internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as "Securities Act"), and assessment of effectiveness of the internal control system.
- IV. Establishment or amendment, pursuant to Article 36-1 of the Securities Act, of procedures concerning major financial or business activities such as acquisition or disposal of assets, derivatives trading, lending of funds to others, and endorsement or guarantee for others.
- V. Offering, issuance or private placement of any equity based securities.
- VI. Appointment or dismissal of finance manager, accounting manager or chief internal auditor.
- VII. A donation to a related party or a major donation to a non-related party. provided that a donation for charity or disaster relief for a material natural disaster may be submitted to the following Board of Directors meeting for ratification.
- VIII. Any matters pertaining to the Article 14-3 of the Taiwan SEA, other regulations or bylaws to be approved at a shareholders' meeting or a directors' meeting, or any such matters as prescribed by the authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "substantial donation to a non-related party" means any donation or a series of donations within a one-year period to a single recipient that, on an individual basis or cumulatively, amount to NT\$100 million or more, or reach 1% of the net operating revenue or 5% of the paid-in capital as stated in the audited financial reports for the most recent fiscal year. (If the shares of the foreign companies have no par value, or the par value per share is not NT\$ 10, such amount in relation to 5% of paid-in capital shall be calculated at 2.5% of the equity. )

The term "within a year" in the preceding paragraph refer to the year preceding the date when the Board meeting is convened, and excludes that has been submitted and adopted by resolution of the Board of Directors.

If the Company has Independent Directors, at least one Independent Director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the Board of Directors under Paragraph 1, all Independent Directors shall attend the Board meeting in person; if an Independent Director is unable to attend the Board meeting

in person, he or she shall appoint another Independent Director as his or her proxy. Any objection or reservation any independent director may have shall be specified in the proceedings of the Board meeting. If any independent director wishing to express his or her objection or reservation can not attend the Board meeting, a written statement shall be provided and included in the proceedings of the Board meeting unless there is good reason to do otherwise.

Article 8 Apart from matters to be discussed by the Board of Directors under Paragraph 1 of Article 7, during the adjournment period of the Board of Directors, the Board of Directors shall authorize the Chairman to exercise the functions and duties of the Board of Directors pursuant to the Articles of Incorporation as follows:

- I. Approve the annual budgets and review the annual final accounts;
- II. Execute the contracts, memorandums of understanding, and letters of intent for and on behalf of the Company;
- III. Approval of the Company's shift in investments to other business or acceptance of the Company's shares.
- IV. Appointment, dismissal, appraisal, reward and punishment, promotion, retirement and remuneration of personnel other than managers
- V. Organization structure and operation strategies of the Company
- VI. Authorizations pursuant to the Company's Management Measures and power for approval and decision
- VII. Authorization to the Chairman pursuant to the procedures convening acquisition or disposal of the assets
- VIII. Authorization to the Chairman pursuant to the procedures for endorsements and guarantees
- IX. Approval of the record date of capital increase or decrease, and the record date of cash dividend distribution
- X. Other functions and powers delegated by the Board of Directors to the Chairman

Article 9 When a Board meeting of the Company is convened, a check-in book shall be prepared for attending Directors to sign up at the meeting for future reference.

Directors shall attend the Board meetings in person. The Director who is unable to attend in person shall appoint another Director to attend the meeting as proxy in accordance with Company's Articles of Association. Attendance by video conference shall be deemed as attendance in person.

A director shall appoints other directors as his proxy to attend the Board meeting shall issue the proxy form setting forth the scope of authorization with respect to the matters to be discussed at the Board meeting.

The proxy as mentioned in the preceding two paragraphs shall not be appointed by more than one director.

Article 10 If the Board meeting is convened by the Chairman, the Chairman shall chair the meeting. However, the first Board meeting of each Board of Directors shall be convened and chaired by

the director representing the most votes at the shareholders' meeting. If there are more than two directors having the power to convene the meeting, the chair of the meeting shall be appointed from them.

Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

If the Chairman is on leave or unable to exercise his powers and duties for any reasons, the Vice Chairman shall preside over the Board meeting in place of the Chairman; if no Vice Chairman is appointed or the Vice Chairman is also on leave or is unable to exercise his powers and duties for any reasons, the managing director designated by the Chairman shall preside over the meeting; if there is no managing director, a director shall be designated to preside over the meeting; if the Chairman does not designate the chair of the meeting, the managing directors or directors shall elect one of them to be preside over the meeting.

Article 11 When convening a directors' meeting, the Company may, in view of the meeting agenda, notify personnel of the relevant departments or subsidiaries to attend the meeting as guests.

When necessary, the company may also invite certificated public accountants, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements. Provided, however, that they shall leave the meeting when discussion or voting takes place.

When the time of a meeting has arrived and over one-half all Board directors are present, the meeting chair may announce convening of the meeting. When the time of a meeting has arrived and one-half of all Directors are not present, the meeting chair may postpone the meeting time. Two postponements at most can be made. If the quorum is still not met after two such delays, the meeting chairperson shall re-call the meeting following the procedures provided in Article 3, paragraph 2.

The term "all directors" in the foregoing paragraph and Paragraph 2 of Section II of Article 16 shall be counted as the actual number of the persons currently holding those positions.

Article 12 The Board of Directors shall proceed with the meeting according to the agenda scheduled in the notice of the meeting, but may change with consent of more than half of the directors present at the meeting. The meeting chair may not declare the meeting adjourned without the approval of a majority of Directors present at the meeting.

During the period of the Board meeting, if the number of present directors is less than 50% of the number of the directors in attendance, the Chair shall declare meeting adjourned as proposed by the present directors, and apply Paragraph 2 of Article 11.

Article 13 Where the chairperson believes an issue has been discussed in the meeting up to the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote.

When a proposal comes to a vote at a Board meeting, it will be deemed approved if no attending director voices an objection following an inquiry by the chair. If, upon the Chairman proposing the relevant resolution for approval, a Director states his or her dissent, the

resolution shall be voted on in the manner set out below.

The chair shall decide to adopt which of the following voting methods. In case of a dissent by an attendee, the voting method shall be decided by a majority of the attending directors.

- I. Vote by raising hands
- II. By voicing votes.
- III. Vote by ballot.

Article 14 Unless otherwise stipulated in the Securities Act and the Company Act, the decisions of the Board of Directors shall be resolved by a majority of directors at the meeting at which the majority of the directors are present.

In the event that an amendment or a substitute comes out of the same proposal, the Chair shall fix the order of voting by taking into account the original proposal. However, when one of the proposals has been adopted, other proposals shall be deemed to have been vetoed, and no voting process is required.

If necessary, the Chair shall appoint the scrutineer and the votecounter for voting of the resolutions, provided that the scrutineer shall be the director.

The voting results shall be announced at the meeting and recorded.

Article 15 If the director or the legal entity represented by the director has conflict of interest with the agenda item, the director shall disclose such conflict of interest at the Board meeting. If such conflict of interest impairs the Company's interest, the director shall make a statement and answer the questions, shall refrain from and avoid discussion and voting on the matters, and shall not exercise the voting power on behalf of other directors.

Where the spouse or a blood relative within the second degree of kinship of a Director, or a Director's controlling or affiliated company has interests in the aforementioned agenda item, the Director shall be deemed to have a personal interest in the matter.

Where a director is prohibited by the two preceding paragraphs from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, Paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, Paragraph 4 of the same Act.

Article 16 Minutes shall be prepared of the discussions at Board meetings. The meeting minutes shall record the following:

- I. The meeting session (or year) and the time and place of the meeting.
- II. Name of the Chair.
- III. Attendance of Directors at the meeting, including the names and number of members present, excused, and absent.
- IV. The names and titles of those attending the meeting as nonvoting participants.
- V. Name of the recorder.
- VI. Report Items.
- VII. Discuss matters: The voting method and result of each proposed resolution; speech summary of directors, professionals, and other persons; name of director having a personal interest pursuant to the Paragraph 1 of the preceding article; description of

major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal; objections or reservations which are on the record or in writing; and written statements submitted by Independent Directors pursuant to Paragraph 2 of Article 12.

VIII. Special motion: Name of proposer, the voting method, and result of each proposed resolution; speech summary of directors, professionals and other persons; name of director having a personal interest pursuant to the Paragraph 1 of the preceding article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal and objections or reservations which are on the record or in writing.

IX. Other matters to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the Board shall be stated in the minute book and within two days of the meeting be published on Market Observation System designated by the Financial Supervisory Commission:

- I. An Independent Director has a dissenting or qualified opinion which is on record or stated in a written statement.
- II. If the Company has established the Audit Committee, matters that have not been approved by the Company's Audit Committee but have been passed by more than two thirds of all Directors.

The attendance book forms a part of the minutes for each Board of Directors meeting and shall be well preserved during the existence of the company.

The minutes of the meeting shall be signed or sealed by the Chair and the recorder, and shall be distributed to each director within 20 days after the meeting. The minutes shall be properly kept indefinitely as important records by the Company.

The preparation and distribution of the meeting minutes specified in paragraph 1 may be done through electronic means.

Article 17 Proceedings of a Board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If litigation arises from the matters resolved in the Board meetings before the above retention period expires, the relevant audio or video recordings shall be retained until the conclusion of the litigation.

Where a board of directors meeting is held via video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the company.

Article 18 Requirements under Article 2, Paragraph 2 of Article 3, Articles 4 to 6, Article 9, Articles 11 to 17 shall apply mutatis mutandis to the proceeding of the meeting of the managing directors. Provided that if a meeting of managing directors is scheduled to be convened within seven days, the notice to each managing director may be made two days in advance.

Article 19 Establishment and amendment to the Rules of Procedure shall be approved by the Board of Directors.

## TEX-RAY INDUSTRIAL CO., LTD.

## Comparison table of the amendment to the Code of Ethical Conduct

No.	Amended provisions	Current Provisions	Description
Article 2 Applicable objects	This Code shall apply to the Company's directors, managers (including general managers and personnel at equivalent level, vice general managers and personnel at equivalent level, assistants and personnel at equivalent level, the head of the finance department, the head of the accounting department, and other personnel who are responsible for the Company's management affairs with authorization to sign). The term of "applicable objects" in the preceding paragraph shall be referred to as "the Company's management personnel".	This Code shall apply to the Company's directors, supervisors and managers (including general managers and personnel at equivalent level, vice general managers and personnel at equivalent level, assistants and personnel at equivalent level, the head of the finance department, the head of the accounting department, and other personnel who are responsible for the Company's management affairs with authorization to sign). The term of "applicable objects" in the preceding paragraph shall be referred to as "the Company's management personnel".	The provisions shall be amended pursuant to Article 14-4 of the Securities Act so as to comply with the laws and regulations.
Article 3 Code of Ethical Conduct	I. Prevention of conflict of interest The Company's management personnel shall conduct business in an objective and efficient way, and shall not be allowed to obtain any improper benefit for themselves, their spouses or relatives within the second degree of consanguinity by taking advantage of their position in the Company. ... II. Paragraphs 2 to 6 are omitted. VII. Encourage to report any illegal or unethical activities: The Company shall raise awareness of ethics internally and encourage employees to report to the Audit Committee, the managers, chief internal auditor or other appropriate personnel upon suspicion or discovery of any activity in violation of laws, regulations or this Code. Besides, relevant sufficient information shall be	I. Prevention of conflict of interest The Company's management personnel shall perform their duties in an objective and efficient manner, and shall not be allowed to obtain any improper benefit for themselves, their spouses, their parents, their children or relatives within the third degree of consanguinity by taking advantage of their position in the Company. ... II. Paragraphs 2 to 6 are omitted. VII. Encourage to report any illegal or unethical activities: The Company shall raise awareness of ethics internally and encourage employees to report to the supervisors, the managers, chief internal auditor or other appropriate personnel	I. Considering that parents and children are relatives within the second degree of kinship, the text of Paragraph 2(1) is simplified accordingly. II. The Audit Committee shall be established in place of the supervisors pursuant to Article 14-4 of the Securities Act. III Refer to Article 23 of the managing rules of quoted companies to allow anonymous consultation and amend the relevant texts.

No.	Amended provisions	Current Provisions	Description
	<p>made available so that the Company is able to take appropriate action subsequently. In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system, allow anonymous whistleblowing, and make employees aware that the Company will use its best efforts to ensure the safety of informants whistleblowers and protect them from reprisals.</p>	<p>upon suspicion or discovery of any activity in violation of laws, regulations or this Code. Besides, relevant sufficient information shall be made available so that the Company is able to take appropriate action subsequently. The Company shall deal with the cases received in a confidential manner, and shall take comprehensive protection measures to the good-faith whistleblowers to guarantee the investigation quality, and avoid unfair retaliation or treatment of the whistleblowers.</p>	
<p>Article 4 Exemption procedure</p>	<p>If the Company's management personnel are required to be exempted from complying with this Code, such exemption shall be approved by the resolution of the Board of Directors, and the date of approval on exemption by the Board of Directors, the dissenting or qualified opinion of the Independent Directors, the period during which the exemption is applicable, the reasons for the exemption and the criteria for the exemption shall be disclosed on Market Observation Post System (MOPS) in real time, <u>for the shareholders to assess if the resolutions of the Board of Directors are appropriate, to prevent arbitrary or suspicious exemption from complying with the Code, and ensure any exemption from complying with the Code is accompanied with appropriate control mechanism to protect the Company.</u></p>	<p>If the Company's management personnel are required to be exempted from complying with this Code, such exemption shall be approved by the resolution of the Board of Directors, and <u>title and name of the person who is entitled to exemption</u>, the date of approval on exemption by the Board of Directors, the period during which the exemption is applicable, the reasons for the exemption and the criteria for the exemption shall be disclosed on MOPS in real time.</p>	<p>Amendment is made by reference to the Code of Conduct of TWSE dated Jun. 3, 2020.</p>
<p>Article 5 Method of disclosure</p>	<p>The Company shall disclose this Code and any amendments hereto on its corporate website, annual report, prospectuses and on the MOPS.</p>	<p>The Company shall disclose this Code and any amendments hereto on its annual report, prospectuses and on the MOPS.</p>	<p>Amendment is made by reference to the Code of Conduct of TWSE dated Jun. 3, 2020.</p>

No.	Amended provisions	Current Provisions	Description
Article 6 Implementation	This Code and any amendments hereto shall be implemented after approval by resolution of the Board of Directors, and shall be submitted to the shareholders' meeting.	This Code and any amendments hereto shall be implemented after approval by resolution of the Board of Directors, and shall be submitted to the <u>supervisors and the shareholders'</u> meeting.	The Audit Committee shall be established in place of the supervisors pursuant to Article 14-4 of the Securities Act.
Article 7 Supplementary Provisions		This Code is amended on Jul. 15, 2020.	The revision history is set out in the document revision history.

TEX-RAY INDUSTRIAL CO., LTD.

Code of Ethical Conduct

- Article 1 Purpose and Basis  
This Code is hereby formulated to align the conducts of the Company's management personnel with the ethical standards, and make the Company's stakeholders more aware of the Company's ethical standards and code of conduct.
- Article 2 Applicable objects  
This Code shall apply to the Company's directors, supervisors and managers (including general managers and personnel at equivalent level, vice general managers and personnel at equivalent level, assistants and personnel at equivalent level, the head of the finance department, the head of the accounting department, and other personnel who are responsible for the Company's management affairs with authorization to sign). The term of "applicable objects" in the preceding paragraph shall be referred to as "the Company's management personnel".
- Article 3 Code of Ethical Conduct
- I. Prevention of conflict of interest  
The Company's management personnel shall perform their duties in an objective and efficient manner, and shall not be allowed to obtain any improper benefit for themselves, their spouses, their parents, their children or relatives within the third degree of consanguinity by taking advantage of their position in the Company.  
The Company shall pay special attention to preventing conflicts of interest, and offer appropriate channels for stating if there is potential conflict of interest with the Company or not when the Company lends funds to or provides guarantees for, has material asset transactions with or purchases (sells) goods from and to the enterprises associated with the above personnel.
- II. Avoid opportunity for pursuing personal gains  
The Company's management personnel shall not:  
(I) Seek an opportunity to pursue personal gains by using the Company's properties, information or taking advantage of their positions.  
(II) Obtain personal gain by using the Company's properties, information or taking advantage of their positions.  
(III) Compete with the Company.  
When the Company has an opportunity for making profits, the Company's management personnel are obligated to maximize the reasonable and proper interest and benefits available to the Company.
- III. Confidentiality:  
The Company's management personnel shall be obligated to keep confidential any information regarding the Company or its suppliers (buyers), except otherwise disclosed with authorization or by laws and regulations. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its suppliers and customers.
- IV. Arm's length transactions:  
The Company's management personnel shall fairly treat the Company's suppliers (buyers), competitors and employees, and shall not obtain any improper gains by controlling, concealing or misusing any information learnt by taking advantage of the position, misstating the important information or other unfair transactions.
- V. Protection and proper use of the Company's assets:  
The Company's management personnel shall be obligated to protect the Company's assets, and shall ensure that the Company's assets are used for the Company's business effectively and legally, to avoid being stolen, ignored or wasted.
- VI. Compliance with the laws and regulations:  
The Company's management personnel shall comply with the laws and regulations applicable to the Company, the Company's policies, and the provisions of the Securities Act.

The Company's management personnel shall strictly keep confidential any information learnt by taking advantage of position with possible significant impact on the transaction price of the Company's securities pursuant to the provisions of the Securities Act, and shall be prohibited to use such information for insider trading until such information becomes known to the public.

VII. Encourage to report any illegal or unethical activities:

The Company shall raise awareness of ethics internally and encourage employees to report to the supervisors, the managers, chief internal auditor or other appropriate personnel upon suspicion or discovery of any activity in violation of laws, regulations or this Code. Besides, relevant sufficient information shall be made available so that the Company is able to take appropriate action subsequently.

The Company shall deal with the cases received in a confidential manner, and shall take comprehensive protection measures to the good-faith whistleblowers to guarantee the investigation quality, and avoid unfair retaliation or treatment of the whistleblowers.

VIII. Disciplinary measures:

If the Company's management personnel violate this Code, the Company shall take appropriate action against them pursuant to the laws and regulations, or the Company's internal relevant rules, and shall disclose the title and name of those who violate this Code, the date and cause of violation, involved provisions and disciplinary actions taken on the MOPS in real time. Besides, the management personnel who violate this Code shall be submitted to the disciplinary actions taken by resolution of the Board of Directors. The personnel concerned in the preceding paragraph shall seek remedies through the Company's complaint mechanism according to the relevant regulations.

Article 4 Exemption procedure

If the Company's management personnel are required to be exempted from complying with this Code, such exemption shall be approved by the resolution of the Board of Directors, and title and name of the person who is entitled to exemption, the date of approval on exemption by the Board of Directors, the period during which the exemption is applicable, the reasons for the exemption and the criteria for the exemption shall be disclosed on MOPS in real time.

Article 5 Method of disclosure

The Company shall disclose this Code and any amendments hereto on its annual report, prospectuses and on the MOPS.

Article 6 Implementation

This Code and any amendments hereto shall be implemented after approval by resolution of the Board of Directors, and shall be submitted to the supervisors and the shareholders' meeting.

Article 7 Supplementary Provisions

This Code is established on Dec. 25, 2014.

## 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, 2020 and 2019, 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, 2020 and 2019, 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 \$338,837 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 26, 2021

#### **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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Assets</b>									
<b>Current assets:</b>									
1100 Cash and cash equivalents(Note 6(a))	\$ 512,083	9	75,302	2	2100 Short-term borrowings(Note 6(i))	\$ 119,990	2	571,722	12
1110 Current financial assets at fair value through profit or loss(Note 6(b))	612	-	1,225	-	2110 Short-term notes and bills payable(Note 6(j))	249,660	4	-	-
1150 Notes receivable, net(Notes 6(c))	500	-	21,793	-	2130 Current contract liabilities(Note 6(r))	17,908	1	13	13
1170 Accounts receivable, net(Notes 7)	338,837	6	211,612	5	2150 Notes payable	47,339	1	59,664	1
1181 Accounts receivable due from related parties(Notes 7)	110,539	2	99,000	2	2160 Notes payable due to related parties(Note 7)	13	-	-	-
1200 Other receivables, net	5,932	-	3,514	-	2170 Accounts payable	263,149	4	210,719	4
1210 Other receivables due from related parties, net(Notes 7)	132,032	2	42,319	1	2180 Accounts payable due to related parties(Note 7)	26,963	-	36,311	1
1310 Inventories, manufacturing business, net(Notes 6(d))	420,761	7	235,120	5	2200 Other payables	311,490	5	91,079	2
1410 Prepayments(Note 7)	181,993	3	197,872	4	2220 Other payables due to related parties(Note 7)	366	-	763	-
1470 Other current assets	330	-	240	-	2230 Current tax liabilities	77,227	1	8,705	-
1476 Other current financial assets(Note 8)	166,778	3	261,190	5	2280 Current lease liabilities(Note 6(l))	6,328	-	7,476	-
	1,870,397	32	1,149,187	24	2320 Long-term liabilities, current portion(Note 6(k))	9,000	-	28,800	1
					2300 Other current liabilities(Note 7)	3,916	-	3,203	-
<b>Non-current assets:</b>					2315 Other advance receipts(Note 7)	4,679	-	-	-
1550 Investments accounted for using equity method, net(Note 6(e))	2,518,050	42	2,799,770	59		1,138,028	18	1,018,455	21
1600 Property, plant and equipment(Note 6(f) and 8)	436,000	7	536,906	11					
1755 Right-of-use assets(Notes 6(g))	32,845	1	39,595	1	<b>Non-current liabilities:</b>				
1760 Investment property, net(Notes 6(h) and 8)	1,058,441	18	128,719	3	2540 Long-term borrowings(Note 6(k))	1,424,189	24	1,188,200	25
1780 Intangible assets	17,732	-	5,387	-	2570 Deferred tax liabilities(Note 6(o))	177,699	3	65,289	1
1840 Deferred tax assets(Note 6(o))	25,966	-	5,884	-	2580 Non-current lease liabilities(Note 6(l))	26,810	1	32,407	1
1960 Prepayments for investments	9,092	-	-	-	2640 Net defined benefit liability, non-current(Note 6(n))	25,012	1	29,496	1
1980 Other non-current financial assets(Note 8)	9,879	-	115,223	2	2670 Other non-current liabilities, others	759	-	1,300	-
1990 Other non-current assets	2,133	-	-	-		1,654,469	29	1,316,692	28
	4,110,138	68	3,631,484	76		2,792,497	47	2,335,147	49
					<b>Total liabilities</b>				
					<b>Equity(Note 6(p)):</b>				
					Ordinary share	2,336,247	39	2,336,247	49
					Capital surplus	234,052	4	235,155	5
					Retained earnings	473,640	8	307,142	6
					Other equity interest	144,099	2	(433,020)	(9)
					<b>Total equity</b>	3,188,038	53	2,445,524	51
<b>Total assets</b>	\$ 5,980,535	100	4,780,671	100	<b>Total liabilities and equity</b>	\$ 5,980,535	100	4,780,671	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, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 <b>Operating revenues (Notes 6(r) and 7)</b>	\$ 5,626,250	100	2,851,433	100
5000 <b>Operating costs (Notes 6(d), (n) and 7)</b>	4,310,188	77	2,406,771	84
5900 <b>Gross profit from operations</b>	1,316,062	23	444,662	16
5910 Less: Unrealized profit from sales	(7,336)	-	(10,250)	-
5920 Add: Realized profit on from sales	10,250	-	10,891	-
5950 <b>Gross profit (loss) from operations</b>	1,318,976	23	445,303	16
6000 <b>Operating expenses (Note 6(n)):</b>				
6100 Selling expenses	718,559	13	249,611	9
6200 Administrative expenses	181,733	3	124,105	4
6300 Research and development expenses	13,248	-	11,032	1
	913,540	16	384,748	14
6900 <b>Net operating income</b>	405,436	7	60,555	2
7000 <b>Non-operating income and expenses:</b>				
7010 Other income (Notes 6(t) and 7)	17,470	-	18,339	1
7020 Other gains and losses, net (Note 6(t))	(82,566)	(1)	50,613	2
7100 Interest income (Notes 6(t) and 7)	4,694	-	4,854	-
7070 Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(92,754)	(2)	(237,034)	(8)
7510 Interest expense (Note 6(t))	(34,106)	(1)	(33,422)	(2)
	(187,262)	(4)	(196,650)	(7)
<b>Profit (loss) before tax</b>	218,174	3	(136,095)	(5)
7950 Less: Income tax expenses (Note 6(o))	50,054	1	35,782	1
<b>Profit (loss)</b>	168,120	2	(171,877)	(6)
8300 <b>Other comprehensive income:</b>				
8310 <b>Items that will not be reclassified subsequently to profit or loss</b>				
8311 Losses on remeasurements of defined benefit plans	(1,622)	-	(4,029)	-
8312 Gains on revaluation surplus	873,576	16	262,746	9
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(142)	-	3,660	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(4,935)	-
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	759,402	14	257,442	9
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(183,905)	(3)	(52,586)	(2)
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	(183,905)	(3)	(52,586)	(2)
8300 <b>Other comprehensive income</b>	575,497	11	204,856	7
8500 <b>Total comprehensive income</b>	\$ 743,617	13	32,979	1
<b>Basic earnings per share (Note 6(q))</b>				
9750 Basic earnings per share (dollars)	\$ 0.72		(0.74)	
9850 Diluted earnings per share (dollars)	\$ 0.72		(0.74)	

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, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	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	Equity related to non-current assets (or disposal groups) held-for-sale equity interest	Total other equity interest
<b>Balance on January 1, 2019</b>	\$ 2,336,247	235,155	166,655	201,749	(139,947)	228,457	(611,680)	(34,477)	-	-	238,905	2,412,607
Loss	-	-	-	-	(171,877)	(171,877)	-	-	-	-	-	(171,877)
Other comprehensive income	-	-	-	-	(4,029)	(4,029)	(52,586)	(1,275)	262,746	208,885	-	204,856
Total comprehensive income	-	-	-	-	(175,906)	(175,906)	(52,586)	(1,275)	262,746	208,885	-	32,979
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	(62)	(62)	-	-	-	-	-	(62)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	610	610	-	(610)	-	-	-	(610)
Equity related to non-current assets held-for-sale	-	-	-	-	254,043	254,043	-	-	4,862	(258,905)	-	(254,043)
Balance on December 31, 2019	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)
<b>Balance on December 31, 2020</b>	\$ 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

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, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Profit (loss) before tax	\$ 218,174	(136,095)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	26,175	32,081
Amortization expense	6,264	3,666
Reversal of provision for expected credit loss	(1,010)	(1,283)
Loss on financial assets at fair value through profit or loss	128	130
Interest expense	34,106	33,422
Interest income	(4,694)	(4,854)
Dividend income	(22)	(97)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	92,754	237,034
Loss on disposal of property, plan and equipment	2,780	(203)
Gain on disposal of non-current assets held-for-sale	-	(42,304)
Impairment loss on non-financial assets	4,000	-
Realized profit from sales	(2,914)	(641)
Loss (gain) on fair value adjustment of investment property	18,948	(10,420)
Other income	(1,649)	(788)
Other losses	605	-
<b>Total adjustments to reconcile profit</b>	<u>175,471</u>	<u>245,743</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in financial assets at fair value through profit or loss	485	-
Decrease in notes receivable	21,293	16,964
(Increase) decrease in accounts receivable	(126,215)	60,889
(Increase) decrease in accounts receivable due from related parties	(11,539)	117,942
(Increase) decrease in other receivables	(2,418)	3,414
(Increase) decrease in other receivables due from related parties	(89,713)	124,597
(Increase) decrease in inventories	(185,641)	(16,565)
Decrease (increase) in prepayments	15,879	(13,472)
Increase in other current assets	(90)	(39)
Increase in other financial assets	(4,799)	(1,370)
<b>Total changes in operating assets</b>	<u>(382,758)</u>	<u>292,360</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	17,895	(36,610)
(Decrease) increase in notes payable	(12,325)	3,863
Increase in notes payable due to related parties	13	-
Increase (decrease) in accounts payable	52,430	(129,446)
(Decrease) increase in accounts payable due to related parties	(9,348)	15,583
Increase (decrease) in other payables	220,478	(23,718)
Decrease in other payable due to related parties	(397)	(27)
Increase in advance receipts	4,679	-
Increase in other current liabilities	713	589
Decrease in net defined benefit liability	(5,462)	(3,878)
Decrease in other operating liabilities	(541)	(1,660)
<b>Total changes in operating liabilities</b>	<u>268,135</u>	<u>(175,304)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(114,623)</u>	<u>117,056</u>
<b>Total adjustments</b>	<u>60,848</u>	<u>362,799</u>
Cash inflow generated from operations	279,022	226,704
Interest received	4,694	4,854
Dividends received	22	97
Interest paid	(34,173)	(33,116)
Income taxes paid	(1,614)	(43,390)
<b>Net cash flows from operating activities</b>	<u>247,951</u>	<u>155,149</u>

(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, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	3,660
Acquisition of investments accounted for using equity method	(25,000)	(127,447)
Increase in prepayments for investments	(9,092)	-
Proceeds from liquidation of investments accounted for using equity method	20,000	-
Proceeds from disposal of non-current assets held-for-sale	-	321,000
Acquisition of property, plant and equipment	(5,954)	(13,931)
Proceeds from disposal of property, plant and equipment	18,221	215
Acquisition of intangible assets	(18,609)	-
Increase in other financial assets	-	(137,950)
Decrease in other financial assets	94,412	-
Increase in other non-current assets	(2,133)	-
Dividends received	-	5,754
<b>Net cash flows from investing activities</b>	<u>71,845</u>	<u>51,301</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	309,293	1,427,631
Decrease in short-term loans	(761,025)	(1,476,398)
Increase in short-term notes and bills payable	249,660	-
Proceeds from long-term debt	1,400,000	110,000
Repayments of long-term debt	(1,183,811)	(267,400)
Payment of lease liabilities	(7,275)	(7,054)
Increase in other financial assets	-	(143)
Decrease in other financial assets	110,143	-
<b>Net cash flows from (used in) financing activities</b>	<u>116,985</u>	<u>(213,364)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	436,781	(6,914)
<b>Cash and cash equivalents at beginning of period</b>	<u>75,302</u>	<u>82,216</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 512,083</u>	<u>75,302</u>

See accompanying notes to parent company only financial statements.

## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of TEX-RAY INDUSTRIAL CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Revenue recognition

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of accounts receivable

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

Description of the key audit matter:

As of December 31, 2020, the accounts receivable of the Group was \$1,104,272 thousand. We have considered that the Group's trading partners are scattered in different industries and geographic regions, how the management control credit risk of its customer is thoroughly important. Therefore, the impairment assessment of accounts receivable has been identified as one of the key audit matters.

How the matter was addressed in our audit:

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

**Other Matter**

TEX-RAY INDUSTRIAL CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 26, 2021

#### Notes to Readers

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

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

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

**Consolidated Balance Sheets**

**December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019			
	Amount	%	Amount	%	Amount	%	Amount	%		
<b>Assets</b>										
<b>Current assets:</b>										
1100 Cash and cash equivalents(Notes 6(a))	\$ 1,368,318	17	843,457	12	2100 Short-term borrowings(Notes 6(k))	\$	851,069	10	1,410,828	21
1110 Current financial assets at fair value through profit or loss(Notes 6(b))	612	-	1,225	-	2110 Short-term notes and bills payable(Notes 6(l))		249,660	3	-	-
1150 Notes receivable, net(Notes 6(c) and 7)	1,877	-	25,438	-	2130 Current contract liabilities(Notes 6(t))		69,478	1	81,910	1
1170 Accounts receivable, net(Notes 6(c), 7 and 8)	1,104,272	14	1,058,776	15	2150 Notes payable		47,541	1	63,059	1
1200 Other receivables, net(Notes 6(d) and 7)	91,709	1	93,438	1	2170 Accounts payable		724,724	9	587,664	8
1220 Current tax assets	7,586	-	2,188	-	Other payables		525,840	6	294,494	4
1310 Inventories, manufacturing business, net(Notes 6(e))	1,328,599	16	1,313,042	20	2200 Other payables due to related parties(Notes 7)		14,500	-	5,000	-
1410 Prepayments	165,395	2	132,622	2	2230 Current tax liabilities		99,152	1	82,966	1
1470 Other current assets(Notes 7)	4,173	-	5,206	-	Advance receipts		17,886	-	-	-
1476 Other current financial assets(Notes 8)	201,764	2	291,231	4	Current lease liabilities(Notes 6(n))		23,650	-	27,424	-
	4,274,305	52	3,766,623	54	2320 Long-term liabilities, current portion(Notes 6(m))		391,874	5	168,978	2
					2300 Other current liabilities		5,601	-	4,046	-
<b>Non-current assets:</b>							3,020,975	36	2,726,369	38
1517 Non-current financial assets at fair value through other comprehensive income(Notes 6(b))	10,682	-	1,403	-	<b>Non-current liabilities:</b>					
1550 Investments accounted for using equity method, net(Notes 6(f))	-	-	2,541	-	Long-term borrowings(Notes 6(m))		1,464,169	18	1,454,830	22
1600 Property, plant and equipment(Notes 6(g) and 8)	2,074,710	26	2,268,622	33	Deferred tax liabilities(Notes 6(q))		178,363	2	66,043	1
1755 Right-of-use assets(Notes 6(h) and 8)	159,488	2	152,464	2	Non-current lease liabilities(Notes 6(n))		67,025	1	51,690	1
1760 Investment property, net(Notes 6(i) and 8)	1,225,984	15	335,128	5	Net defined benefit liability, non-current(Notes 6(p))		27,701	-	31,649	-
1780 Intangible assets(Notes 6(j))	262,983	3	254,665	4	Other non-current liabilities, others(Notes 9(b))		22,687	-	85,375	1
1840 Deferred tax assets(Notes 6(q))	45,800	1	33,137	-	<b>Total liabilities</b>		4,780,920	57	4,415,956	63
1960 Prepayments for investments	9,092	-	-	-	<b>Equity Attributable to Owners of Parent (Notes 6(r)):</b>					
1980 Other non-current financial assets(Notes 8)	44,816	1	160,095	2	Ordinary share		2,336,247	30	2,336,247	33
1990 Other non-current assets	5,060	-	10,441	-	Capital surplus(Notes 7)		234,052	3	235,155	3
	3,838,615	48	3,218,496	46	Retained earnings		473,640	6	307,142	4
					Other equity interest		144,099	2	(433,020)	(5)
					<b>Equity attributable to the parent company:</b>		3,188,038	41	2,445,524	35
					Non-controlling interests		143,962	2	123,639	2
					<b>Total equity</b>		3,332,000	43	2,569,163	37
<b>Total assets</b>	\$ 8,112,920	100	6,985,119	100	<b>Total liabilities and equity</b>	\$	8,112,920	100	6,985,119	100

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 <b>Operating revenues (Notes 6(t) and 7)</b>	\$ 8,598,587	100	6,949,284	100
5000 <b>Operating costs (Notes 6(e) and (n))</b>	<u>6,382,107</u>	<u>74</u>	<u>5,770,797</u>	<u>83</u>
5900 <b>Gross profit from operations</b>	<u>2,216,480</u>	<u>26</u>	<u>1,178,487</u>	<u>17</u>
6100 Selling expenses	1,002,826	11	581,413	8
6200 Administrative expenses	568,097	7	558,275	8
6300 Research and development expenses	57,702	1	72,392	1
6450 Expected credit loss	<u>155,294</u>	<u>2</u>	<u>27,265</u>	<u>-</u>
6000 <b>Operating expenses (Notes 6(n) and (s))</b>	<u>1,783,919</u>	<u>21</u>	<u>1,239,345</u>	<u>17</u>
6900 <b>Net operating income (loss)</b>	<u>432,561</u>	<u>5</u>	<u>(60,858)</u>	<u>-</u>
7000 <b>Non-operating income and expenses:</b>				
7010 Other income	4,171	-	5,570	-
7020 Other gains and losses, net (Note 6(v))	(87,678)	(1)	61,053	1
7100 Interest income (Note 6(v))	14,675	-	15,926	-
7510 Interest expense (Notes 6(v) and 7)	(96,467)	(1)	(101,411)	(1)
7055 Reversal of expected credit loss, net (Note 6(d))	-	-	49,431	-
7770 Share of loss of associates and joint ventures accounted for using equity method (Note 6(f))	<u>(760)</u>	<u>-</u>	<u>(8,937)</u>	<u>-</u>
	<u>(166,059)</u>	<u>(2)</u>	<u>21,632</u>	<u>-</u>
7900 <b>Profit (loss) before tax</b>	266,502	3	(39,226)	-
7950 Less: Income tax expenses (Note 6(q))	<u>101,727</u>	<u>1</u>	<u>133,232</u>	<u>2</u>
<b>Profit (loss)</b>	<u>164,775</u>	<u>2</u>	<u>(172,458)</u>	<u>(2)</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Items that will not be reclassified subsequently to profit or loss</b>				
8311 Losses on remeasurements of defined benefit plans	(1,991)	-	(4,029)	-
8312 Gains on revaluation surplus	873,576	10	262,746	3
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(224)	-	(4,116)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss	<u>(112,410)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Items that will not be reclassified subsequently to profit or loss	<u>758,951</u>	<u>9</u>	<u>254,601</u>	<u>3</u>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(183,051)	(2)	(53,054)	(1)
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	<u>(183,051)</u>	<u>(2)</u>	<u>(53,054)</u>	<u>(1)</u>
8300 <b>Other comprehensive income</b>	<u>575,900</u>	<u>7</u>	<u>201,547</u>	<u>2</u>
8500 <b>Total comprehensive income</b>	<u>\$ 740,675</u>	<u>9</u>	<u>29,089</u>	<u>-</u>
8600 <b>Profit (loss), attributable to:</b>				
8610 Owners of parent	\$ 168,120	2	(171,877)	(2)
8620 Non-controlling interests	<u>(3,345)</u>	<u>-</u>	<u>(581)</u>	<u>-</u>
	<u>\$ 164,775</u>	<u>2</u>	<u>(172,458)</u>	<u>(2)</u>
8700 <b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 743,617	9	32,979	-
8720 Non-controlling interests	<u>(2,942)</u>	<u>-</u>	<u>(3,890)</u>	<u>-</u>
	<u>\$ 740,675</u>	<u>9</u>	<u>29,089</u>	<u>-</u>
<b>Basic earnings per share (Note 6(s))</b>				
9750 Basic earnings per share (dollars)	<u>\$ 0.72</u>		<u>(0.74)</u>	
9850 Diluted earnings per share (dollars)	<u>\$ 0.72</u>		<u>(0.74)</u>	

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Retained earnings	Exchange differences on transition of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Equity related to non-current assets (or disposal groups) held-for-sale	Total equity attributable to owners of parent		Non-controlling interests
<b>Balance on January 1, 2019</b>	\$ 2,336,247	235,155	166,655	201,749	228,457	(611,680)	(34,477)	-	258,905	2,412,607	122,497	2,535,104
Loss	-	-	-	-	(171,877)	-	-	-	-	(171,877)	(581)	(172,458)
Other comprehensive income	-	-	-	-	(4,029)	(52,586)	(1,275)	262,746	-	204,856	(3,309)	201,547
Total comprehensive income	-	-	-	-	(175,906)	(52,586)	(1,275)	262,746	-	32,979	(3,890)	29,089
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	(62)	-	-	-	-	(62)	-	(62)
Cash dividends distributed to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,313)	(3,313)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	8,345	8,345
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	610	-	(610)	-	-	-	-	-
Equity related to non-current assets held-for-sale	-	-	-	-	254,043	-	-	4,862	(258,905)	-	-	-
Balance on December 31, 2019	2,336,247	235,155	166,655	201,749	307,142	(664,266)	(36,362)	267,608	-	2,445,524	123,639	2,569,163
Profit (loss)	-	-	-	-	168,120	-	-	-	-	168,120	(3,345)	164,775
Other comprehensive income	-	-	-	-	(1,622)	(183,905)	(142)	761,166	-	575,497	403	575,900
Total comprehensive income	-	-	-	-	166,498	(183,905)	(142)	761,166	-	743,617	(2,942)	740,675
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	(1,103)	-	-	-	-	-	-	-	(1,103)	-	(1,103)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	23,265	23,265
<b>Balance on December 31, 2020</b>	\$ 2,336,247	234,052	166,655	201,749	473,640	(848,171)	(36,504)	1,028,774	-	3,188,038	143,962	3,332,000

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Profit (loss) before tax	\$ 266,502	(39,226)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	237,061	250,719
Amortization expense	17,674	12,261
Provision (reversal of provision) for expected credit loss	155,294	(22,166)
Loss on financial assets at fair value through profit or loss	128	130
Interest expense	96,467	101,411
Interest income	(14,675)	(15,926)
Dividend income	(22)	(97)
Share of loss of associates and joint ventures accounted for using equity method	760	8,937
Loss on disposal of property, plan and equipment	14,009	3,627
Gain on disposal of non-current assets held-for-sale	-	(42,304)
Impairment loss on non-financial assets	72,259	6,273
Loss (gain) on fair value adjustment of investment property	18,948	(10,420)
Loss on lease modification	707	-
<b>Total adjustments to reconcile profit</b>	<u>598,610</u>	<u>292,445</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in notes receivable	23,536	16,956
Increase in accounts receivable	(227,444)	(42,911)
(Increase) decrease in other receivables	(1,445)	177,958
(Increase) decrease in inventories	(41,711)	111,985
(Increase) decrease in prepayments	(42,653)	58,589
Decrease (increase) in other current assets	872	(1,505)
Increase in other financial assets	(9,434)	(5,188)
<b>Total changes in operating assets</b>	<u>(298,279)</u>	<u>315,884</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	7,260	(34,146)
(Decrease) increase in notes payable	(15,517)	6,873
Increase (decrease) in accounts payable	153,947	(200,168)
Increase (decrease) in other payables	213,302	(80,654)
Increase in other payable due to related parties	9,500	5,000
Increase in other current liabilities	1,765	115
Decrease in net defined benefit liability	(5,939)	(3,872)
(Decrease) increase in other operating liabilities	(61,845)	35,741
<b>Total changes in operating liabilities</b>	<u>302,473</u>	<u>(271,111)</u>
<b>Total changes in operating assets and liabilities</b>	<u>4,194</u>	<u>44,773</u>
<b>Total adjustments</b>	<u>602,804</u>	<u>337,218</u>
Cash inflow generated from operations	869,306	297,992
Interest received	14,675	15,926
Dividends received	22	97
Interest paid	(97,920)	(101,910)
Income taxes paid	(76,879)	(80,232)
<b>Net cash flows from operating activities</b>	<u>709,204</u>	<u>131,873</u>

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

**Consolidated Statements of Cash Flows (CONT'D)**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
<b>Cash flows (used in) from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(9,500)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	3,660
Proceeds from disposal of financial assets at fair value through profit or loss	485	-
Acquisition of investments accounted for using equity method	-	(2,700)
Increase in prepayments for investments	(9,092)	-
Proceeds from liquidation of investments accounted for using equity method	1,781	-
Proceeds from disposal of non-current assets held-for-sale	-	321,000
Acquisition of property, plant and equipment	(177,493)	(204,557)
Proceeds from disposal of property, plant and equipment	22,795	9,356
Acquisition of intangible assets	(17,636)	(5,969)
Increase in other non-current assets	(31,327)	(55,098)
<b>Net cash flows (used in) from investing activities</b>	<b>(219,987)</b>	<b>65,692</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	1,278,913	2,831,077
Decrease in short-term loans	(1,838,672)	(2,778,796)
Increase in short-term notes and bills payable	249,660	-
Proceeds from long-term debt	1,560,673	435,400
Repayments of long-term debt	(1,323,377)	(514,210)
Payment of lease liabilities	(46,437)	(45,156)
Decrease (increase) in other financial assets	205,945	(138,093)
Change in non-controlling interests	7,670	(3,313)
<b>Net cash flows from (used in) financing activities</b>	<b>94,375</b>	<b>(213,091)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(58,731)</b>	<b>(11,881)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>524,861</b>	<b>(27,407)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>843,457</b>	<b>870,864</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,368,318</b>	<b>843,457</b>

See accompanying notes to consolidated financial statements.

Tex-ray Industrial Co., Ltd.  
2020 Profit Distribution Statement

Unit: NTD

Item	Amount	Remarks
Deficit to be compensated at the beginning of the period	(61,263,411)	If Company has a surplus at the end of a fiscal year, it shall pay taxes and compensate the cumulative deficit first; then appropriate 10% for the legal reserve before setting aside an amount for or reversing the special reserve in accordance with the relevant laws and regulations. With the balance, together with the undistributed profit, the Board of Directors shall put forth a profit distribution proposal to the shareholders' meeting for resolution before distribution. The Company is at the stage of growth, and adopts the residual dividend policy. The Company shall work out the capital demands in the next few years based on the future budget plan, and shall retain profits for working capital so as to avoid excessive dilution. Dividends on the shares shall not exceed 50% of the dividend bonus of the year. The remaining balance shall be allocated in the form of cash dividends.
Net income for the current period	168,119,512	
Other comprehensive loss	(1,621,417)	
Undistributed profit for the current period	105,234,684	
Less: Appropriation of 10% for legal reserve	(10,523,468)	
Add: Reversal of special reserve	201,749,194	
Profit available for distribution in the current year	296,460,410	
Less: Shareholders' dividends (0.7 per share)	(163,537,267)	
Undistributed profit at the end of the period	132,923,143	

Chairman: Lin Zui Yeh

Manager: Yang Weihuan

Accounting Supervisor: Wu Jianzhong

## TEX-RAY INDUSTRIAL CO., LTD.

## Comparison Table of Amendment to the Procedures for Endorsements and Guarantees

No.	Amended Provisions	Current Provisions	Description
Article 5	<p>The Company's examination and handling procedures, decision-making and authorization hierarchy in connection with the external endorsement and guarantees provided by the Company are as follows:</p> <p>I. Before the Company offers endorsements and guarantees for others, the Finance Department shall prudently evaluate whether the endorsements and guarantees conform to the Standards for Loans, Endorsements and Guarantees of Public Companies promulgated by the competent securities agency, and these Procedures. The Finance Department shall particularly examine the necessity and rationality of the endorsements and guarantees, the credit rating and risk evaluation of the targets of endorsement and guarantee, impact on the Company's operating risks, financial position and shareholder's interest, and whether there is need to obtain collateral and value of the collateral, and submit the examination results together with the comments of the appropriate departments to the Board of Directors for resolution. The Board of Directors shall authorize the</p>	<p>The Company's examination and handling procedures, decision-making and authorization hierarchy in connection with the external endorsement and guarantees provided by the Company are as follows:</p> <p>I. Before the Company offers endorsements and guarantees for others, the Finance Department shall prudently evaluate whether the endorsements and guarantees conform to the Standards for Loans, Endorsements and Guarantees of Public Companies promulgated by the competent securities agency, and these Procedures. The Finance Department shall particularly examine the necessity and rationality of the endorsements and guarantees, the credit rating and risk evaluation of the targets of endorsement and guarantee, impact on the Company's operating risks, financial position and shareholder's interest, and whether there is need to obtain collateral and value of the collateral, and submit the examination results together with the comments of the appropriate departments to the Board of Directors for resolution. The Board of Directors shall authorize the Chairman to decide any endorsements and guarantees within certain amount, and shall</p>	<p>To avoid doubt, Paragraph one is hereby amended to specify the amount of endorsement or guarantee made by the Board of Directors with authorization from the Company.</p>

No.	Amended Provisions	Current Provisions	Description
	<p>Chairman to decide any endorsements and guarantees not more than 50% of the net values of the financial statements in recent period, and shall submit the decision to the current Board of Directors for approval thereafter.</p> <p>... (Omitted below)</p>	<p>submit the decision to the current Board of Directors for approval thereafter.</p> <p>... (Omitted below)</p>	

## Tex-ray Industrial Co., Ltd.

### Procedures for Endorsements and Guarantees

Approved by Board of Directors on March 25, 2019

Article 1: The Company shall make endorsements/guarantees according to the Procedures. Any matters not covered in the Procedures shall be handled in accordance with relevant laws and regulations.

Article 2: Endorsements/Guarantees used in the Procedures refer to the following:

- I. Financing endorsements/guarantees include:
  1. Bill discount financing.
  2. Endorsement/Guarantee made to meet the financing needs of another company.
  3. Notes issued by the Company to non-financial institutions and entities to meet the financing needs of the Company as guarantees.
- II. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees, which shall mean the endorsements/guarantees made in connection with matters beyond the scope of the preceding two paragraphs.

The Company's provision of movable or immovable property as a pledge or mortgage for the loans to another company shall also comply with the Procedures.

Article 3: Parties Endorsed/Guaranteed

- I. The Company may make endorsements/guarantees for the following parties:
  1. A company with which it does business.
  2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
  3. A company that directly and indirectly holds more than 50% of the Company's voting shares.
- II. Companies whose voting shares are at least 90% owned, directly or indirectly by the Company may make endorsements/guarantees for each other; and the amount of endorsements/guarantees shall not exceed 10% of the net worth of the Company. This restriction shall not apply to endorsements/guarantees made between companies where the Company holds, directly or indirectly, 100% of the voting shares.
- III. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital

contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs. The aforesaid "Capital Contribution" refers to direct capital contribution by the Company or the capital contribution by the company in which the Company holds one 100% of the voting shares.

Where, as a result of changes of circumstances, a party to whom an endorsement/guarantees is provided no longer meets said requirements, or the amount of endorsements/guarantees exceeds the limit, the Company shall set out an improvement plan and submit it to the Audit Committee and the proposed improvement shall be implemented as per the timeline specified in the plan.

#### Article 4: Maximum Amount of Endorsements/Guarantees

- I. The endorsements/guarantees to others by the Company for a single enterprise with business relationship, the amount of endorsements/guarantees shall not exceed the total amount of business transactions between the both parties in the previous 12 months (the so-called business transaction amount refers to the purchases or sales between both parties, whichever is higher).
- II. The limit on the aggregate amount of the endorsements/guarantees provided by the Company shall not exceed 100% of the Company's net worth as stated in its latest financial statement.
- III. The aggregate amount of endorsements/guarantees provided by the Company to any single enterprise shall not exceed 50% of the Company's net worth as stated in its latest financial statement.
- IV. The limit on the aggregate amount of the endorsements/guarantees provided by the Company and its subsidiaries shall not exceed 100% of the Company's net worth as stated in its latest financial statement. If the aggregate amount of endorsements/guarantees provided by the Company and its subsidiaries as a whole reach 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.
- V. The aggregate amount of endorsements/guarantees provided by the Company and its subsidiaries as a whole to any single enterprise shall not exceed 50% of the Company's and subsidiaries' net worth as stated in their latest financial statements.
- VI. The Company may provide endorsements/guarantees to subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company; and the amount of endorsements/guarantees shall not exceed 50% of the Company's net worth.
- VII. When endorsement/guarantee provided exceeds said limit to satisfy business

needs, at least half of the directors shall act as joint guarantors in the event that the Company suffers any loss from exceeding the maximum amount of endorsements/guarantees allowed. The Company shall also amend the Procedures accordingly and submit the same to the shareholders' meeting for ratification. If such proposal is not adopted at the shareholders' meeting, the Company shall enact a plan to eliminate the amount in excess within a specified period of time.

Article 5: [[[The Company's examination and handling procedures, decision-making and authorization hierarchy in connection with the external endorsement and guarantees provided by the Company are as follows:]]]

- I. Before the Company offers endorsements and guarantees for others, the Finance Department shall prudently evaluate whether the endorsements and guarantees conform to the Standards for Loans, Endorsements and Guarantees of Public Companies promulgated by the competent securities agency, and these Procedures. The Finance Department shall particularly examine the necessity and rationality of the endorsements and guarantees, the credit rating and risk evaluation of the targets of endorsement and guarantee, impact on the Company's operating risks, financial position and shareholder's interest, and whether there is need to obtain collateral and value of the collateral, and submit the examination results together with the comments of the appropriate departments to the Board of Directors for resolution. The Board of Directors shall authorize the Chairman to decide any endorsements and guarantees within certain amount, and shall submit the decision to the current Board of Directors for approval thereafter.
- II. Before any endorsement/guarantee provided a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares, the subsidiary shall submit the proposed endorsement/guarantee to the Company's Board of Directors for a resolution before execution. This restriction shall not apply to endorsements/guarantees made between companies where the Company holds, directly or indirectly, 100% of the voting shares.
- III. Significant endorsements/guarantees shall be submitted to the Board of Directors for resolution in accordance with the relevant regulations.
- IV. For circumstances in which an entity for which the Company or subsidiary make any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed. In the case of a subsidiary whose stock has no par value or is with a par value other than NT\$10, the paid-in capital calculation calculated in accordance with the provisions of this paragraph shall be the sum of share capital plus capital surplus minus the issue premium.

- V. When the Company provides endorsement/guarantee, if necessary, the party to be endorsed/guaranteed may be required to provide collateral.
- VI. The financial department shall prepare a memorandum book for its endorsement/guarantees activities and record in detail the following information for the record: parties endorsed/guaranteed, the amounts, the dates of approval by the Board of Directors or of authorization by the Chairman, the date the endorsements/ guarantees provided, and the matters to be carefully evaluated under the preceding paragraph.
- VII. The Company's financial/accounting department shall evaluate and recognize the contingent loss arising from the endorsement/guarantee, and properly disclose the information of such endorsement/guarantee in the financial report while providing relevant information to the certified public accountant(s) to perform necessary auditing procedures and to submit an appropriate audit report.

Article 6: The special seal for the endorsement/guarantee is the company seal registered with the Ministry of Economic Affairs, and in accordance with the Company's "Seal Management Measures", the seal can be used to seal or issue notes or bills.

When the Company makes guarantee for a foreign company, the guarantee letter issued by the Company shall be signed by the person authorized by the Board of Directors.

Article 7: Public Announcement and Filing

The Company shall publicly announce and file the previous month's balance of endorsements/guarantees by the Company and its subsidiaries before the 10th day of each month. Where the endorsements/guarantees reach one of the following criteria, it shall announce and file the information within two days from the day when such events occur in accordance with the format prescribed by the competent authority:

- I. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.
- II. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.
- III. The amount of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/ guarantees for, book value of investments accounted for using equity method in, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth as stated in its latest financial statement.
- IV. The amount of new endorsements/guarantees by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the

Company's net worth as stated in its latest financial statement.

The Company shall announce and file on behalf of any subsidiary that is not a domestic public company any matters that such subsidiary is required to announce and file pursuant to the regulations.

- Article 8: Where the party endorsed/guaranteed by the Company is a subsidiary whose net worth is less than one-half of its paid-in capital, the Company's internal auditors shall audit, at least quarterly, the Procedures and the implementation thereof, and prepare written records accordingly. In the event of any material violations discovered there from, the internal auditors shall promptly notify the Audit Committee in writing.
- Article 9: Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct the subsidiary to formulate its own Procedures for Making Endorsements/Guarantees and submit them to its Board of Directors (or) shareholders' meeting for approval before implementation. It shall also instruct the subsidiary to comply with the Procedures it established when making endorsements/guarantees. Information relating to any endorsement/guarantees by the subsidiaries to others shall be provided regularly to the Company for inspection.
- Article 10: The Company's managers or personnel in charge shall follow the provisions of the Procedures when handling matters related to endorsements/guarantees, so as to protect the Company from losses caused by improper operations. Where there is any violation of relevant laws and regulations or the Procedures, the disciplinary actions shall be governed by the Company's relevant human resource management regulations.
- Article 11: The Procedures and any amendment hereto shall be submitted for approval by at least half of all Audit Committee members, submitted to the Board of Directors for approval, and then submitted to the shareholders' meeting for discussion. Where approval of at least half of all Audit Committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented when approved by at least two-thirds of all directors, and the resolution by the Audit Committee shall be recorded in the minutes of the board meeting.

**TEX-RAY INDUSTRIAL CO., LTD.**  
**Rules and Procedures of the Shareholders' Meeting**

These Rules are approved by the Board of Directors on Mar. XX, 2020.

- Article 1: Except otherwise stipulated by laws, regulations or the Articles of Incorporation, proceeding of the Company's shareholders' meeting shall follow these Rules.
- Article 2: The Company shall establish an attendance register for the shareholders (or proxies) to sign in the shareholders' meeting, or require the present shareholders (or proxies) to submit their sign-in cards in lieu of signing the register. Any presence at the shareholders' meeting by proxy shall follow the provisions of the Articles of Incorporation.
- Article 3: Except otherwise stipulated by laws and regulations, the Company's shareholders' meeting shall be convened by the Board of Directors, and the meeting handbook for the shareholders' meeting shall be prepared, and shall be announced and disclosed together with other meeting materials before the shareholders' meeting. Election or dismissal of directors, amendment to the Articles of Incorporation, capital reduction, application for suspension of public offering, permission for the directors to compete with the Company, capitalization of retained earnings, capitalization of capital reserves, dissolution or merger or separation of the Company, or all items pertaining to Paragraph 1, Article 185 of the Company Act shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions. The main contents of these proposals may be uploaded to the website of competent securities authorities or a website designated by the Company, with its URL specified on the meeting notice. Where the reasons for convening the shareholders' meeting already specifies the election of all Directors and the date elected Directors take office, once the election is completed in the shareholders' meeting, the date the elected Directors take office may not be changed by extempore motions or other methods in the same meeting.
- Article 4: The shareholders representing more than 1% of the total outstanding shares of the Company may submit a proposal for Regular Shareholders' Meeting to the Company pursuant to Article 172-1 of the Company Act.
- Article 5: The shareholders' meeting shall be held in the registered office of the Company or any other place that is convenient for the shareholders to attend the meeting and appropriate to convene such meeting, and shall be commenced at a time not earlier than 9:00 a.m. and not later than 3:00 p.m.
- Article 6: If the shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall preside over the meeting. If the Chairman is on leave or unable to exercise his powers and duties for any reasons, the Vice Chairman shall preside over the meeting in place of the Chairman. If no Vice Chairman is

appointed or the Vice Chairman is also on leave or unable to exercise his powers and duties for any reasons, a director designated by the Chairman shall preside over the meeting; if the Chairman does not designate the Chair of the meeting, the directors shall elect one of them to preside over the meeting.

If the shareholders' meeting is convened by other convener than the Board of Directors, such convener shall preside over the meeting. If there are two or more conveners, one of them shall be elected as the Chair of the meeting.

Article 7: The participation and voting by shareholders shall be duly calculated based on the number of shares they hold. The number of the present shareholders shall be subject to the attendance register or the sign-in cards.

Article 8: The Chair of the Meeting shall call the meeting to order as long as shareholders representing the majority of total issued and outstanding shares are present at the meeting. Nevertheless, if the shares represented by the attending shareholders have not reached more than half of the total shares issued, the Chair may announce postponement of the meeting. However, the postponement shall be limited to two times and the meeting shall not be postponed for more than one hour in total. If the quorum is less than the number of the present shareholders representing more than one third of the total issued and outstanding shares after the meeting is adjourned for twice, the Chair shall announce the meeting dissolved for lack of a quorum. If the quorum is not met after the meeting is adjourned for twice, but the present shareholders represent more than one third of the total issued and outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act, and the shareholders' meeting shall be convened again within a month. If, after the tentative resolution under the preceding paragraph has been adopted, the number of the present shareholders represents the one-half of the total issued and outstanding shares before the meeting is adjourned, the Chair may announce commencement of the meeting at any time, and may re-submit the foregoing tentative resolution to the meeting for approval pursuant to the Article 174 of the Company Act.

Article 9: The Company may appoint its attorney, accountants or relevant personnel to attend the shareholders' meeting. The personnel responsible for the shareholders' meeting shall wear the ID cards or arm badge.

Article 10: The whole process of the meeting shall be audio recorded or videotaped from beginning to end, of which the files shall be kept for at least one (1) year.

Article 11: If the shareholders' meeting is convened by the Board of Directors, the rules of procedure shall be formulated by the Board of Directors. Relevant proposals (including extempore motions and amendments to the original proposals) shall be voted one by one. The meeting shall follow the scheduled agenda unless otherwise resolved.

The preceding paragraph shall apply mutatis mutandis to meetings convened by any

person, other than the Board of Directors, with the authority to convene such meeting.

Except by a resolution of the meeting, the Chair shall not announce adjournment of the meeting before completion of the all scheduled items on the agenda (including extempore motions).

Once the meeting is adjourned, the shareholders cannot designate another person as the Chair and continue the meeting at the same venue or other places. Nevertheless, in the event that the Chair adjourns the meeting in violation of the Rules of Procedure, the attending shareholders may designate, by agreement of a majority of votes, one person as the Chair to continue the Meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; where the chairperson believes an issue has been discussed in the meeting up to the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote, and arrange a sufficient voting time.

Article 12: Before speaking at the meeting, the present shareholders shall submit a slip of paper summarizing the speaking subject, shareholder account number (or attendance ID number) and account name. The Chair shall determine the order of speaking. The present shareholders (or proxies) who submit a slip of paper but do not speak at the meeting shall be deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail. When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.

Article 13: Without consent of the Chair, each shareholder (or proxy) shall not make a speech on the same discussion item more than two (2) times and each time shall not exceed five (5) minutes. In the event that the speech of a shareholder violates the rules as described in the preceding paragraph or exceeds the scope of the discussion item, the Chair of the Meeting may stop the speech of such shareholder.

Article 14: If a legal person is appointed to attend the shareholders' meeting, this legal person may appoint only one representative to attend the meeting. In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue.

Article 15: After the present shareholders speak on the floor, the Chair shall give response in person or through a designee.

Article 16: When the Chair believes that discussion of the proposal at the meeting is votable, the Chair may announce discussion coming to the end, and bring that proposal to a

vote.

- Article 17: The scrutineer and the votecounter shall be appointed by the Chair, and the scrutineer shall be a shareholder. The voting results shall be announced at the meeting and recorded in writing.
- Article 18: During the process of the meeting, the Chair may announce a break as appropriate. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- If not all of the items (including extempore motions) on the scheduled agenda of the shareholders have been addressed and the meeting venue is no longer available, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
- The shareholders' meeting may resolve to defer or resume the meeting within five days pursuant to Article 182 of the Company Act.
- Article 19: A shareholder shall be entitled to one vote based on the shares held by them. However, this limit is not applicable to those who are restricted or who do not have the voting power under Article 179 of the Company Act.
- Unless otherwise stipulated by the Company Act and the Articles of Incorporation, decisions on the proposals shall be adopted by the majority of present shareholders of voting power. At the time of voting, the shareholders shall vote the proposals one by one after the Chair or its designee announce the total votes of the present shareholders. The results regarding affirmative vote, dissenting votes and abstention votes of the shareholders shall be input the MOPS on the date when the shareholders' meeting is convened.
- Article 20: In the event that an amendment or a substitute comes out of the same proposal, the Chair shall fix the order of voting. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.
- Article 21: The Chair may direct the disciplinary personnel (or security personnel) to assist in maintaining the order of the meeting. The disciplinary personnel (or security personnel) shall wear arm badges reading "Disciplinary Officer" or ID cards while assisting in maintaining the order of the meeting.
- Article 22: Any matters not specified herein shall be governed by the Company Act, the Articles of Incorporation, and other relevant laws and regulations.
- Article 23: These Rules and any amendments hereto shall be implemented with approval of the shareholders' meeting.

Attachment 9

TEX-RAY INDUSTRIAL CO., LTD.

Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company shall be organized pursuant to the provisions regarding company limited by shares under the Company Act, with the name as “TEX-RAY INDUSTRIAL CO., LTD.”

Article 2: Business to be operated by the Company is as follows:

- I. C301010 Yarn spinning industry
- II. C302010 Knit fabrics industry
- III. C303010 Non-woven fabrics industry
- IV. C305010 Printing, dyeing and finishing industry
- V. C306010 Garment industry
- VI. C307010 Garment accessories manufacturing
- VII. CJ01010 Hat manufacturing
- VIII. F102040 Wholesale of beverages
- IX. F102050 Wholesale of tea
- X. F104110 Wholesale of clothing, clothes, shoes, hats, umbrellas, apparel, and clothing accessories
- XI. F113010 Wholesale of machinery
- XII. F301010 Department stores
- XIII. I501010 Product design
- XIV. I502010 Fashion design
- XV. IG02010 Research and development services
- XVI. CF01011 Manufacturing of medical materials and equipment
- XVII. CA02090 Manufacturing of metal line products
- XVIII. F105050 Wholesale of furniture, bedding, kitchen utensils, and installation supplies

- XIX. F108031 Wholesale of medical materials and equipment
- XX. F109070 Wholesale of stationery articles, musical instruments, and educational entertainment articles
- XXI. F113070 Wholesale of telecommunication equipment
- XXII. F114060 Wholesale of ships and parts
- XXIII. F114070 Wholesale of aircrafts and parts
- XXIV. F114080 Wholesale of railway vehicles and parts
- XXV. F114990 Wholesale of other transport tools and parts
- XXVI. F119010 Wholesale of electronic materials
- XXVII. F208031 Wholesale of medical materials and equipment
- XXVIII. I101110 Textile consultancy
- XXIX. G801010 Warehousing and storage

Article 2-1: The Company's reinvestment shall be subject to the resolutions of the Board of Directors, and the total investments shall not exceed 40% of the Company's paid-up capital and shall be secured by guarantee of the same trade.

Article 3: The Company is incorporated in Taipei City. If necessary, the Company may establish branches abroad by resolution of the Board of Directors.

Article 4: The Company shall publish its announcement on the conspicuous position of the Company's local daily newspapers and the circulars.

#### Chapter 2 Shares

Article 5: The total capital of the Company is NT\$ three billion, which is divided into three billion shares with a par value of NT\$ 10. The Board of Directors will be authorized to issue the shares that have not been issued by installment as appropriate.

An sum of NT\$ one hundred million will be set aside out of the capital under the preceding paragraph for issuance of employee stock option, amounting to ten million shares with a par value of NT\$ 10. The Board of Directors is authorized to issue the shares by installment.

- Article 6: The Company shall issue the registered shares, which shall be signed or sealed by more than 3 directors, shall be numbered, and shall be authenticated by the competent authority or the issuance registry institution accredited by the competent authority. The Company may issue shares without certificates, and such shares shall be registered with a central securities depository.
- Article 7: The shareholders shall submit their seal specimens and any changes thereto to the Company for reference. Shareholders shall apply the seal specimens reserved by the Company while receiving dividends or exercising all other rights from the Company.
- Article 8: The Company's shares shall be subject to the "Regulations Governing the Administration of Shareholder Service of Public Companies" promulgated by the competent authority, and other relevant laws and regulations.
- Article 9: Registration of stock transfer shall be suspended within 60 days prior to the convening date of each regular shareholders' meeting, or within 30 days prior to the convening date of interim shareholders' meeting, or within 5 days prior to the Company's decision for distribution of dividends, bonus or other benefits.

### Chapter 3 Shareholders' Meeting

- Article 10: The shareholders' meetings of the Company are divided into regular shareholders' meetings and interim shareholders' meetings.
- I. Regular shareholders' meeting shall be convened once every year, and shall be called by the Board of Directors within 6 months at the end of every fiscal year.
  - II. Interim shareholders' meeting shall be convened as required pursuant to the applicable laws and regulations.
- Article 11: The notice shall be given to each shareholder thirty days prior to a regular shareholders' meeting, or fifteen days prior to the interim shareholders' meeting, stating the date, place and purpose of the meeting.

- Article 12: Except otherwise provided by the Company Act, resolutions of the shareholders' meeting shall be adopted by the majority of present shareholders representing the majority of the voting power.
- Article 13: Each shareholder shall be entitled to one vote based on the shares held by them. However, this limit is not applicable to those who are restricted or who do not have the voting power under Paragraph 2 of Article 179 of the Company Act.
- Article 14: If a shareholder is unable to attend the shareholders' meeting for whatever reasons, the shareholder shall appoint another person to attend as proxy by issuing the proxy appointing instrument printed and established by the Company. The proxy process shall be governed by Article 177 of the Company Act, and the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies" promulgated by the competent authorities.
- Article 15: If the shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the Chair of the meeting. If the Chairman is on leave or unable to exercise his powers and duties for any reasons, the Vice Chairman shall preside over the meeting in place of the Chairman. If no Vice Chairman is appointed or the Vice Chairman is also on leave or unable to exercise his powers and duties for any reasons, a director designated by the Chairman shall be the Chair of the meeting; if the Chairman does not designate the Chair of the meeting, the directors shall elect one of them to be the Chair of the meeting.
- Article 16: Minutes of the shareholders' meeting shall be formed, shall be signed and sealed by the chair, and shall be distributed to each shareholder within 20 days after the meeting.
- The foregoing meeting minutes shall be made and distributed in the form of announcement.
- The meeting minutes shall be kept by the Company permanently during the operation period of the Company; the attendance register (card) of the present shareholders and the proxy appointing instrument shall be kept for at least one year,

provided, however, records concerning an action initiated by a shareholder pursuant to Article 189 of the Company Act shall be kept till conclusion of the lawsuit.

#### Chapter 4 Directors and Supervisors

Article 17: The Company shall have 7-11 directors, including at least 3 Independent Directors (number of which shall be not less than 1/5 of the total number of directors), with a term of office of 3 years.

Election of the directors shall be made by nominating the candidates. The shareholders' meeting shall elect the directors from the list of the candidates.

Restrictions on professional qualification, share ownership and concurrent position holding, independence assertion, nomination and election method and other relevant matters of the Independent Directors shall be subject to the applicable laws and regulations.

The Company's Board of Directors sets up an Audit Committee, merely composed of the Independent Directors. There are not less than 3 members of the Audit Committee, one of whom shall be the convener, and at least one of whom shall be the accounting or financial expertise. Functions, duties and other relevant matters of the Audit Committee shall be subject to the relevant laws and regulations, or the Articles of Incorporation.

Article 18: Aggregate shareholding ratio of all directors shall be subject to the relevant rules of the competent securities regulatory authorities.

Article 19: In the event that one third of directors or the Independent Directors are vacant from their positions, the Board of Directors shall fill the vacancy within 60 days by convening an interim shareholders' meeting. The term of office for the director to be elected in the by-election shall be limited to the remaining term of office of the former director. If no new directors are elected in time upon expiry of the term of office, the original directors shall continue performing the duties until the new directors take office.

- Article 20: At the Board meeting where more than two thirds of the directors are present, the Chairman and the Vice Chairman shall be elected from the present directors with consent of the majority of the present directors. The Chairman shall act for and on behalf of the Company. When the Chairman is on leave or unable to perform the duties for whatever reasons, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is on leave or unable to perform the duties for whatever reasons, the Chairman shall designate a director to act on the Chairman's behalf. If the Chairman does not appoint a designee, the directors shall elect one of them to act on the Chairman's behalf.
- Article 21: The directors shall organize the Board of Directors to decide all business policies and important matters of the Company. The Board of Directors shall establish various special committees.
- Article 22: Except otherwise stipulated by the Company Act, the Board meeting shall be established if the majority of the directors are present and the majority of the present directors approve the meeting. Where a director is unable to attend the Board meeting for whatever reasons, he/she may appoint other directors by issuing a proxy appointing instrument, but one director may appoint only one proxy. Presence of the directors at the Board meeting by means of video conference shall be deemed attendance in person. Proceeding of the Board meeting shall be subject to the "Rules of Procedure for the Board of Directors".
- Article 23: The Board of Directors shall convene a meeting at least once a quarter, and the notice of the meeting shall be given to each director 7 days in advance, stating the purpose of the meeting. In emergency, the Board of Directors may convene a meeting at any time. Notice of the Board meeting shall be given in writing, by fax or by e-mail.
- Article 24: Apart from the functions and powers stipulated in Paragraph 4 of Article 14-4 of the Securities Act, the functions and powers vested to the supervisors by the Company Act, the Securities Act, and other laws and regulations, shall be exercised by the Audit Committee.

Provisions of Paragraph 4 of Article 14-4 of the Securities Act concerning acts of the supervisors or their roles as representative of a company shall apply mutatis mutandis to the independent director members of the Committee.

Article 25: Directors (including Independent Directors) shall be entitled to the remuneration for their duties regardless of profit or loss of the Company. The Board of Directors is authorized to determine the remuneration of the directors within the standards for maximum salaries established under the Company's Remuneration Policies based on their participation in the Company's operation and their contributions. Where the Company makes profits, remuneration shall be also allocated in accordance with Article 31.

The Company shall cover liability insurance for the directors.

#### Chapter 5 Managers

Article 26: The Company may have managers. Appointment, dismissal and remuneration of the managers shall be governed by the Company Act.

Article 27: The Company may employ consultants or officers by resolution of the Board of Directors.

Article 28: The Company's other employees shall be appointed and dismissed by the general manager, which shall be reported to the Board of Directors for approval.

#### Chapter 6 Accounting

Article 29: The fiscal year of the Company shall be from January 1 to December 31 every year.

Article 30: The Company shall, at the end of each fiscal year, urge the Board of Directors to prepare the following documents and statements: (I) Business report. (II) Financial statements. (III) Proposal concerning distribution of profits or recovery of losses, which shall be submitted to the regular shareholders' meeting for approval 30 days before the meeting.

Distribution of the foregoing documents and statements shall be made in the form of

announcement.

Article 31: If the Company makes profits in the year, 2% of the profits shall be set aside as remuneration to the employees, and shall be distributed, by resolution of the Board of Directors, in stock or in cash to the targets including the employees of the subsidiaries who meet certain conditions. The Company may allocate, by resolution of the Board of Directors, no more than 2% of the profits as remuneration to the directors. The allocation of employees' and Directors' compensation shall be reported to the shareholders' meeting. In case of accumulated losses, the Company shall set aside a sum out of the profits for recovery of such losses before remuneration to the employees and directors is calculated as per the percentage in the foregoing paragraph.

Article 31-1: In case of profits after final accounts of the Company in the year, the Company shall firstly withhold the taxes, make up for the accumulated losses, set aside 10% as legal surplus reserve, and then calculate or reserve special surplus reserve according to the applicable laws and regulations. In case of any surplus, the Board of Directors shall prepare a distribution proposal together with the undistributed profits of the previous years, and submit the proposal to the shareholders' meeting for resolution on distribution.

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

#### Chapter 7 Supplementary Provisions

Article 32: The Company shall formulate the organization rules and rules on administration of affairs separately.

Article 33: Any matters not mentioned herein shall be governed in accordance with the provisions of the Company Act and the relevant regulations.

Article 34: These Articles of Incorporation are established on August 4, 1978. The first amendment was made on April 1, 1979. The second amendment was made on June 15, 1982. The third amendment was made on April 15, 1984. The fourth amendment was made on November 11, 1989. The fifth amendment was made on April 21, 1990. The sixth amendment was made on June 23, 1993. The seventh amendment was made on September 15, 1995. The eighth amendment was made on September 14, 1996. The ninth amendment was made on June 21, 1997. The tenth amendment was made on November 3, 1997. The eleventh amendment was made on April 30, 1998. The twelfth amendment was made on May 21, 1999. The thirteenth amendment was made on June 2, 2000. The fourteenth amendment was made on June 26, 2001. The fifteenth amendment was made on June 26, 2002. The sixteenth amendment was made on June 10, 2003. The seventeenth amendment was made on April 27, 2004. The eighteenth amendment was made on June 14, 2005. The nineteenth amendment was made on June 9, 2006. The twentieth amendment was made on June 13, 2008. The twenty-first amendment was made on June 18, 2010. The twenty-second amendment was made on June 5, 2012. The twenty-third amendment was made on June 27, 2014. The twenty-fourth amendment was made on June 21, 2016. The twenty-fifth amendment was made on June 16, 2020.

TEX-RAY INDUSTRIAL CO., LTD.

Chairman: Lin Zui Yeh

TEX-RAY INDUSTRIAL CO., LTD.Y

Rules for Election of Directors

These Rules are approved by the Board of Directors on Mar. 27, 2020.

- Article 1: Except otherwise stipulated by laws and regulations or the Articles of Incorporation, election of the directors shall be subject to these Rules.
- Article 2: The Company's Directors shall be duly elected by means of cumulative voting. Each share is entitled to the number of voting power equivalent to the number of the directors to be elected, and may be voted on only one candidate or allocated to several candidates. The candidates who receive the maximum votes shall be elected. If two or more candidates receive the same number of votes, and the number of elected candidates exceeds the scheduled quota, they shall draw lots to decide the election, and the chair shall draw lot on behalf of the absent candidates. If the Company appoints Independent Directors pursuant to the Articles of Incorporation, the Independent Directors and the non-independent directors shall be elected together but the quota shall be calculated separately. Election and appointment of the Independent Directors shall be governed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the relevant laws and regulations.
- Article 3: Election for the Company's directors shall be made based on the procedures on nomination of candidates under Article 192-1 of the Company Act. The Company shall examine the qualifications, education background and work experience of the director candidates, and whether there are circumstances under Article 30 of the Company Act. The Company may not arbitrarily add requirements for documentation of other qualifications, and shall provide the shareholders with the examination results for reference, so as to elect qualified directors.
- Article 4: Before election, the Chair shall appoint certain number of scrutineers and votecounters to perform their respective duties.
- Article 5: The ballots shall be prepared by the Board of Directors, shall be numbered based on the attendance card number, and shall be added with the number of votes.
- Article 6: If the candidates are also the shareholders, the elector shall state the account name of the candidates to be elected and the account name of the shareholders in the column "Candidate" on the ballots; if the candidates are not shareholders, they shall state the name and ID number of the candidates to be elected. If the candidate to be elected is the government or corporate shareholder, the name of the government or corporate shareholder and their representative shall be stated in the column of "Account Name of

Candidate”; when there is more than one representative, the representatives shall be listed.

Article 7: A ballot is deemed invalid in any of the following circumstances:

- I. Any ballots are not the one stipulated herein.
- II. Any blank ballot is put into the box,
- III. The ballots are illegible or have been altered.
- IV. If the candidate to be elected is also a shareholder, the account name and account number of the shareholder are inconsistent with the information in the register of members; if the candidate to be elected is not a shareholder, the name and ID number are inconsistent upon verification.
- V. Account name of the candidate to be elected or the account number (ID number) and allocated number of voting rights of the shareholder is mixed with other information.
- VI. The account name of the candidate to be elected or the account number (ID number) of the shareholder is left blank.
- VII. The same ballot involves two or more candidates to be elected.

Article 8: Ballots shall be opened in the presence of all participants at the end of voting, and the chair shall announce the results onsite.

Article 9: The elected directors shall be given a notice of election by the Board of Directors.

Article 10: These Rules and any amendments hereto shall be implemented with approval of the shareholders’ meeting.

## Attachment 11

TEX-RAY INDUSTRIAL CO., LTD.  
Shares held by the director

Apr. 26, 2021

Title	Name	Date taking office	Term	Shareholding while elected	Current Shareholding
Chairman	Lin Zui Yeh	2018.06.26	Three years	6,120,000	6,120,000
Director	Lin Senyao	2018.06.26	Three years	1,491,256	1,491,256
Director	Yao Wan Kuei	2018.06.26	Three years	3,830,239	3,830,239
Director	Representative of B.V.I Yue Da Textile Holdings Limited: Wang Lianchun, Wang Shengjie	2018.06.26	Three years	42,052,440	42,052,440
Director	Wu Ching Feng	2018.06.26	Three years	2,009,400	2,009,400
Director	Ho Yu	2018.06.26	Three years	51,912	90,912
Director	Representative of Serendipity Co., Ltd.: Yang Chia Yin	2019.06.12	2 years	23,362,466	23,362,466
Independent Director	Lee Mu Jung	2018.06.26	Three years	409	409
Independent Director	Zhang Shaoyuan	2018.06.26	Three years	0	0
Independent Director	Tsai Chao Lun	2018.12.04	Three years	0	0
Total				78,918,122	78,957,122

Note 1: All directors of the Company shall hold 12,000,000 shares at law. As at the record date of the shareholders' meeting (Apr. 26, 2021), all directors hold 78,957,122 shares.

Note 2: The Company has an Audit Committee. Therefore, there is no requirement on number of shares that shall be held by the supervisors at law.

Attachment 12 Proposals of the shareholders: None